

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
601 East 12<sup>th</sup> Street, Suite 235  
Kansas City, Missouri 64106



**Division of Medicaid and Children's Health Operations**

February 10, 2011

Andrew Allison, PhD.  
Executive Director  
Kansas Health Policy Authority  
Landon State Office Building  
900 SW Jackson, Room 900N  
Topeka, Kansas 66612

Dear Dr. Allison:

On December 21, 2010, the Centers for Medicare & Medicaid Services (CMS) received Kansas' state plan amendment (SPA), transmittal #10-17 through which the State is attesting that it will establish a Medicaid Recovery Audit Contractor (RAC) program by December 31, 2010 as required by the Affordable Care Act.

Medicaid RAC programs were to attest 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. Kansas requested an exception to this requirement indicating their contingency fee rate will exceed the Medicare rate. Kansas provided justification for their rate of 17% after receiving only two bids to their RAC contract request for proposal. Both proposals received asked for a contingency fee rate of 18%. Kansas was able to negotiate the successful bidder down from 18% to 17%. Kansas' request for an exception to exceed the Medicare contingency fee rate of 12.5% is approved.

Based upon the information received, we are now ready to approve SPA #10-17 on February 10, 2011, with an effective date of January 1, 2011. Enclosed is a copy of the CMS 179 form, as well as, the approved pages for incorporation into the Kansas State plan. If you have any questions regarding this amendment, please call Sandra Levels at (816) 426-5925.

Sincerely,

/s/

James G. Scott  
Associate Regional Administrator  
for Medicaid and Children's Health Operations

Enclosure

cc: Barbara Langner, PhD., RN  
Rita Haverkamp