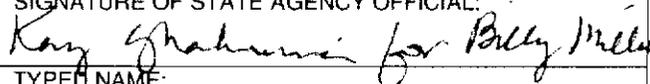


<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER: <b>11-055</b>	2. STATE: <b>TEXAS</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: <b>October 1, 2011</b>	
5. TYPE OF PLAN MATERIAL (Circle One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: <b>Social Security Act 1902(a)(42)(B)</b>		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2012      \$0 b. FFY 2013      \$0 c. FFY 2014      \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>	
10. SUBJECT OF AMENDMENT: <b>The proposed amendment establishes the Recovery Audit Contractor (RAC) Program.</b>			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.	
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: <b>Billy R. Millwee State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711</b>	
13. TYPED NAME: <b>Billy R. Millwee</b>			
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED: <b>September 21, 2011</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>21 September, 2011</b>		18. DATE APPROVED: <b>10 November 2011</b>	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>1 October, 2011</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Bill Brooks</b>		22. TITLE: <b>Associate Regional Administrator Division of Medicaid &amp; Children's Health</b>	
23. REMARKS:			

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

**State of Texas**

**4.5 Medicaid Agency Fraud Detection and Investigation**

**4.5b - Medicaid Recovery Audit Contractor Program**

<p><u>Citation</u></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 will have contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(I) of the Act. All contracts will meet the requirements of the statute. RACs are consistent with the statute.</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>

SUPERSEDES: TN- 10-91

STATE <u>Texas</u>	A
DATE REC'D <u>9-21-11</u>	
DATE APP'D <u>11-10-11</u>	
DATE EFF <u>10-1-11</u>	
HCFA 179 <u>11-55</u>	

TN: 11-55

Approval Date: 11-10-11

Effective Date: 10-1-11

Supersedes TN: 10-91

**4.5b - Medicaid Recovery Audit Contractor Program (continued)**

Citation	
Section 1902 (a)(42)(B)(ii)(II)(aa) of the Act	<p>The following payment methodology shall be used to determine State payments to Medicaid RAC(s) for recovered overpayments (e.g., the percentage of the contingency fee):</p> <p><u>  X  </u> The State attests that if the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RAC(s), as published in the Federal Register, the State will only submit for FFP up to the amount equivalent to that published rate.</p>
Section 1902 (a)(42)(B)(ii)(II)(bb) of the Act	<p><u>  X  </u> The following payment methodology will be used to determine State payments to Medicaid RAC(s) for underpayments:</p> <p>The specific payment methodology will either be a contingency fee rate or fixed fee rate to be determined by the State and Medicaid RAC(s) during the contract proposal and award process.</p>
Section 1902 (a)(42)(B)(ii)(III) of the Act	<p><u>  X  </u> The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).</p>

STATE	<u>Texas</u>	A
DATE REC'D.	<u>9-21-11</u>	
DATE APP'D.	<u>11-10-11</u>	
DATE EFF.	<u>10-1-11</u>	
HCFA 179	<u>11-55</u>	

SUPERSEDES: TN- 10-91

TN: 11-55

Approval Date: 11-10-11

Effective Date: 10-1-11

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STATE <u>Texas</u>	A
DATE REC'D <u>9-21-11</u>	
DATE APP'D <u>11-10-11</u>	
DATE EFF <u>10-1-11</u>	
HCFA 179 <u>11-55</u>	

**4.5b - Medicaid Recovery Audit Contractor Program (continued)**

Citation	
Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act	<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.
Section 1902 (a)(42)(B)(ii)(IV)(bb) of the Act	<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.
Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act	<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.

TN: 11-55

Approval Date: 11-10-11

Effective Date: 10-1-11

Supersedes TN: 10-91

SUPERSEDES: TN. 10-91