

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
61 Forsyth Street, SW, Suite 4T20  
Atlanta, Georgia 30303-8909



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February 23, 2011

Mr. Anthony Keck, Director  
South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, South Carolina 29202-8206

Re: South Carolina Title XIX State Plan Amendment, Transmittal #10-016

Dear Mr. Keck:

We have reviewed South Carolina's State Plan Amendment (SPA) 10-016, which was submitted to the Atlanta Regional Office on December 17, 2010. This amendment establishes the State's expansion of the Recovery Audit Contractor (RAC) Program.

Based on the information provided, we would like to inform you that South Carolina SPA 10-016 was approved on February 18, 2011. The effective date is January 1, 2011. The signed CMS-179 and the approved plan pages are enclosed. If you have any questions regarding this amendment, please contact Tandra Hodges at (404) 562-7409.

Sincerely,

A handwritten signature in cursive script that reads "Jackie Glaze".

Jackie Glaze  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosures

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

1. TRANSMITTAL NUMBER:  
SC 10-016

2. STATE  
South Carolina

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
1/01/11

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 Act

7. FEDERAL BUDGET IMPACT FMAP 70.04%  
a. FFY 2011                      \$N/A  
b. FFY 2012                      \$N/A

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page 36a & 36b of the Index

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

10. SUBJECT OF AMENDMENT

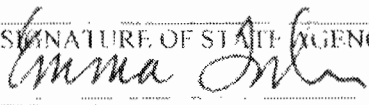
Expansion of the Recovery Audit Contractor (RAC) Program.

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:  
Mrs. Forkner was designated by the Governor to  
review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL



13. TYPED NAME:

Emma Forkner

14. TITLE:

Director

15. DATE SUBMITTED:

December 17, 2010

16. RETURN TO:

South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, SC 29202-8206

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

2/17/11

18. DATE APPROVED:

02/18/11

**PLAN APPROVED -- ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/11

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Jackie Glaze

22. TITLE: Associate Regional Administrator  
Division of Medicaid & Children's Health Opns

23. REMARKS:

Revision:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: South Carolina

**SECTION 4 - GENERAL PROGRAM ADMINISTRATION**

**4.5 Medicaid Recovery Audit Contractor Program**

<p>Citation</p> <p>Section 1902(a)(42)(B)(i) of the Social Security Act</p>	<p><input checked="" type="checkbox"/> 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.</p> <p><input type="checkbox"/> The State is seeking an exception to establishing such program for the following reasons:</p>
<p>Section 1902(a)(42)(B)(ii)(I) of the Act</p>	<p><input checked="" type="checkbox"/> 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.</p>
<p>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</p>	<p>Place a check mark to provide assurance of the following:</p> <p><input checked="" type="checkbox"/> The State will make payments to the RAC(s) only from amounts recovered.</p> <p><input checked="" type="checkbox"/> The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</p> <p>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):</p> <p><input checked="" type="checkbox"/> 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.</p> <p><input type="checkbox"/> 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.</p>

Revision:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: South Carolina

<p>Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(III) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act</p> <p>Section 1902(a)(42)(B)(ii)(IV)(bb) of the Act</p> <p>Section 1902 (a)(42)(B)(ii)(IV)(cc) Of the Act</p>	<p><input type="checkbox"/> 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.</p> <p><input checked="" type="checkbox"/> 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): <b>Contingency fee of 10.9% of underpayments identified.</b></p> <p><input checked="" type="checkbox"/> The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p> <p><input checked="" type="checkbox"/> 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.</p> <p><input checked="" type="checkbox"/> The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.</p> <p><input checked="" type="checkbox"/> 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.</p>
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