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State/Territory Name: Alaska

State Plan Amendment (SPA) #: 14-0011

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Seattle Regional Office
701 Fifth Avenue, Suite 1600, MS/RX-200
Seattle, Washington 98104

CENTERS FOR MEDICARE & MEDICAID SERVICES

Division of Medicaid & Children's Health Operations

MAR 0 9 2015

Valerie Davidson, Commissioner
Department of Health and Social Services
3601 C Street, Suite 902
Anchorage, AK 99503

RE: Alaska State Plan Amendment (SPA) Transmittal Number 14-0011

Dear Ms. Davidson:

The Centers for Medicare & Medicaid Services (CMS) Seattle Regional Office has completed its review of State Plan Amendment (SPA) Transmittal Number AK 14-0011. This SPA is being submitted in order to request an exemption from the federal requirement of a Recovery Audit Contract.

This SPA is approved with an effective date of October 1, 2014.

If you have any additional questions or require any further assistance, please contact me, or have your staff contact Yvonne Martin at (206) 615-3802 or yvonne.martin@cms.hhs.gov.

Sincerely,

[redacted]

Frank A. Schneider
Acting Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 14 - 011

2. STATE: Alaska

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
October 1, 2014

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:
Section 1902(a)(42)(B) of the Social Security Act

7. FEDERAL BUDGET IMPACT:
a. FFY 14 $0
b. FFY 15 $0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Page 36b-1
Page 36b-2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Page 36b-1
Page 36b-2

10. SUBJECT OF AMENDMENT:
Exemption from RAC program

11. GOVERNOR'S REVIEW *(Check One)*:
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
Does not wish to comment

12. SIGNATURE: [redacted]

13. TYPED NAME: Jon Sherwood

14. TITLE: Deputy Commissioner for Medicaid and Health Care Policy

15. DATE SUBMITTED: Dec., 2014

16. RETURN TO:
Alaska Department of Health and Social Services
Office of the Commissioner
P.O. Box 110601
Juneau, Alaska 99811-0601

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12/17/2014

18. DATE APPROVED: 3/09/15

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 10-01-2014

20. SIGNATURE OF REGIONAL OFFICIAL: [redacted]

21. TYPED NAME: Frank Schneider

22. TITLE: Acting Regional Administrator Division of Medicaid and Children's Health

23. REMARKS:

FORM HCFA-179 (07-92)

Revision:
State Alaska

PROPOSED SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

Citation	
Section 1902(a)(42)(B)(i) of the Social Security Act	____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. _X_The State is seeking an exception to establishing such program for the following reasons: • Using an innovative Multi-State approach to procurement, Alaska was able to secure a Recovery Audit Contractor. However, after two years, the contractor has not recovered a material amount of overpayments, and has notified the state that the current contingency fee arrangement is not viable. • Alaska had a robust contract audit program in place prior to the RAC requirement which continues today. In accordance with Alaska Statute 47.05.210, Alaska must contract for the audit of a minimum of 75 providers annually. The payment arrangement for these audits is a fixed price per audit.
Section 1902(a)(42)(B)(ii)(I) of the Act	• In addition to the Medicaid Integrity contractor and Alaska's audit contract, claims reviews are also conducted by SURS and Medicaid Program Integrity, working in collaboration with the Quality Assurance sections of the Medicaid Divisions. • Alaska utilizes a per diem inpatient hospital payment methodology based on cost. A large proportion of RAC recoveries in other states come from audits of DRG payments to inpatient hospitals. • Alaska's Medicaid Program payment errors have consistently been far less than the national average as shown by the results of the PERM reviews conducted on Alaska. ____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.
Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act	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. 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): ____ 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.

Revision:

State ALASKA

PROPOSED SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

	_____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.
Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act	____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): The state will pay a contingency fee rate at the same percentage as for overpayments.
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.