



# COMMONWEALTH of VIRGINIA

Office of the Governor

Marvin B. Figueroa  
Secretary of Health and Human Resources

June 10, 2026

Todd McMillion  
Director  
Department of Health and Human Services  
Centers for Medicare and Medicaid Services  
233 North Michigan Ave., Suite 600  
Chicago, Illinois 60601

Dear Mr. McMillion:

Attached for your review and approval is amendment 26-003, entitled "Recovery Audit Contractor (RAC) – Exemption Request" to the Plan for Medical Assistance for the Commonwealth. I request that your office approve this change as quickly as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "M. B. Figueroa", enclosed within a hand-drawn oval.

Marvin B. Figueroa

Attachment

cc: Steve Ford, Director, Department of Medical Assistance Services

CMS, Region III

## Transmittal Summary

SPA 26-003

### I. IDENTIFICATION INFORMATION

Title of Amendment: Recovery Audit Contractor (RAC) – Exemption Request

### II. SYNOPSIS

Basis and Authority: The Code of Virginia (1950) as amended, § 32.1-325, grants to the Board of Medical Assistance Services the authority to administer and amend the Plan for Medical Assistance. The Code of Virginia (1950) as amended, § 32.1-324, authorizes the Director of the Department of Medical Assistance Services (DMAS) to administer and amend the Plan for Medical Assistance according to the Board's requirements.

Purpose: DMAS is requesting an exemption from CMS mandated RAC requirements, as acquiring a new RAC vendor is not feasible.

Substance and Analysis: The section of the State Plan that is affected by this amendment is entitled Standards Established and Methods Used to Assure High Quality of Care.

Section 1902(a)(42)(8) of the Social Security Act requires DMAS to have a Medicaid RAC program. However, 42 CFR §455.51 allows DMAS to file a request for an exemption to the RAC requirements, by submitting a written justification to CMS through the SPA process. In 2024, DMAS requested and received a temporary exemption from the RAC program, while research was conducted to procure a new RAC vendor. The current CMS RAC exemption expires on July 1, 2026, and DMAS needs to file a request for another exemption.

DMAS has transitioned to a 95% managed care program environment, such that the claims-eligible RAC review was rendered largely obsolete. A search to secure a vendor to operate an efficient RAC program, in this new environment, proved unviable. A new vendor would entail additional state funding, in conjunction with the RAC contingency fee, and represents an impractical scenario for Virginia Medicaid.

Impact: None

Tribal Notice: Please see attached.

Prior Public Notice: Not applicable.

Public Comments and Agency Analysis: Not applicable.



Outlook

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**Tribal Notification**

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**From** Williams, Jimeequa (DMAS) <Jimeequa.Williams@dmas.virginia.gov>**Date** Wed 5/13/2026 10:10 AM**To** TribalOffice@MonacanNation.com <TribalOffice@monacannation.com>; Ann Richardson <chiefannerich@aol.com>; Pamelathompson4@yahoo.com <Pamelathompson4@yahoo.com>; rappahannocktrib@aol.com <rappahannocktrib@aol.com>; regstew007@gmail.com <regstew007@gmail.com>; Richard.matens@pamunkey.org <Richard.matens@pamunkey.org>; chief@monacannation.gov <chief@monacannation.gov>; chiefstephenadkins@gmail.com <chiefstephenadkins@gmail.com>; bradbybrown@gmail.com <bradbybrown@gmail.com>; tabitha.garrett@ihs.gov <tabitha.garrett@ihs.gov>; Kara.Kearns@ihs.gov <Kara.Kearns@ihs.gov>; administrator@nansemond.gov <administrator@nansemond.gov>; info@afwellness.com <info@afwellness.com>; info@fishingpointhc.com <info@fishingpointhc.com>; contact@Nansemond.gov <contact@Nansemond.gov>; brandon.custalow@mattaponination.com <brandon.custalow@mattaponination.com>; admin@umitribe.org <admin@umitribe.org>; lorraine.reels-pearson@ihs.gov <lorraine.reels-pearson@ihs.gov>; remedios.holmes@ihs.gov <remedios.holmes@ihs.gov>; lindsey.taylor@ihs.gov <lindsey.taylor@ihs.gov>; joni.lyon@ihs.gov <joni.lyon@ihs.gov>; Howard, Joanne <Joanne.howard@cit-ed.org>; Chief@Nansemond.gov <Chief@Nansemond.gov>; AssistantChief@Nansemond.gov <AssistantChief@Nansemond.gov>; steven.tupponce@umithealth.com <steven.tupponce@umithealth.com>; owen.adams@umitribe.gov <owen.adams@umitribe.gov>; Jennifer.Floor@ihs.gov <Jennifer.Floor@ihs.gov>

1 attachment (57 KB)

Tribal Notice Letter (5.13.26) - signed.docx;

Good morning.

Dear Tribal Leaders and Indian Health Programs:

Attached is a Tribal Notice letter from Virginia Medicaid's Director, Steve Ford, indicating that the Dept. of Medical Assistance Services (DMAS) plans to submit a State Plan Amendment (SPA) to the federal Centers for Medicare and Medicaid Services (CMS) regarding the Recovery Audit Contractor (RAC) – Exemption Request.

If you would like a copy of the SPA documents or proposed text changes, or if you have any questions, please let us know.

Thank you.

-J. Williams

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Jimeequa Williams

Regulatory Coordinator

Policy Division

Department of Medical Assistance Services

Hours: 7:30 a.m. - 5:00 p.m. (Monday-Thursday); 7:30 a.m. - 11:30 a.m. (Friday)

[jimeequa.williams@dmas.virginia.gov](mailto:jimeequa.williams@dmas.virginia.gov)

(804) 225-3508

[www.dmas.virginia.gov](http://www.dmas.virginia.gov)





COMMONWEALTH of VIRGINIA  
*Department of Medical Assistance Services*

STEVE FORD  
DIRECTOR

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RICHMOND, VA 23219  
804/786-7933  
800/343-0634 (TDD)  
[www.dmas.virginia.gov](http://www.dmas.virginia.gov)

05/13/2026

SUBJECT: Notice of Opportunity for Tribal Comment – State Plan Amendment related to the Update to Income and Eligibility Verification System Procedures.

Dear Tribal Leader and Indian Health Programs:

This letter is to notify you that the Department of Medical Assistance Services (DMAS) is planning to amend the Virginia State Plan for Medical Assistance with the Centers for Medicare and Medicaid Services (CMS). Specifically, this state plan amendment seeks to request an exemption from CMS mandated Recovery Audit Contractor (RAC) requirements.

Section 1902(a)(42)(8) of the Social Security Act requires DMAS to have a Medicaid RAC program. However, 42 CFR §455.51 allows DMAS to file a request for an exemption to the RAC requirements, by submitting a written justification to CMS through the SPA process. In 2024, DMAS requested and received a temporary exemption from the RAC program, while research was conducted to procure a new RAC vendor. That exemption will expire on July 1, 2026, so DMAS needs to file a request for another exemption. DMAS has transitioned to a 95% managed care program environment, such that the claims-eligible RAC review was rendered largely obsolete. A search to secure a vendor to operate an efficient RAC program, in this new environment, proved unviable. A new vendor would entail additional state funding, in conjunction with the RAC contingency fee, and represents an impractical scenario for Virginia Medicaid.

We realize that the changes in this SPA may impact Medicaid members and providers, including tribal members and providers. Therefore, we encourage you to let us know if you have any comments or questions. The tribal comment period for this SPA is open through June 13, 2026. You may submit your comments directly to Jimiequa Williams, DMAS Policy Division, by phone (804) 225-3508, or via email: [Jimiequa.Williams@dmas.virginia.gov](mailto:Jimiequa.Williams@dmas.virginia.gov). Finally, if you prefer regular mail you may send your comments or questions to:

Virginia Department of Medical Assistance Services  
Attn: Jimiequa Williams  
600 East Broad Street  
Richmond, VA 23219

Please forward this information to any interested party.

Sincerely,

A handwritten signature in black ink, appearing to read "S Ford".

Steve Ford  
Director

Page 36b  
**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**  
 State of VIRGINIA

4.5b Medicaid Recovery Audit Contractor Program

<p><u>Citation</u>                  § 1902(a)(42)(B)(i)                  of the Social Security Act</p> <p>§ 1902(a)(42)(B)(ii)(I)                  of the Act</p> <p>§ 1902(a)(42)(B)(ii)(II)(aa)                  of the Act</p>	<p>_____ 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><b>X</b>_____ The State is seeking a two (2) year exception to establishing such a program until July 1, 2028, for the following reasons: Virginia submitted a request for an exception with SPA VA-24-0025 in November 2024 and was granted an exception, with an expiration date of July 1, 2026. The state is seeking an extension to its current exception, as VA still maintains a large managed care population in the state. DMAS transitioned to a 95% managed care program environment in 2021, such that the claims-eligible RAC review has been rendered largely obsolete. Additionally, a search to secure a vendor to operate an efficient RAC program, in this new environment, proved unviable and cost inefficient for Virginia Medicaid.</p> <p>_____ The State/Medicaid agency has contracts of the type(s) listed in § 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>Place a check mark to provide assurance of the following:</p> <p>_____ The State will make payments to the RAC(s) only from amounts recovered.</p> <p>_____ The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.</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>_____ 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 <i>Federal Register</i>.</p> <p>_____ 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 <i>Federal Register</i>. The State will only submit for FFP up to the amount equivalent to that published rate.</p>
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TN No. 26-0003  
 Supersedes  
 TN No. 24-0025

Approval Date: -----

Effective Date: 07/01/2026

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>2 6</u> — <u>0 0 0 3</u>	2. STATE <u>V A</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**07/1/2026**

5. FEDERAL STATUTE/REGULATION CITATION  
**42 CFR Part 455**

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2026 \$ 0  
b. FFY 2027 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
**Pre-Print Page, Page 36b**


8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
**Same as box #7**

9. SUBJECT OF AMENDMENT  
**Recovery Audit Contractor (RAC) - Exemption Request**

10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:  
Secretary of Health and Human Resources

11. SIGNATURE OF STATE AGENCY OFFICIAL  


12. TYPED NAME  
**Steve Ford**

13. TITLE  
**Director**

14. DATE SUBMITTED  
**05/08/2026**

15. RETURN TO  
Department of Medical Assistance Services  
600 East Broad Street, #1300  
Richmond VA 23219

Attn: Policy, Regulations, and Manuals Supervisor

**FOR CMS USE ONLY**

16. DATE RECEIVED	17. DATE APPROVED
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS

