



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region IX

Division of Medicaid & Children's Health Operations  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706

MAR 01 2011

Thomas Betlach, Director  
Arizona Health Care Cost Containment System  
801 East Jefferson Street  
Phoenix, AZ 85034

Dear Mr. Betlach:

Enclosed is an approved copy of Arizona State Plan Amendment (SPA) No. 10-012. This SPA establishes a Recovery Audit Contractor (RAC) program to contract with one or more Medicaid contractors to identify underpayments and overpayments for all services for which payment is made to any entity under Arizona's State Plan or approved 1115 demonstration waiver. This SPA is effective December 31, 2010.

Please note that as part of the SPA approval, Arizona received an exception for approximately 12 months to incorporate identification of under payments into the current RAC contract, which meets all other statutory requirements. Incorporation of underpayment identification will take place by April 1, 2012, when Arizona will submit a revised SPA with information on the payment methodology to be used for underpayments.

If you have any questions, please contact Cheryl Young at (415) 744-3598 or Cheryl.Young@cms.hhs.gov.

Sincerely,

Gloria Nagle, Ph.D., MPA  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

cc: Michele Bowser, CMCS  
Jessica Schubel, CMCS  
HeeYoung Ansell