

Table of Contents

State/Territory Name: South Carolina

State Plan Amendment (SPA) #: 18-0009

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

December 12, 2018

Mr. Joshua Baker
Director
SC Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

Attention: Sheila Chavis

RE: Title XIX State Plan Amendment, SC 18-0009

Dear Mr. Baker:

We have reviewed the proposed State Plan Amendment, SC 18-0009, which was submitted to the Atlanta Regional Office on September 28, 2018. This amendment is a Recovery Audit Contractor (RAC) exemption request. The request is pursuant to 42 CFR § 455.516, where the South Carolina Department of Health and Human Services (SCDHHS) is seeking an exception to 42 CFR § 455.502(b), which requires the SCDHHS to contract with a RAC.

Based on the information provided, the Medicaid State Plan Amendment SC 18-0009 was approved on December 12, 2018. The SPA is approved for two years from the effective date of this amendment July 1, 2018 to June 30, 2020. We are enclosing the approved HCFA-179 and the plan pages.

If you have any additional questions or need further assistance, please contact Maria Drake at (404) 562-3697.

Sincerely,

/s/

Shantrina D. Roberts, MSN
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 18-0009	2. STATE South Carolina
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION		
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE July 1, 2018	

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: 42 CFR Part 455 Subpart F	7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$0 b. FFY 2019 \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Basic Index pages, 36a & 36b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Basic Index pages, 36a & 36b

10. SUBJECT OF AMENDMENT: This plan amendment is seeking an exception to 42 CFR § 455.502(b), which requires the South Carolina Department of Health and Human Services to contract with a Recovery Audit Contractor (RAC).

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Mr. Baker was designated by the Governor
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO: South Carolina Department of Health and Human Services Post Office Box 8206 Columbia, SC 29202-8206
13. TYPED NAME: Joshua D. Baker	
14. TITLE: Director	
15. DATE SUBMITTED: September 7, 2018	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: 09/28/18	18. DATE APPROVED: 12/12/18
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 07/01/18	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Shantrina D. Roberts	22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health Operations

23. REMARKS:

Revision:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: South Carolina**SECTION 4 - GENERAL PROGRAM ADMINISTRATION****4.5 Medicaid Recovery Audit Contractor Program**

<p>Citation</p> <p>Section 1902(a)(42)(B)(i) of the Social Security Act</p> <p>Section 1902(a)(42)(B)(ii)(I) of the Act</p>	<p><input type="checkbox"/> 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><input checked="" type="checkbox"/> The State is seeking an exception to establishing such program for the following reasons:</p> <ul style="list-style-type: none"> • <i>SCDHHS had in place a contingency fee based RAC contract from February 5, 2013 to February 5, 2018;</i> • <i>SCDHHS' RAC recoveries have been trending downward over the course of the last contract period, as indicated by SCDHHS' payments to the RAC as follows: CY payments to RAC since 2013:</i> <ul style="list-style-type: none"> <input type="checkbox"/> CY 2013: \$272,462.48 <input type="checkbox"/> CY 2014: \$234,313.85 <input type="checkbox"/> CY 2015: \$155,151.64 <input type="checkbox"/> CY 2016: \$110,176.29 <input type="checkbox"/> CY 2017: \$ 26,425.16 • <i>This decline in recoveries is in direct correlation to SCDHHS' decline in its fee-for-service population. The Medicaid program currently has approximately 80% of its full benefit members enrolled in Managed Care.</i> • <i>SCDHHS issued a solicitation for a new contingency fee based RAC Contract which closed on February 2, 2018 and received no responses. The lack of interest in SCDHHS' recent solicitation is a strong indicator that it is not cost-beneficial for auditing firms to submit proposals due to the small number of enrollees and claims in SCDHHS' non-managed care programs.</i> <p><input type="checkbox"/> 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.</p>
<p>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p>Place a check mark to provide assurance of the following:</p> <p><input type="checkbox"/> The State will make payments to the RAC(s) only from amounts recovered.</p> <p><input type="checkbox"/> The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</p>

Revision:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: South Carolina

<p>Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(III) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act</p> <p>Section 1902(a)(42)(B)(ii)(IV)(bb) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(IV)(cc) 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> <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>_____The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</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>_____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>_____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>
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