



Division of Medical Services
Program Development & Quality Assurance

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TO: Arkansas Medicaid Health Care Providers – All Providers
DATE: January 1, 2013
SUBJECT: Provider Manual Update Transmittal Sect-4-12

Table with 4 columns: REMOVE Section, REMOVE Date, INSERT Section, INSERT Date. Row 1: -, -, 143.000, 1-1-13

Explanation of Updates

Section 143.000 is added to include information on Recovery Audit Contractors (RACs).
The paper version of this update transmittal includes revised pages that may be filed in your provider manual.
If you have questions regarding this transmittal, please contact the HP Enterprise Services Provider Assistance Center at 1-800-457-4454 (Toll-Free) within Arkansas or locally and Out-of-State at (501) 376-2211.
If you need this material in an alternative format, such as large print, please contact our Americans with Disabilities Act Coordinator at 501-682-6453 (Local); 1-800-482-5850, extension 2-6453 (Toll-Free) or to obtain access to these numbers through voice relay, 1-800-877-8973 (TTY Hearing Impaired).
Arkansas Medicaid provider manuals (including update transmittals), official notices, notices of rule making and remittance advice (RA) messages are available for downloading from the Arkansas Medicaid website: www.medicaid.state.ar.us.
Thank you for your participation in the Arkansas Medicaid Program.

Handwritten signature of Andrew Allison, PhD, Director

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**143.000 Recovery Audit Contractors (RACs)****1-1-13**

Pursuant to 42 C.F.R. §§455.502 - .516, each state Medicaid program must contract with recovery audit contractors (RACs). Pursuant to these federal regulations, the Arkansas Medicaid program will coordinate the following activities:

- A. RAC review of claims submitted by providers to identify overpayments or underpayments;
- B. Coordination between Arkansas Medicaid and the RAC for recoupment of overpayments;
- C. Coordination of recovery audit efforts of RAC and other auditing entities;
- D. Referral of suspected fraud and/or abuse to the Medicaid Fraud Control Unit (MFCU) or other appropriate law enforcement agency; and
- E. Limitation of the number and frequency of medical records to be reviewed by the RAC
- F. Coordination of the administrative reconsideration and appeal process as set forth in Section 160.000 of this manual.

**SECTION 4 – GENERAL PROGRAM ADMINISTRATION**

**4.5 Medicaid Recovery Audit Contractor Program**

- |  |          |  |
|--|----------|--|
| <u>Citation</u>                                      | <u>X</u> | The State <b>is in the process of</b> establishing 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 1902(a)(42)(B)(i) of the Social Security Act | <u>X</u> | The State is seeking an exception to establishing such program for the following reasons:<br><br><b>Arkansas is currently in the RFP stage of the procurement process, it expects to have a contract in place no later than January 1, 2013.</b>   |
| Section 1902(a)(42)(B)(ii)(I) of the Act             | <u>X</u> | The State/Medicaid agency <b>will</b> contract 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.<br><br>Place a check mark to provide assurance of the following:               |
|  | <u>X</u> | The State will make payments to the RAC(s) only from amounts recovered.  |
|  | <u>X</u> | 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 (percentage has not been determined):   |
|  | <u>X</u> | 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.                   |

Revision: January 1, 2013

State Arkansas**SECTION 4 – GENERAL PROGRAM ADMINISTRATION****4.5 Medicaid Recovery Audit Contractor Program (continued)**

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