



December 2012

Dear Medicaid Provider:

On September 16, 2011, the Centers for Medicare and Medicaid Services (CMS) published the Final Rule for the Medicaid Recovery Audit Contractor (RAC) (42 CFR Part 455). This final rule along with the Patient Protection and Affordable Care Act (ACA) of 2010 Section 6411 required states to establish a RAC program. This program is similar to the existing Medicare RAC program in that the Medicaid RAC will also audit claims and be compensated on a contingency fee basis. In response to the federal government's requirements, the State of Michigan commenced a competitive bid process.

The purpose of this letter is to inform you that the State of Michigan awarded the Medicaid RAC contract to Health Management Systems, Inc. (HMS) for the period of March 12, 2012, thru March 11, 2015. The Michigan Department of Community Health (MDCH) Office of Inspector General (OIG) will oversee the Medicaid RAC program for the State of Michigan.

HMS is a wholly owned subsidiary of HMS Holdings Corporation, and a leader in cost containment solutions for government-funded, commercial, and private entities. HMS has been serving government healthcare programs since 1985, delivering comprehensive solutions that allow healthcare dollars to reach more people, saving taxpayer money, and making the system work better for everyone.

HMS will approach the auditing of State provider services in two ways: Automated and Complex Reviews. The Automated Reviews are audit algorithms that have gone through state specific billing and reimbursement analysis in which improper payments can be determined from claim data elements, and well established policy and rules. The Complex Reviews are audit algorithms that have gone through state specific billing and reimbursement analysis that cannot be automatically validated and appear to require medical documentation review conducted by qualified Registered Nurse reviewers, Certified Coding Specialists, and physician peer review as required. Providers will be notified of the findings of these audits. Providers that disagree with HMS' findings will have an opportunity to appeal. Detailed appeal instructions will accompany the audit finding letters.

Questions regarding Michigan RAC:

Health Management Systems, Inc. (HMS)
Phone: 1-855-474-5113
or
website: <http://www.medicaid-rac.com/contact-hms>

To report Medicaid Fraud and Abuse:

MDCH Office of Inspector General
PO Box 30479, Lansing, MI 48909
or
1-855-MI-FRAUD (643-7283)
Call toll free, send a letter, or submit an Online
Complaint Form at:
www.michigan.gov/fraud.

Sincerely,

Stephen Fitton, Director
Medical Services Administration