

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Atlanta Regional Office  
61 Forsyth Street, Suite 4T20  
Atlanta, Georgia 30303



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

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October 22, 2012

**RECEIVED**

OCT 26 2012

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

Department of Health & Human Services  
**OFFICE OF THE DIRECTOR**

Re: South Carolina Title XIX State Plan Amendment, Transmittal #12-011

Dear Mr. Keck:

We have reviewed South Carolina's State Plan Amendment (SPA) 12-011, which was submitted to the Atlanta Regional Office on August 7, 2012. South Carolina submitted this amendment with a stated purpose of requesting an exemption pursuant to 42 CFR 455.516 to the regulation requiring the state's Recovery Audit Contractor (RAC) hire or contract with a minimum of 1.0 FTE Medical Director who is licensed to practice in that state (42 CFR 455.508(b)).

Based on the information provided, we would like to inform you that South Carolina SPA 12-011 was approved on October 19, 2012. The effective date is September 1, 2012. The signed CMS-179 and the approved plan pages are enclosed. If you have any questions regarding this amendment, please contact Maria Drake at (404) 562-3697.

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 12-011	2. STATE South Carolina
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE 09/1/2012	

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

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

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: 42 CFR 455.508(b)	7. FEDERAL BUDGET IMPACT: a. FFY 2013      \$0 b. FFY 2014      \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Basic Text pages 36a & 36b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ): Basic Text pages 36a & 36b

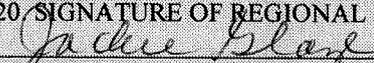
10. SUBJECT OF AMENDMENT:  
Medicaid Recovery Audit Contractor Request for Exemption

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      Mr. Keck was designated by the  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      Governor to review and approve all  
state plans

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: South Carolina Department of Health and Human Services Post Office Box 8206 Columbia, South Carolina 29202-8206
13. TYPED NAME: Anthony E. Keck	
14. TITLE: Director	
15. DATE SUBMITTED: August 2, 2012	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 08/07/12	18. DATE APPROVED: 10/19/12
<b>PLAN APPROVED - ONE COPY ATTACHED</b>	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 09/01/12	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Jackie Glaze	22. TITLE: Associate Regional Administrator Division of Medicaid & Children 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>Section 1902(a)(42)(B)(ii)(I) of the Act</p>	<p><input checked="" type="checkbox"/> The State is seeking an exception to establishing such program for the following reasons:  <i>The State is seeking an exception to 42 CFR 455.508(b), requiring the RAC to have a FTE contractor medical director licensed to practice in South Carolina because this requirement would create an undue burden on the State, limit competition for this contract, and increase the cost of the RAC program.</i></p>
<p>Section 1902 (a)(42)(B)(ii)(II)(aa) 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>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</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>Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act</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>

TN No. SC 12-011  
 Supersedes  
 TN No: SC 10-016

Approval Date 10-19-12 Effective Date: 09/01/12

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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TN No: SC 12-011  
Supersedes  
TN No.: SC 10-016

Approval Date: 10-19-12 Effective Date: 09/01/12