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State/Territory Name: South Carolina

State Plan Amendment (SPA) #: 21-0005

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 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

June 4, 2021

Robert M. Kerr
Director
South Carolina Department of Health and Human Services
Post Office Box 8206
Columbia, SC 29202-8206

Re: South Carolina State Plan Amendment 21-0005

Dear Mr. Kerr:

We reviewed your proposed Medicaid State Plan Amendment, SC 21-0005, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 12, 2021. This amendment proposes an exception to 42 CFR §455.508(b), the requirement that the Medicaid Recovery Audit Contractor (RAC) program must hire a minimum of 1.0 FTE Contractor Medical Director.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2021. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any questions regarding this amendment, please contact William Pak at (404) 562-7407 or via email at William.Pak@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of James G. Scott.

James G. Scott, Director
Division of Program Operations
Medicaid and CHIP Operations Group

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 21-0005	2. STATE SC
FOR: HEALTH CARE FINANCING ADMINISTRATION		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, 2021	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §455.508(b) 42 CFR §455.516		7. FEDERAL BUDGET IMPACT: a. FFY 2021 \$ (120,000) b. FFY 2022 \$ (155,000)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Basic Index pages 36a & 36b		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Basic Index pages 36a & 36b	
10. SUBJECT OF AMENDMENT: The primary purpose of this plan amendment is to seek an exception to 42 CFR §455.508(b), the requirement that the Medicaid Recovery Audit Contractor (RAC) program must hire a minimum of 1.0 FTE Contractor Medical Director. The State is requesting the RAC to hire no less than 0.1 FTE named and available medical director who is a Doctor of Medicine in good standing with the relevant State licensing authorities.			
11. GOVERNOR'S REVIEW (<i>Check One</i>):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Mr. Phillip was designated by the Governor to review and approval all State Plans.	
12. REGIONAL OFFICIAL:		16. RETURN TO:	
[REDACTED]			
13. TYPED NAME: T. Clark Phillip			
14. TITLE: Acting Director			
15. DATE SUBMITTED: March 12, 2021			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: March 12, 2021		18. DATE APPROVED: June 3, 2021	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2021		20. SIGNATURE OF REGIONAL OFFICIAL: [REDACTED]	
21. TYPED NAME: James G. Scott		22. TITLE: DPO Division Director	
23. REMARKS:			

Revision:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: South Carolina

SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

<p>Citation</p> <p>Section 1902(a)(42)(B)(i) of the Social Security Act</p> <p>Section 1902(a)(42)(B)(ii)(I) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p><input checked="" type="checkbox"/> 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><input checked="" type="checkbox"/> The State is seeking an exception to establishing such program for the following reasons:</p> <p>The State is seeking an exception to 42 CFR §455.508(b), the requirement that the RAC must hire a minimum of 1.0 full-time equivalent (FTE) Contractor Medical Director. The State shall require the RAC to hire no less than 0.1 FTE named and available medical director who is a Doctor of Medicine in good standing with the relevant State licensing authorities.</p> <p><input checked="" 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>*On December 12, 2018 CMS approved State Plan Amendment SC 18-0009, granting a Recovery Audit Contractor (RAC) exemption request for the period from July 1, 2018, through June 30, 2020. In June 2020, SCDHHS posted a request for proposal for a RAC. We obtained two proposals and through evaluation, selected and engaged HMS to serve as SCDHHS' RAC.</p> <p>Place a check mark to provide assurance of the following:</p> <p><input checked="" type="checkbox"/> The State will make payments to the RAC(s) only from amounts recovered.</p> <p><input checked="" 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 checked="" 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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Revision:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: South Carolina

<p>Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(III) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act</p> <p>Section 1902(a)(42)(B)(ii)(IV)(bb) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(IV)(cc) Of the Act</p>	<p><input type="checkbox"/> The State attests that the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will only submit for FFP up to the amount equivalent to that published rate.</p> <p><input type="checkbox"/> The contingency fee rate paid to the Medicaid RAC that will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will submit a justification for that rate and will submit for FFP for the full amount of the contingency fee.</p> <p><input checked="" type="checkbox"/> The following payment methodology shall be used to determine State payments to Medicaid RACs for the identification of underpayments (e.g., amount of flat fee, the percentage of the contingency fee): A contingency fee payment of 14% for all recovered overpayments and a contingency fee of 5% for all underpayments identified.</p> <p><input checked="" type="checkbox"/> The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p> <p><input checked="" type="checkbox"/> The State assures that the amounts expended by the State to carry out the program will be amounts expended as necessary for the proper and efficient administration of the State plan or a waiver of the plan.</p> <p><input checked="" type="checkbox"/> The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.</p> <p><input checked="" type="checkbox"/> Efforts of the Medicaid RAC(s) will be coordinated with other contractors or entities performing audits of entities receiving payments under the State plan or waiver in the State, and/or State and Federal law enforcement entities and the CMS Medicaid Integrity Program.</p>
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