

## **Table of Contents**

**State/Territory Name: Alaska**

**State Plan Amendment (SPA) #: 24-0005**

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 601 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

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July 30, 2024

Heidi Hedberg  
Commissioner  
Department of Health  
3601 C Street, Suite 902,  
Anchorage, Alaska 99503-5923

Re: Alaska State Plan Amendment (SPA) Transmittal Number 24-0005

Dear Commissioner Hedberg:


We reviewed your proposed Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) AK 24-0005. This amendment updates the state plan to waive the Recovery Audit Contractor (RAC) Program.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations 42 USC 1396a(a)(42)(B). This letter is to inform you that Alaska Medicaid SPA TN 24-0005 was approved on July 30, 2024, with an effective date of July 1, 2024, and expires on July 1, 2026.

This approved exemption to waive the recovery audit contactor program is good for a two-year period and requires the state to seek CMS approval biannually. Enclosed is a copy of the CMS-179 summary form, as well as the approved pages for incorporation into the Alaska State Plan.

If you have any questions, please contact Maria Garza at 206-615-2542 or via email at [maria.garza@cms.hhs.gov](mailto:maria.garza@cms.hhs.gov).

Sincerely,

 Digitally signed by  
James G. Scott -S  
Date: 2024.07.30  
11:55:41 -05'00'

James G. Scott, Director  
Division of Program Operations

Enclosures

cc: Emily Ricci, Deputy Commissioner, Department of Health @ [emily.ricci@alaska.gov](mailto:emily.ricci@alaska.gov)  
Emily Beaulieu, Alaska State Plan Coordinator @ [emily.Beaulieu@alaska.gov](mailto:emily.Beaulieu@alaska.gov)

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

|   |                       |
|---|-----------------------|
| 1. TRANSMITTAL NUMBER<br><u>2 4 — 0 0 0 5</u>   | 2. STATE<br><u>AK</u> |
| 3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT<br><input checked="" type="radio"/> XIX <input type="radio"/> XXI |                       |

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
July 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION  
Section 1902(a)(42)(B)(i) of the SSA

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 24 \$ 0  
b. FFY 25 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
General Administration (4.5) pages pages 36b-1, 36b-2, and 36b-3

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
General Administration (4.5) pages 36b-1, 36b-2, and 36b-3

9. SUBJECT OF AMENDMENT

Required update - Recovery Audit Contractors; no changes from AK 22-0006

10. GOVERNOR'S REVIEW (Check One)

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

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL  
Emily Ricci  
Digitally signed by Emily Ricci  
Date: 2024.06.04 13:05:59 -0800

12. TYPED NAME  
Emily Ricci

13. TITLE  
Deputy Commissioner & Medicaid Director

14. DATE SUBMITTED  
5/22/2024

15. RETURN TO  
Dept of Health Commissioner's Office  
c/o Emily Beaulieu  
3601 C Street, Suite 902  
Anchorage, AK 99503

**FOR CMS USE ONLY**

16. DATE RECEIVED  
May 22, 2024

17. DATE APPROVED  
July 30, 2024

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
July 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL  
[Redacted Signature]  
Digitally signed by James G. Scott -5  
Date: 2024.07.30 11:56:14 -05'00'

20. TYPED NAME OF APPROVING OFFICIAL  
James G. Scott

21. TITLE OF APPROVING OFFICIAL  
Director, Division of Program Operations

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
 Medical Assistance Program  
 State/Territory: Alaska

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

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#### 4.5 Medicaid Recovery Audit Contractor Program

Citation

Section 1902(a)(42)(B)(i) of the Social Security Act (the 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.

Section 902(a)(42)(B)(ii)(I) of the Act

- The state is seeking an exception to establishing a RAC program for the following reasons:
- In 2012, Alaska secured a RAC using a multi-state approach to procurement. However, after two years, the contractor notified the state that the contingency fee arrangement was not viable as it did not recover a material amount of overpayments, and terminated the contract. Small Medicaid programs have a very difficult time attracting qualified RACs.
  - Alaska had a robust contract audit program in place prior to the RAC requirement, and this continues to date. In accordance with [Alaska Statute \(AS\) 47.05.200](#), Alaska must contract for the audit of a minimum of 50 providers annually. The payment arrangement for these audits is a fixed price per audit.
  - Alaska introduced a Medicaid provider self-audit requirement in 2018. [AS 47.05.235](#) requires providers to conduct a self-audit once every two years and return any overpayments identified during this process.
  - The Medicaid Program Integrity Section works closely with Qlarant Integrity Solutions, Inc., the Unified Program Integrity contractor for the region. Qlarant takes on the function of the Medi-Medi contractor and conducts reviews and audits of Alaska's Medicaid providers
  - In addition to the various contract auditors and the Medicaid Provider Self-audit Program, the Surveillance Utilization Review section within the Division of Health Care Services (SURS) and the Medicaid Program Integrity Section also conduct claims reviews, working in collaboration with the quality assurance sections of the Medicaid divisions within the department.
- The state Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(H)(I) of the Act. All contracts meet the requirements of the statute and RACs are consistent with the statute.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
 Medical Assistance Program  
 State/Territory: Alaska

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

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#### 4.5 Medicaid Recovery Audit Contractor Program

Section 1902 (a)(42)(B)(ii)(II)(aa)  
of the Act

Place a checkmark 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 contingency basis for collecting overpayments.

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.
- 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)(II)(bb)  
of the Act

- 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):

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

- The state has an adequate 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

- The state assures that the amounts it expends 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

- The state assures that the recovered amounts will be subject to a state's quarterly expenditure estimates and funding of the state's share.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
Medical Assistance Program  
**State/Territory:** Alaska

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

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**4.5 Medicaid Recovery Audit Contractor Program**

Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act  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.