

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5.1 Medicaid Recovery Audit Contractor Program (EXCEPTIONS) (continued)

42 CFR 455.508(b)

2. Exception from 455.508(b) requiring 1.0 FTE Medical Director

The Medicaid RAC Final rule at 42 CFR §455.508(b) provides that “the [RAC] must hire a minimum of 1.0 [full time equivalent] FTE Contractor Medical Director (CMD) who is a Doctor of Medicine or Doctor of Osteopathy in good standing with the relevant State licensing authorities, where applicable to review Medicaid claims.”

Kentucky’s RAC vendor, OptumInsight, has been operating since 2010. The RAC vendor is making Medicaid overpayment and underpayment determinations based on coding criteria and State policy, using claims data and medical records where appropriate. At this time, OptumInsight is not making medical necessity determinations or using medical judgment that would require its RAC to hire a CMD. As a result, the RAC utilizes certified coders and program subject matter experts to make its determinations.

This SPA will be in effect for two years after its approval date. At that time,

1. Kentucky must evaluate the performance of its RAC program without a CMD; and
2. Determine whether it will submit a new request for an exception to the requirement that the RAC hire a minimum of 1.0 FTE CMD.

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5.1 Medicaid Recovery Audit Contractor Program (EXCEPTIONS) (continued)

2. **Exception from 455.508(b) requiring 1.0 FTE Medical Director (continued)**

- For limited items that may require a Medical Director, the Commonwealth can utilize the Department for Medicaid services Medical Director. Additionally, the Commonwealth may utilize the contractor's Medical Director on an as needed basis but who is not dedicated solely to the Commonwealth. This as needed approach is the most efficient and economical use of time.

TN No. 12-003
Supersedes
TN No.: None

Approved Date: _____

Effective Date: January 1 2012