Revision: 36

## State/Territory California

## Proposed Section 4 – GENERAL PROGRAM ADMINISTRATION

## 4.5 Medicaid Recovery Audit Contractor (RAC) Program

[O'' '']	
Section 1902(a)(42)(B)(i) co of the Social Security Act un St.	The State has established a program under which it II contract with one or more recovery audit intractors (RACs) for the purpose of identifying iderpayments and overpayments of Medicaid claims ider the State plan and under any waiver of the ate plan.  The State is seeking an exception to establishing ich program for the following reasons:  • California secured a RAC in 2013 and the RAC agreement is set to expire on January 31, 2017. RAC has recouped zero dollars since the execution of the agreement and failed to identify any overpayments or underpayments.  • California had robust program integrity in place before the RAC which continues today. Due to California's program integrity activities in place, the RAC is not effective in California. California has the following program integrity initiatives in place to combat fraud, waste and abuse in the Medi-Cal program:  • Random Claim Review  • Individual Provider – Claim Analysis Report  • Surveillance Utilization Review System  • Medi-Cal Program Integrity Data Analytics  • Medi-Cal Program Integrity Contractor  • Pre-Check Reviews

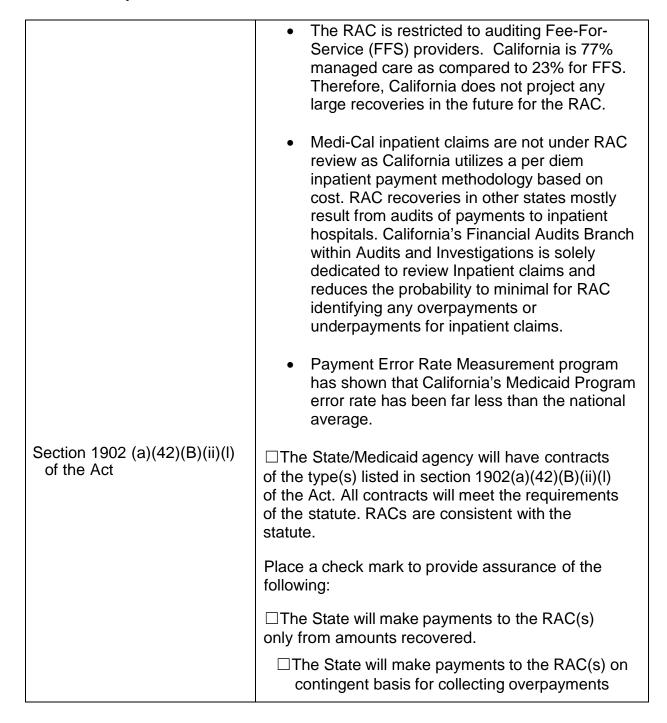
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### State/Territory California

#### Proposed Section 4 – GENERAL PROGRAM ADMINISTRATION



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## State/Territory California

## Proposed Section 4 – GENERAL PROGRAM ADMINISTRATION

Section1902(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 if 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.
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):
	The percentage of the contingency fee.
	☐ The State will submit a justification seeking to pay the Medicaid RAC(s) a contingency fee higher than the highest contingency fee rate paid to Medicare RACs as published in the Federal Register.
Section 1902(a)(42)(B)(ii)(III) of the Act	☐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)(ii)IV)(aa) of the Act	☐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.

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Supersedes TN No.: None

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# State/Territory <u>California</u> **Proposed Section 4 – GENERAL PROGRAM ADMINISTRATION**

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.
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.

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Supersedes TN No.: None