

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909



February 17, 2011

Craigian Gray, MD, MBA, JD
Director
Division of Medical Assistance
North Carolina Department of Health and Human Services
2501 Mail Service Center
Raleigh, North Carolina 27699-2501

Attention: Teresa Smith

RE: North Carolina Title XIX State Plan Amendment, Transmittal #10-037

Dear Dr. Gray:

We have reviewed the proposed amendment to the North Carolina Medicaid State Plan NC 10-037 that was received in the Regional Office on December 13, 2010. This State plan amendment was submitted with only preprint text pages under Section 4.5.

The amendment confirms the North Carolina Medicaid Agency's compliance with the Federal requirements to establish the Recovery Audit Contractor program that identifies underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.

Based on the information provided, we are advising you now of the approval of the Medicaid State Plan Amendment NC 10-037. It was approved on February 15, 2011. The effective date of this amendment is December 1, 2010. We are enclosing the approved form HCFA-179 and plan pages.



If you have any questions or need any further assistance, please contact Elaine Elmore at (404) 562-7408.

Sincerely,

/s/

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 10-037	2. STATE NC
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE December 1, 2010	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input checked="" type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: Section 1902(a)(42)(B)(i)		7. FEDERAL BUDGET IMPACT: a. FFY 2011 (\$18,403,078) b. FFY 2012 (\$20,402,563)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: 79.z.1 and 79.z.2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	
10. SUBJECT OF AMENDMENT: Recovery Audit Contractor (RAC)			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: SECRETARY <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, North Carolina 27699-2001	
13. TYPED NAME: Lanier M. Cansler		14. TITLE: Secretary	
15. DATE SUBMITTED: 12/10/10			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 12/13/10		18. DATE APPROVED: 02/15/11	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 12/01/10		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Jackie Glaze		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health Opns	
23. REMARKS: Approved with the following changes to item 7 as authorized by State Agency on email dated 01/21/11. Block # 7a and 7b changed to read: zero dollar impact to Federal budget.			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: North Carolina

Citation

4.5 Medicaid Recovery Audit Contractor Program

Section 1902
(a)(42)(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 reasons:

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

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

Place 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 Act

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):

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.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: North Carolina

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| | <u> </u> | 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 submit a justification for that rate and will submit for FFP for the full amount of the contingency fee. |
| Section 1902
(a)(42)(B)(ii)(III)(bb)
of the Act | <u> X </u> | 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): \$30.00 flat fee per overpayment identified. |
| Section 1902
(a)(42)(B)(ii)(III)
of the Act | <u> X </u> | The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s). |
| Section 1902
(a)(42)(B)(ii)(IV)(aa)
of the Act | <u> X </u> | 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. |
| Section 1902
(a)(42)(B)(ii)(IV)(bb)
of the Act | <u> X </u> | The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share. |
| Section 1902
(a)(42)(B)(ii)(IV)(cc)
of the Act | <u> X </u> | 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 wavier in the State, and/or State and Federal law enforcement entities and the CMS Medicaid Integrity Program. |