

## SECTION 4 – GENERAL PROGRAM ADMINISTRATION

### 4.5 Medicaid Recovery Audit Contractor Program

#### Citation

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

X

The State established a program under which it contracts 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.

X

The state is seeking an exception to establishing such program for the following reasons:

- The majority of Medicaid covered working-aged adults in Arkansas are covered through ARHOME, which is a private option plan for the expansion population, and a small portion of Arkansans are covered in its PASSE managed care program for specialized populations. Combined with the existing program integrity operation discussed next, a RAC program is not likely to be financially feasible in the state.
- Arkansas has a robust and effective program integrity operation; therefore, a RAC is not necessary. Arkansas has numerous program integrity measures in place to combat fraud, waste, and abuse in our state's Medicaid program, including:
  - The Office of Medicaid Inspector General (OMIG) housed within the Arkansas Department of Inspector General, independent of the state Medicaid agency, serves as the state's Medicaid program integrity unit performing the following functions:
    - Prevention, detection, and investigation of fraud, waste, and abuse (FWA) within the Arkansas Medicaid program
    - Audits of Medicaid providers
    - Referral of appropriate cases for criminal prosecution
    - Recovery of improperly expended Medicaid funds;
    - OMIG uses advanced program integrity data analytics proven effective in identifying FWA;
    - Federal Unified Program Integrity Contractor;
    - The state Medicaid agency housed within the Department of Human Services (DHS) requires pre and post payment review for 1667

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

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

individual Medicaid claims and prior  
authorization for 7154 individual procedure  
codes;

- DHS contracts with multiple vendors to  
perform retrospective review of clinical,  
hospital, and specialty population claims;
- The DHS Office of Payment Integrity reviews  
Medicaid claims and program policy to  
identify program policy improvements that will  
reduce the occurrence of FWA.

X

The State/Medicaid agency contracts 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.

~~The State is seeking an exception to the contingency fee  
methodology described in Section 1902(a)(42)(B)(ii)(I) of  
the Act. (See attached Arkansas legislation.)~~

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):

- 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.

~~The State will develop a Request for Proposal in order to  
secure a recovery audit contractor through the procurement  
process. The RFP will include a fixed fee reimbursement~~

~~methodology rather than the contingency fee methodology.~~

MARK-UP