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State/Territory Name: Michigan

State Plan Amendment (SPA)#: 21- 0003

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
Chicago Regional Office
233 N. Michigan
Suite 600
Chicago, Illinois 60601



June 25, 2021

Ms. Kate Massey
Medicaid Director
Medical Services Administration
400 S Pine St 7th Fl
Lansing, MI 48933-2250
RE: State Plan Amendment (SPA) Transmittal Number 21-0003

ATTN: Erin Black

Dear Ms. Massey

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #: 21-0013: Medicaid Recovery Auditor Contractor (RAC) Program Process Exception

- Effective Date: April 1, 2021 through April 1, 2023
- Approval Date: June 3, 2021

If you have any questions regarding this State Plan Amendment, please have a member of your staff contact Keri Toback at 312 353 1754 or by email at keri.toback@cms.hhs.gov.

Sincerely,



Ruth A. Hughes, Acting Director
Division of Program Operations

Enclosures

cc: Erin Black, MDHHS
black@michigan.gov

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

21 - 0003

2. STATE:

Michigan

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

TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 1, 2021

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

7. FEDERAL BUDGET IMPACT:

a. FFY 2021 \$0

b. FFY 2022 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

General Program Administration, Page 36a of Section 4.5(a)(1)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):

General Program Administration, Page 36a of Section 4.5(a)(1)

10. SUBJECT OF AMENDMENT:

This SPA updates the time period for the existing exception to the Recovery Audit Contractor (RAC) requirements.

11. 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:

Kate Massey, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Kate Massey

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

March 22, 2021

16. RETURN TO:

Medical Services Administration
Actuarial Division - Federal Liaison
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Erin Black

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

March 22, 2021

18. DATE APPROVED:

June 3, 2021

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

April 1, 2021 - April 2, 2023

20. SIGNATURE OF RE

21. TYPE NAME:

Ruth A. Hughes

22. TITLE: Acting Director

Division of Program Operations

23. REMARKS:

Revision: HCFA-PM-88-10 (BERC)
 SEPTEMBER 1988
 State: _____ MICHIGAN _____

Citation

- 4.5(a)(1) 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:
- Due to program integrity policies and procedures now in place on the front end and the fact that the Michigan Medicaid population is predominately managed care, the existing Recovery Audit Contractor (RAC) indicated it was not interested in continuing. The State Of Michigan was unable to secure a new RAC who is interested and meets the minimum standards despite posting a request for proposal (RFP) multiple times in 2017.
- The State of Michigan has entered into a Joint Operating Agreement (JOA) with the CMS Unified Program Integrity Contractor to conduct audits on Michigan Medicaid providers. The state requests that it be granted an exception to the RAC requirements to allow the State to expand utilization of this JOA to include RAC audits.
- 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.
- 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.

TN NO.: 21-0003

Approval Date: 6/3/21 Effective Date: 4/1/2021 to 4/1/2023

Supersedes
 TN No.: 19-0003