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State Name: Virginia

State Plan Amendment (SPA) #: 10-19

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT #121720104002

MAR 7 2011

Gregg A. Pane, MD, MPA
Director
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

Dear Dr. Pane:

We have reviewed State Plan Amendment (SPA) 10-19, in which you propose to establish the Recovery Audit Contractors (RAC) program for Virginia Medicaid, in accordance with Section 6411 of the Affordable Care Act. The purpose of the Medicaid RAC is to identify overpayments and underpayments to recoup overpayments under the State Plan and under any waiver of the State Plan.

This SPA is acceptable. Therefore, we are approving SPA 10-19 with an effective date of December 31, 2010. Enclosed are the approved SPA pages and signed CMS-179 form.

If you have further questions about this SPA, please contact William G. Cahill at (215) 861-4173.

Sincerely,

Ted Gallagher
Associate Regional Administrator

Enclosures

cc: Bonnie Harris

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER
1 0 - 1 9

2. STATE
Virginia

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
December 31, 2010

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 430, et seq.

7. FEDERAL BUDGET IMPACT

a. FFY 2011 \$ 0.00
b. FFY 2012 \$ 0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Preprint Pages 36c1 and 36c2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Same pages

10. SUBJECT OF AMENDMENT

Medicaid Recovery Audit Contractor Program

11. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT²⁰¹¹
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED

Secretary of Health and Human Resources

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME

Gregg A. Pane, MD, MPA

14. TITLE

Director

15. DATE SUBMITTED

December 16, 2010

16. RETURN TO

Dept. of Medical Assistance Services
600 East Broad Street, #1300
Richmond VA 23219

Attn: Regulatory Coordinator

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED

MAR 7 2011

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

December 31, 2010

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Ted Gallagher

22. TITLE

Associate Regional Administrator

23. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
 State of VIRGINIA

4.5b Medicaid Recovery Audit Contractor Program

<p><u>Citation</u> § 1902(a)(42)(B)(i) of the Social Security Act</p>	<p><input checked="" 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>§ 1902(a)(42)(B)(ii)(I) of the Act</p>	<p><input type="checkbox"/> The State is seeking an exception to establishing such program for the following reasons:</p> <p><input checked="" type="checkbox"/> The State/Medicaid agency has contracts of the type(s) listed in § 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>§ 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 checked="" type="checkbox"/> The State will make payments to the RAC(s) only from amounts recovered.</p> <p><input checked="" type="checkbox"/> The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</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><input checked="" type="checkbox"/> 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 <i>Federal Register</i>.</p> <p><input type="checkbox"/> 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 <i>Federal Register</i>. The State will only submit for FFP up to the amount equivalent to that published rate.</p>

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

<p>§ 1902 (a)(42)(B)(ii)(II) (bb) of the Act</p>	<p>_____ The contingency fee rate paid to the Medicaid RAC that will exceed the highest rate paid to Medicare RACs, as published the <i>Federal Register</i>. The State will submit a justification for that rate and will submit for FFP for the full amount of the contingency fee.</p>
<p>§ 1902 (a)(42)(B)(ii)(III) of the Act</p>	<p><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):</p> <p>The payment methodology will be based upon the percentage of the contingency fee.</p>
<p>§ 1902 (a)(42)(B)(ii)(IV) (aa) of the Act</p>	<p><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).</p>
<p>§ 1902(a)(42)(B)(ii)(IV)(bb) of the Act</p>	<p><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.</p>
<p>§ 1902 (a)(42)(B)(ii)(IV)(cc) of the Act</p>	<p><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.</p> <p><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 waiver in the State, and/or State and Federal law enforcement entities and the CMS Medicaid Integrity Program.</p>

TN No. 10-19
Supersedes
TN No. New Page

Approval Date **MAR 7 2011**

Effective Date 12-31-10