



Region 10
2201 Sixth Avenue, MS/RX 43
Seattle, Washington 98121

JAN 25 2011

Susan Dreyfus, Secretary
Department of Social and Health Services
Post Office Box 45010
Olympia, Washington 98504-5010

RE: Washington State Plan Amendment (SPA) Transmittal Number 10-022

Dear Ms. Dreyfus:

The Centers for Medicare & Medicaid Services (CMS) Seattle Regional office has completed its review of State Plan Amendment (SPA) Transmittal Number 10-022. This amendment establishes the Medicaid Recovery Audit Contractor Program for Washington State.

This SPA is approved effective January 1, 2011.

If you have any additional questions or require any further assistance, please contact me, or have your staff contact Erin Cassady at (206) 615-2739 or erin.cassady@cms.hhs.gov.

Sincerely,

Barbara K. Richards
Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

cc:

Douglas Porter, Assistant Secretary, Medicaid Purchasing Administration
MaryAnne Lindeblad, Assistant Secretary, Aging and Disability Services Administration
Ann Meyers, State Plan Coordinator, Department of Social and Health Services

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
10-022

2. STATE
Washington

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
January 1, 2011

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:

7. FEDERAL BUDGET IMPACT:

a. FFY 2010 \$0
b. FFY 2011 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Numbered pages 36b and 36c

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

10. SUBJECT OF AMENDMENT:

Recovery Audit Contractors (RAC)

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: Exempt
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME:

Susan N. Dreyfus

14. TITLE:

Secretary

15. DATE SUBMITTED:

12-17-10

Ann Myers

Department of Social and Health Services

Medicaid Purchasing Administration

626 8th Ave SE MS: 45504

POB 5504

Olympia, WA 98504-5504

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **DEC 17 2010**

18. DATE APPROVED: **JAN 25 2011**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN 01 2011

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Barbara K. Richards

22. TITLE:

Associate Regional Administrator

23. REMARKS:

**Division of Medicaid &
Children's Health**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

4.5b Medicaid Recovery Audit Contractor Program

Citation

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(2)(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.

Note: The State is preparing an RFP to seek bids for a Medicaid RAC and expects to enter into a contract before April 1, 2011.

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 WASHINGTON

4.5b Medicaid Recovery Audit Contractor Program (cont)

- Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act
- _____ 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.
- X 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):
- Washington has not yet determined the percentage of the contingency fee for the identification of underpayments. Washington expects to determine this information prior to April 1, 2011, as part of the RFP process.
- Section 1902 (a)(42)(B)(ii)(III) of the Act
- X 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
- X 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
- X 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
- X 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.