Region 10 2201 Sixth Avenue, MS/RX 43 Seattle, Washington 98121

FEB 2 5 2011

William J. Streur, Commissioner Department of Health and Social Services Post Office Box 110601 Juneau, Alaska 99811-0601

RE: Alaska State Plan Amendment (SPA) Transmittal Number 11-001

Dear Mr. Streur:

The Centers for Medicare & Medicaid Services (CMS) Seattle Regional office has completed its review of State Plan Amendment (SPA) Transmittal Number 11-001. This amendment establishes the Medicaid Recovery Audit Contractor Program for Alaska. Alaska requested an extension of the implementation date to October 1, 2011, which is approved.

This SPA is approved effective October 1, 2011.

If you have any additional questions or require any further assistance, please contact me, or have your staff contact Erin Cassady at (206) 615-2739 or erin.cassady@cms.hhs.gov.

Sincerely,

Barbara K. Richards Associate Regional Administrator Division of Medicaid and Children's Health Operations

cc:

Jon Sherwood, Senior Medicaid Policy Analyst for Health Care Services Alice Rarig, State Plan Coordinator

TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE		
STATE PLAN MATERIAL	11-001	Alaska		
		TI D IVIII OF THE		
FOR: HEALTH CARE FINANCING ADMINISTRATION	3. PROGRAM IDENTIFICATION: TIT SOCIAL SECURITY ACT (MEDICA			
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE			
HEALTH CARE FINANCING ADMINISTRATION	1/1/2011 10/1/2011 (P\$I)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
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 AME 6. FEDERAL STATUTE/REGULATION CITATION:	NDMENT (Separate Transmittal for each 7. FEDERAL BUDGET IMPACT:	am <u>endment)</u>		
Section 1902(a)(42)(B)(i)		\$0		
of the Social Security Act		80		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS	FDFD PLAN SECTION		
U.THOS NORISER OF THE PERIOD OF THE PROPERTY.	OR ATTACHMENT (If Applicable):			
Attached pages to Section 4.5 pages 36b-1 and 36b-2	Not applicable			
10. SUBJECT OF AMENDMENT:				
Medicaid Recovery Audit Contractor Program				
Wedicald Recovery Audit Contractor Frogram				
11. GOVERNOR'S REVIEW (Check One):				
GOVERNOR'S OFFICE REPORTED NO COMMENT	☐ OTHER, AS SPEC	IFIED: Governor does not		
_	wish to comment.			
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL				
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
	Alaska Department of Health and	l Social Services		
13. TYPED NAME:	Office of the Commissioner	201,100		
Kimberli Poppe-Smart	P.O. Box 110601			
14. TITLE:	Juneau, Alaska 99811-0601			
Director, Section of Health Care Services	114514 33011 3001			
15. DATE SUBMITTED:	-			
1/31/2011	·			
FOR REGIONAL OF		o c 9011		
17. DATE RECEIVED: FEB 0 1 2011	18. DATE APPROVED: FEB	2 5 2011		
PLAN APPROVED – ON	E COPY ATTACHED			
19. EFFECTIVE DATE OF APPOCYED MATERIAL:	20.SIGNATURE OF REGIONAL OFF	HSIAL:		
21. TYPED NAME: K. RICHARDS	22. TITLE: Associate Project	Administrator		
23. REMARKS:	Associate Regional			
DIVISION OF MEDICAL A				
Children's Health				
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Revision:			
State	Alaska		

PROPOSED SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

Citation	The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the
Section 1902(a)(42)(B)(i) of the Social Security Act	purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the
of the social security field	State plan.
	_XThe State is seeking an exception to establishing such program for the following reasons:
	Alaska is requesting a six-month extension of the April 1, 2011 implementation date of the Act, and requests an effective date of October 1, 2011 for this SPA. This extension request is due to conflicts with other programs and initiatives such as Alaska's current statutorily mandated Medicaid provider audit program, the Electronic Health Record (EHR) incentive payment program, and the lack of materiality of the potential recovery amount for 2011. We believe an implementation that aligns with federal fiscal year 2012 will allow Alaska the necessary time to solicit proposals from contractors who may not otherwise be interested in a small state program, particularly that with the lowest Medicaid payment error rate in the nation for the 2008 PERM cycle. A contract cycle that is slightly different from the other states will also provide a needed edge for Alaska to attract qualified RAC contractors.
Section 1902(a)(42)(B)(ii)(I) of the Act	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.
	Place a check mark to provide assurance of the following:
	The State will make payments to the RAC(s) only from amounts recovered.
	The State will make payments to the RAC(s) on a contingent Basis for collecting overpayments.
Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act	The following payment methodology shall be used to determine State
of the Act	payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee):
TN No. <u>11-001</u> Supersedes	Approval Date: FEB 2 5 2011 OCT - 1 2011 Effective Date:
TN No	

	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.
,	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.
Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act	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.
	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):
Section 1902 (a)(42)(B)(ii)(III) of the Act	The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).
Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act	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.
Section 1902(a)(42)(B)(ii)(IV(bb) of the Act	The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.
Section 1902 (a)(42)(B)(ii)(IV)(cc) Of the Act	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.

TN No. <u>11-001</u>
Supersedes
TN No. _____

FEB 2 5 2011

OCT - 1 2011

Approval Date: _____