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**State/Territory Name: Alabama**

**State Plan Amendment (SPA) #: 16-0006**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Atlanta Regional Office  
61 Forsyth Street, Suite 4T20  
Atlanta, Georgia 30303



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

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December 21, 2016

Ms. Stephanie Azar, Commissioner  
Alabama Medicaid Agency  
501 Dexter Avenue  
Post Office Box 5624  
Montgomery, Alabama 36103-5624

Re: Title XIX State Plan Amendment, AL #16-0006

Dear Ms. Azar:

Enclosed is an approved copy of Alabama's State Plan Amendment (SPA) 16-0006, received December 2, 2016. This SPA decreases the state's contingency fee rate for payments made to the Recovery Audit Contractor (RAC), and provides for an exception to 42 CFR 455.502(b), while it procures a new RAC vendor. The approval for the exception to the RAC requirements due to procurement is effective December 1, 2016 and expires on December 1, 2017.

If you have any questions regarding this SPA, please contact Alice Hogan at 404-562-7432 or [Alice.Hogan@cms.hhs.gov](mailto:Alice.Hogan@cms.hhs.gov).

Sincerely,

//s//

Jackie Glaze  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER: AL-16-0006	2. STATE Alabama
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION		4. PROPOSED EFFECTIVE DATE December 1, 2016
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION 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 AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 455.12	7. FEDERAL BUDGET IMPACT: a. FFY 2017 0 b. FFY 2018 0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Section 4.5, Pages 36.1 and 36.2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Section 4.5, Pages 36.1 and 36.2

10. SUBJECT OF AMENDMENT:

The primary purpose for this amendment is to change the contingency fee to 9.75% for payments made to the Recovery Audit Contractor (RAC) for overpayments collected and underpayments identified and approved by the State.

11. GOVERNOR'S REVIEW (*Check One*):

- GOVERNOR'S OFFICE REPORTED NO COMMENT                       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED                      Governor's designee on file  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL                      via letter with CMS

12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//	16. RETURN TO: Stephanie McGee Azar Commissioner Alabama Medicaid Agency 501 Dexter Avenue Post Office Box 5624 Montgomery, Alabama 36103-5624
13. TYPED NAME: Stephanie McGee Azar	
14. TITLE: Commissioner	
15. DATE SUBMITTED:	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 12/02/16	18. DATE APPROVED: 12/21/16
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 12/01/16	20. SIGNATURE OF REGIONAL OFFICIAL: //s//
21. TYPED NAME: Jackie Glaze	22. TITLE: Associate Regional Administrator Division of Medicaid & Children Health Opns

23. REMARKS:



<p>Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act</p>	<p><u>N/A</u> The State attests that if 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><u>X</u> The following payment methodology shall be used to determine State payments to Medicaid RACs for underpayments:</p> <p><b>A 9.75% contingency fee for underpayments identified and approved by the State.</b></p> <p>_____ The State will submit a justification seeking to pay the Medicaid RAC(s) a contingency fee higher than the highest contingency fee rate paid to Medicare RACs as published in the Federal Register.</p>
<p>Section 1902 (a)(42)(B)(ii)(III) of the Act</p>	<p><u>X</u> The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p>
<p>Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act</p>	<p><u>X</u> 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>Section 1902 (a)(42)(B)(ii)(IV)(bb) of the Act</p>	<p><u>X</u> 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>Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act</p>	<p><u>X</u> 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>