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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

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.

Sincerely,

//s//

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

Enclosures

HEALTH CARE FINANCING ADMINISTRATION	1	OMB NO. 0938-0193		
TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE		
STATE PLAN MATERIAL	AL-16-0006	Alabama		
EOD. HEAT THE CADE BINANCING ADMINISTRATION	3. PROGRAM IDENTIFICATION: TI	TLE XIX OF THE		
FOR: HEALTH CARE FINANCING ADMINISTRATION	SOCIAL SECURITY ACT (MEDIC	(AID)		
	,	<i>,</i>		
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE			
HEALTH CARE FINANCING ADMINISTRATION	December 1, 2016			
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	NDMENT (Separate Transmittal for each	h amendment)		
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:			
42 CFR 455.12	a. FFY 2017 0			
	b. FFY 2018 0			
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS	SEDED PLAN SECTION		
	OR ATTACHMENT (If Applicable)):		
Section 4.5, Pages 36.1 and 36.2				
50001011 1.3, 1 ugos 50.1 una 50.2	Section 4.5 Dagge 26.1 and 26.2	•		
	Section 4.5, Pages 36.1 and 36.2	•		
10 CUDICCE OF AMENDMENT				
10. SUBJECT OF AMENDMENT:	0.750/ Communication 1 4 4 1 D	A 1'4 C		
The primary purpose for this amendment is to change the contingency fee		overy Audit Contractor		
(RAC) for overpayments collected and underpayments identified and app	proved by the State.			
11. GOVERNOR'S REVIEW (Check One):				
GOVERNOR'S OFFICE REPORTED NO COMMENT	☐ OTHER, AS SPEC	CIFIED:		
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	Governor's design			
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	via letter with CM			
_				
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:			
//s//	Stephanie McGee Azar			
	Commissioner			
13. TYPED NAME:	Alabama Medicaid Agency			
Stephanie McGee Azar	501 Dexter Avenue			
14. TITLE:	Post Office Box 5624			
Commissioner	Montgomery, Alabama 36103-5624	4		
15. DATE SUBMITTED:	inionigement, rimemia perse per	•		
FOR REGIONAL OFFICE USE ONLY				
17. DATE RECEIVED: 12/02/16	18. DATE APPROVED: 12/21/16			
PLAN APPROVED – ON	E COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OF	FICIAL:		
12/01/16	//s//			
21. TYPED NAME: Jackie Glaze	22. TITLE: Associate Regional Adm	ninistrator		
	Division of Medicaid & Children Hea			
23. REMARKS:				

Revision: October 31, 2016 AL-16-0006 Page 36.1

State: **ALABAMA**

PROPOSED SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

Citation X 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 Section 1902(a)(42)(B)(i) of the Social Security Act 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: The State is seeking a one-year exception to 42 CFR 455.502(b) in order to procure a RAC Vendor. The current RAC contract expires on December 31, 2016 and will not be renewed. The State is scheduled to implement Regional Care Organizations (RCOs) on October 1, 2017. The one-year exception will allow for the Agency to procure a RAC vendor and solidify the RAC vendor's roles and responsibilities within the Agency's transition to RCOs. Section 1902(a)(42)(B)(ii)(I) **X** The State/Medicaid agency has contracts of the type(s) listed in of the Act 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: X The State will make payments to the RAC(s) only from amounts recovered. Section 1902 (a)(42)(B)(ii)(II)(aa) **X** The State will make payments to the RAC(s) on a contingent basis of the Act for collecting overpayments. The following payment methodology shall be used to determine State payments to Medicaid RACs for recovered overpayments (e.g., the percentage of the contingency fee): A contingency fee of 9.75% of overpayments collected.

TN No. <u>AL-16-0006</u> Supersedes TN No. <u>AL-10-022</u>0

persedes Approval Date: <u>12-21-16</u> Effective Date: <u>12/01/2016</u>

Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act	<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.
	<u>x</u>	The following payment methodology shall be used to determine State payments to Medicaid RACs for underpayments:
		A 9.75% contingency fee for underpayments identified and approved by the State.
		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.
Section 1902 (a)(42)(B)(ii)(III) of the Act	<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).
Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act	_x_	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	<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.
Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act	<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.

TN No. <u>AL-16-0006</u> Supersedes TN No. <u>AL-10-0220</u>

Approval Date: <u>12-21-16</u> Effective Date: <u>12/01/2016</u>