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State/Territory Name: MO

State Plan Amendment (SPA) #: 18-0006

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 355
Kansas City, Missouri 64106



Division of Medicaid and Children's Health Operations

August 15, 2018

Jennifer Tidball, Acting Medicaid Director
MO HealthNet Division
Department of Social Services
Broadway State Office Building
P.O. Box 6500
Jefferson City, MO 65102-6500

Dear Ms. Tidball:

The Centers for Medicare & Medicaid Services (CMS), Kansas City Regional Office, has completed its review of Missouri State Plan Amendment (SPA) Transmittal Number #18-0006. This amendment, submitted on March 26, 2018, request a waiver of the regulatory requirement at 42 CFR §455, Subpart F to enter into a contract with a Medicaid Recovery Audit Contractor (RAC) vendor to identify overpayment and underpayments, and to recoup overpayments.

CMS is granting the state an exception in accordance with 42 CFR 455.516 until December 31, 2019. At this time, it is not permissible to grant an exception to this policy indefinitely or beyond two (2) years.

SPA 18-0006 was approved on August 9, 2018, with an effective date of January 1, 2018, as requested by the state. Enclosed is a copy of the CMS 179 form, as well as the approved pages for incorporation into the Missouri State plan.

If you have any questions regarding this state plan amendment, please contact Barbara Cotterman at Barbara.Cotterman@cms.hhs.gov or (816) 426-5925.

Sincerely,

8/15/2018

James G. Scott
Associate Regional Administrator
for Medicaid and Children's Health Operations

Signed by: James G. Scott -A

cc:

Jay Ludlam, MO HealthNet Division
Ollie Green, MO HealthNet Division
Caleb Neeley, MO HealthNet Division

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: <u>1 8 -- 00 06</u>	2. STATE Missouri
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE January 1, 2018	

5. TYPE OF PLAN MATERIAL (Check One):

- NEW STATE PLAN
 AMENDMENT TO BE CONSIDERED AS NEW PLAN
 AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 431 Subpart M, 42 CFR 447 Subpart A, B, and F	7. FEDERAL BUDGET IMPACT: a. FFY <u>FFY 17</u> \$ <u>0</u> b. FFY <u>FFY 18</u> \$ <u>0</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: 36b 36bb*	9. PAGE NUMBER OF THE SUPERSEDES PLAN SECTION OR ATTACHMENT (If Applicable): 36b

10. SUBJECT OF AMENDMENT:

This State Plan Amendment (SPA) is requesting an exception from the Recovery Audit Contractor (RAC) program requirements.

11. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:	16: RETURN TO: MO HealthNet Division P.O. Box 6500 Jefferson City, MO 65102
13. TYPE NAME: <u>STEVE CORSE</u>	
14. TITLE: <u>DEACTOR</u>	
15. DATE SUBMITTED: <u>23 MAR 18</u>	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: <u>March 26, 2018</u>	18: DATE APPROVED: <u>August 9, 2018</u>
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2018	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: James G. Scott	22. TITLE: Associate Regional Administrator for Medicaid and Children's Health Operations
23. REMARKS:	

* Per email received from state dated 8.8.18.

State: Missouri

PROPOSED SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

<p><u>Citation</u></p>	<p><u> </u> The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.</p>
<p>Section 1902(a)(42)(B)(i) of the Social Security Act</p>	<p><u> X</u> The State is seeking an exception to establishing such program until January 1, 2020 for the following reasons:</p>
<p>Section 1902(a)(42)(B)(ii)(I) of the Act</p>	<p>The request for proposal for a recovery audit contractor to begin work December 1, 2015 was issued June 30, 2015 – RFP B3Z15262. The response period closed July 30, 2015. Missouri received no responses. A second request for proposal for a recovery audit contractor to begin work on December 1, 2015 was issued August 13, 2015 – RFP B3Z16035. The response period closed September 14, 2015. Missouri received no responses. Missouri’s previous contractor was Cognosante, LLC. The Cognosante project manager advised our office that Cognosante did not intend to bid during the response period because the RAC area of business was not cost-beneficial for their company. Missouri did not receive feedback from other vendors regarding their decisions not to place a bid but for the following reasons Missouri has chosen not request any additional proposals.</p>
<p>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p>This SPA will be in effect for two (2) years, and as long as Missouri maintains a program to recover credit balances on patient accounts and maintains a strong and effective program to recover improperly paid monies through Program Integrity efforts.</p> <p>Factors supporting Missouri’s exception:</p> <ol style="list-style-type: none"> 1. Missouri holds a contract with HMS, in part to provide Credit Balance Audits, a function previously provided under the Cognosante contract. HMS continues to recover as much as Cognosante did during their last State Fiscal Year more in credit balance audit recoveries than Cognosante previously recovered in its most recent year. 2. Missouri has strong and effective controls to minimize the risk of improper payments, including recoveries from provider audits, special projects, investigations, and cost avoidance measures. Missouri works closely with the Medicaid Fraud Control Unit referring many cases for prosecution in each State Fiscal Year.

	<p>3. The final rule at § 455.506(a)(1) indicates, “States may exclude Medicaid managed care claims from review by Medicaid RAC,” Managed care claims comprise approximately 24% of the Missouri Medicaid payments for health care as Missouri’s managed care penetration is 79.4%.</p> <p><input type="checkbox"/> The State/Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.</p> <p>Place a check mark to provide assurance of the following:</p> <p><input type="checkbox"/> The State will make payments to the RAC(s) only from amounts recovered.</p> <p><input type="checkbox"/> The State will make payments to the RAC(s) on a contingent Basis for collecting overpayments.</p> <p>The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee):</p> <p><input type="checkbox"/> The State attests that the contingency fee rate paid to the Medicaid RAC will not exceed the highest rate paid to Medicare RACs, as published in the Federal Register.</p>
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