

April 6, 2021  
MB# 21-003

## MEDICAID BULLETIN

**TO: All Providers**

**SUBJECT: South Carolina Recovery Audit Contractor**

The South Carolina Department of Health and Human Services (SCDHHS) has awarded a contract to Health Management Systems, Inc. (HMS) to act as the agency's recovery audit contractor (RAC). Federal regulations (42 CFR 455.500 et. seq.) require states to establish a RAC program as a measure to promote the integrity of the Medicaid program. As a part of the RAC contract, HMS will also conduct Credit Balance audits according to 42 CFR § 455.506(a).

The purpose of the RAC program is to assist states in identifying and recovering overpayments made to Medicaid providers, as well as identifying any underpayments. Overpayments can be the result of provider billing or coding errors, failure to properly coordinate benefits, overuse of services or fraud or abuse. HMS will review Medicaid claims submitted by providers and may request medical records as needed to substantiate the claims. Providers are required to pay back any overpayment identified. For any underpayments identified, SCDHHS will credit the providers' South Carolina Healthy Connections Medicaid account.

Credit Balance audits are primarily an analytical review of transactions affecting the financial accounts of selected Medicaid-enrolled providers. HMS will inform SCDHHS of all overpayments and third-party payments that have not been credited to South Carolina Healthy Connections Medicaid.

Any South Carolina Healthy Connections Medicaid provider reviewed under the RAC program or Credit Balance audit will receive written notification of the results of the review and a chance to request a reconsideration if overpayments are identified. All written correspondence from HMS about a provider review will include a toll-free number that providers can contact if they have questions about the review.

Providers also have full appeal rights, as provided by 42 CFR § 455.12.

Additional resources related to the RAC program are [available on SCDHHS' website](#). Providers should direct any questions regarding Payment Analytics and Clinical Claim reviews to HMS Provider Relations at 866-376-2319 from 9 a.m. - 8 p.m. EST, Monday through Friday.

Thank you for your continued support of the South Carolina Healthy Connections Medicaid program.

/s/  
T. Clark Phillip