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**State/Territory Name:** Montana

**State Plan Amendment (SPA) #:** MT-17-0017

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  
Denver Regional Office  
1961 Stout Street, Room 08-148  
Denver, CO 80294



**REGION VIII - DENVER**

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October 26, 2017

Marie Matthews, Medicaid & CHIP Director  
Montana Department of Public Health & Human Services  
P.O. Box 4210  
Helena, MT 59604

Re: Montana #17-0017

Dear Ms. Matthews:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 17-0017. This amendment allows an exemption from establishing a Recovery Audit Contractor. The approved exemption will expire on August 7, 2019.

Please be informed that this State Plan Amendment was approved October 25, 2017, with an effective date of August 7, 2017. We are enclosing the CMS-179 and the amended plan page(s).

If you have any questions concerning this amendment, please contact Barbara Prehmus at (303) 844-7472.

Sincerely,



Richard C. Allen  
Associate Regional Administrator  
Division for Medicaid & Children's Health Operations

cc: Sheila Hogan, Department Director  
Duane Preshinger  
Jo Thompson  
Mary Eve Kulawik



State/Territory: Montana

Citation      4.5 Medicaid Recovery Audit Contractor Program

<p>Section 1902(a) (42) (B) (i) of the Social Security Act</p>	<p>_____ 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.</p> <p><u>X</u> The State is seeking an exception to establishing such program for the following reasons:</p> <p><u>X</u> Montana is seeking an exception from the Medicaid recovery audit contract requirement. The State attempted a formal procurement for recovery audit services that would be in line with Section 1902 (a) (42) of SSA. However, the State did not receive any bids when solicited in March 2017. Additionally, SB 82 - MCA 53-6-14 went into effect 07/01/2017. It places constraints on the RAC's ability to perform large scale audits, therefore limiting the amount of potential income for their services. The State is requesting a time-limited exception from the requirement for a recovery audit contractor.</p>
<p>Section 1902(a) (42) (B) (ii) (I) of the Act</p>	<p>_____ The State/Medicaid agency will have contracts of the type(s) listed in section 1902(a) (42) (B) (ii) (I) of the Act in place. All contracts meet the requirements of the statute. RACs are consistent with the statute.</p> <p>Place a check mark to provide assurance of the following:</p> <p>_____ The State will make payments to the RAC(s) only from amounts recovered.</p> <p>_____ The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</p>
<p>Section 1902(a) (42) (B) (ii) (II) (aa) of the Act</p>	<p>The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee):</p> <p>_____ 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.</p> <p>_____ 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.</p> <p>_____ 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.</p>

State/Territory: Montana

Citation      4.5 Medicaid Recovery Audit Contractor Program

<p>Section 1902 (a) (42) (B) (ii) (II) (bb) of the Act</p>	<p>— 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):</p> <p>— Percentage of the contingency fee will be the payment methodology used to determine State payments to Medicaid RACs for identification and recovery of overpayments.</p>
<p>Section 1902 (a) (42) (B) (ii) (III) of the Act</p>	<p>— The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p>
<p>Section 1902 (a) (42) (B) (ii) (IV) (aa) of the Act</p>	<p>— 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.</p>
<p>Section 1902 (a) (42) (B) (ii) (IV) (bb) of the Act</p>	<p>— The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.</p>
<p>Section 1902 (a) (42) (B) (ii) (IV) (cc) of the Act</p>	<p>— 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.</p>