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State/Territory Name: Arkansas

State Plan Amendment (SPA) #: 12-15

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  
Dallas Regional Office  
1301 Young Street, Suite 833  
Dallas, Texas 75202



**DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI**

December 12, 2012

Our Reference: SPA-AR-12-15

Dr. Andrew Allison  
State Medicaid Director  
Arkansas Department of Health and Human Services  
P.O. Box 1437  
Little Rock, Arkansas 72203

Dr. Andrew Allison:

We have reviewed the proposed amendment to your Medicaid State Plan submitted under Transmittal Number 12-15. Effective January 1, 2013, this State plan amendment allows the state to seek a second extension to implement its recovery audit program.

Transmittal Number 12-15 is approved with an effective date of January 1, 2013, as requested. A copy of the HCFA-179, Transmittal No. 12-15 dated October 4, 2012 is enclosed along with the approved plan pages.



If you have any questions, please contact Stacey Shuman at (214) 767-6479.

Sincerely,



Bill Brooks  
Associate Regional Administrator  
Division of Medicaid and Children's Health

Enclosure

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER:  2012-015	2. STATE  ARKANSAS
		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, 2013	
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 (Section 6411 and PPACA) PL 111-148		7. FEDERAL BUDGET IMPACT: a. FFY 2012 <b>The Department has no way to determine the budget impact associated with this SPA.</b> b. FFY 2013 <b>CMS will share in any recouped amount.</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Section 4, Pages 36-1 and 36-2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Same, Approved 05-30-12, TN 12-007	
10. SUBJECT OF AMENDMENT: The Arkansas Title XIX State Plan has been amended to add recovery audit contractors to the Medicaid Program.			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  		16. RETURN TO:  Division of Medical Services PO Box 1437, Slot S295 Little Rock, AR 72203-1437  Attention: LeAnn Edwards	
13. TYPED NAME: Andrew Allison, PhD		17. DATE RECEIVED:                      4 October, 2012 18. DATE APPROVED:                      12 December, 2012 <b>FOR REGIONAL OFFICE USE ONLY</b> PLAN APPROVED – ONE COPY AT	
14. TITLE: Director, Division of Medical Services			
15. DATE SUBMITTED: October 4, 2012			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 January, 2013		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health	
23. REMARKS:			

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 **is in the process of** establishing 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.
- The State is seeking an exception to establishing such program for the following reasons:

**Arkansas is currently in the RFP stage of the procurement process, it expects to have a contract in place no later than October 1, 2012.**

Section 1902(a)(42)(B)(ii)(I) of the Act

- The State/Medicaid agency **will** contract 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 payments to Medicaid RACs for identification and recovery of overpayments (percentage has not been determined):

- 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.
- 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.

A	
STATE	Arkansas
DATE REC'D	10-7-12
DATE APP'VD	12-12-12
DATE EFF	1-1-13
ISSN	179
	12-15

Revision: January 1, 2013

State Arkansas

**SECTION 4 – GENERAL PROGRAM ADMINISTRATION**

**4.5 Medicaid Recovery Audit Contractor Program (continued)**

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):
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	<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.
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.

STATE <u>Arkansas</u>	A
DATE REC'D <u>10-4-12</u>	
DATE APPV'D <u>12-12-12</u>	
DATE EFF <u>1-1-13</u>	
HCEA 179 <u>12-15</u>	

SUPERSEDES: TN 12-07