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State/Territory Name: Hawaii

State Plan Amendment (SPA) #: 19-004

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706



Regional Operations Group

October 29, 2019

Dr. Judy Mohr Peterson
Med-Quest Division Administrator
P.O. Box 700190
Kapolei, HI 96709-0190

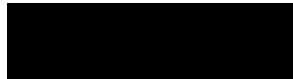
Dear Dr. Peterson:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of State Plan Amendment (SPA) Transmittal Number No. 19-0004. This SPA was submitted to CMS on August 1, 2019 to request an exception to allow a higher contingency fee for all Recovery Audit Contractor claims.

This SPA is approved with an effective date of July 1, 2019 as requested by the state. Enclosed is a copy of the approved pages to be incorporated into the Hawaii State Plan.

If you have any questions, please contact Shante Shaw at (206) 615-2346 or shante.shaw@cms.hhs.gov.

Sincerely,



Richard C. Allen
Director
Western Regional Operations Group

cc:

Tom Duran, CMS Pacific Area Representative
Edie Mayeshiro, Med-QUEST Program and Policy Development Office
Jodeen Wai, Eligibility Program Specialist
Jeri Kiddo, Executive Assistant

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER

1 9 — 0004

2. STATE

Hawaii

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2019

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

1902(a)(73) of the Social Security Act

7. FEDERAL BUDGET IMPACT

a. FFY 2019 \$0.00
b. FFY 2020 \$0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Section 4.5, page 80-80b

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Section 4.5, page 80-80b

10. SUBJECT OF AMENDMENT

Increase the reimbursement rate to the Recover Audit Contractor (RAC).

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT

OTHER, AS SPECIFIED

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

16. RETURN TO

State of Hawaii
Department of Human Services
Office of the Director
P.O. Box 339
Honolulu, Hawaii 96809-0339

13. TYPED NAME

Judy Mohr Peterson, PhD

14. TITLE

Med-QUEST Administrator

15. DATE SUBMITTED

AUG 01 2019

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

August 01, 2019

18. DATE APPROVED

October 29, 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

July 01, 2019

20. SIGNATURE

[Redacted Signature]

21. TYPED NAME

Richard C. Allen

22. TITLE **Director, Western Regional Operations Group
Center for Medicaid & CHIP Services
Centers for Medicare & Medicaid Services**

23. REMARKS

STATE OF PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: HAWAII

SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

Citation(s)

Section 1902(a)(41)(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.
- The State is seeking an exception to establishing such program for the following :
- a. The State is asking for an approximated .10 FTE Medical Director or Medical Profession. The vendor will establish a network of licensed medical professionals to perform Medical Director duties as defined this regulation. The exception to the Medical Director will allow the contingency fee to remain below the highest rate paid to Medicare RACs.
 - b. Based on the CMS Informational Bulletin issued on February 1, 2011 and the final federal rules published on September 16, 2011, deferring the proposed April 1, 2011 implementation date for the RAC program to January 1, 2012, the State seeks an exception of its implementation date of April 1, 2011 to January 1, 2013. The deferral ensures compliance with the contract requirements in the contract requirements in the statute which are contained in the current vendor contract.
 - c. Based on the Federal Registrar document number 72 FR 11127, Medicare and Medicaid RAC contingency fees were increased on February 24, 2012 to a contingency fee of 17.5 percent for overpayments recovered from Durable Medical Equipment claims. Hawaii requests that it be granted approval to utilize a contingency fee up to, but not exceed 17.5 percent for all identified overpayment or underpayments for all claims types reviewed during the contract period.

TN No. 19-0004
 Supersedes
 TN No. 13-0002

Approval Date: October 29, 2019 Effective Date: 07/01/19

STATE OF PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: HAWAII

SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

Citation(s)

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

- The State Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(1) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.

Please 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 Social Security Act

The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayment (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.
- 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)(i)(II)(bb) of the Social Security 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): "Contingency Fee."

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

- The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).

TN No.	<u>19-0004</u>	Approval Date:	<u>October 29, 2019</u>	Effective Date:	<u>07/01/19</u>
Supersedes					
TN No.	<u>13-0002</u>				

STATE OF PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: HAWAII

SECTION 4 - GENERAL PROGRAM ADMINISTRATION

4.5 Medicaid Recovery Audit Contractor Program

Citation(s)	
Section 1902(a)(42)(B)(ii)(IV)(aa) of the Social Security Act	<input checked="" type="checkbox"/> The State assurance that the amounts expended by the State to carry out the program will be amounts expended as necessary for the proper and efficient of the State plan or waiver of the plan.
Section 1902(a)(42)(B)(ii)(IV)(bb) of the Social Security Act	<input checked="" type="checkbox"/> The State assurance that the recovered amounts will be subject to a State's quarterly expenditure and funding of the State's share.
Section 1902(a)(42)(B)(ii)(IV)(cc) of the Social Security Act	<input checked="" type="checkbox"/> 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>19-0004</u>	Approval Date:	<u>October 29, 2019</u>	Effective Date:	<u>07/01/19</u>
Supersedes					
TN No.	<u>13-0002</u>				