

Henry McMaster GOVERNOR
Robert M. Kerr DIRECTOR
www.scdhhs.gov

Division of Program Integrity
P.O. Box 100210, 1801 Main Street
Columbia, SC 29202-3210

Sept. 10, 2024
MB# 24-050

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 conduct place of service reviews, diagnosis-related group claim reviews and payment analytics reviews 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.

To enhance the RAC program, reviews were temporarily paused. Reviews are set to resume Oct. 1, 2024.

Any South Carolina Healthy Connections Medicaid provider reviewed under the RAC program will receive written notification of the review results 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 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 (automated reviews) 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/

Robert M. Kerr