

**SEC. 6411. EXPANSION OF THE RECOVERY AUDIT CONTRACTOR (RAC) PROGRAM.**

**(a) EXPANSION TO MEDICAID.—**

**(1) STATE PLAN AMENDMENT.—**Section 1902(a)(42) of the Social Security Act (42 U.S.C. 1396a(a)(42)) is amended—

(A) by striking “that the records” and inserting “that—  
“(A) the records”;

(B) by inserting “and” after the semicolon; and

(C) by adding at the end the following:

“(B) not later than December 31, 2010, the State shall—

“(i) establish a program under which the State contracts (consistent with State law and in the same manner as the Secretary enters into contracts with recovery audit contractors under section 1893(h), subject to such exceptions or requirements as the Secretary may require for purposes of this title or a particular State) with 1 or more recovery audit contractors for the purpose of identifying underpayments and overpayments and recouping overpayments under the State plan and under any waiver of the State plan with respect to all services for which payment is made to any entity under such plan or waiver; and

“(ii) provide assurances satisfactory to the Secretary that—

“(I) under such contracts, payment shall be made to such a contractor only from amounts recovered;

“(II) from such amounts recovered, payment—

“(aa) shall be made on a contingent basis for collecting overpayments; and

“(bb) may be made in such amounts as the State may specify for identifying underpayments;

“(III) the State has an adequate process for entities to appeal any adverse determination made by such contractors; and

“(IV) such program is carried out in accordance with such requirements as the Secretary shall specify, including—

“(aa) for purposes of section 1903(a)(7), that amounts expended by the State to carry out the program shall be considered amounts expended as necessary for the proper and efficient administration of the State plan or a waiver of the plan;

“(bb) that section 1903(d) shall apply to amounts recovered under the program; and

“(cc) that the State and any such contractors under contract with the State shall coordinate such recovery audit efforts with other contractors or entities performing audits of entities receiving payments under the State plan or waiver in the State, including efforts

with Federal and State law enforcement with respect to the Department of Justice, including the Federal Bureau of Investigations, the Inspector General of the Department of Health and Human Services, and the State medicaid fraud control unit; and”.

(2) COORDINATION; REGULATIONS.—

(A) IN GENERAL.—The Secretary of Health and Human Services, acting through the Administrator of the Centers for Medicare & Medicaid Services, shall coordinate the expansion of the Recovery Audit Contractor program to Medicaid with States, particularly with respect to each State that enters into a contract with a recovery audit contractor for purposes of the State’s Medicaid program prior to December 31, 2010.

(B) REGULATIONS.—The Secretary of Health and Human Services shall promulgate regulations to carry out this subsection and the amendments made by this subsection, including with respect to conditions of Federal financial participation, as specified by the Secretary.

(b) EXPANSION TO MEDICARE PARTS C AND D.—Section 1893(h) of the Social Security Act (42 U.S.C. 1395ddd(h)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by striking “part A or B” and inserting “this title”;

(2) in paragraph (2), by striking “parts A and B” and inserting “this title”;

(3) in paragraph (3), by inserting “(not later than December 31, 2010, in the case of contracts relating to payments made under part C or D)” after “2010”;

(4) in paragraph (4), in the matter preceding subparagraph (A), by striking “part A or B” and inserting “this title”; and

(5) by adding at the end the following:

“(9) SPECIAL RULES RELATING TO PARTS C AND D.—The Secretary shall enter into contracts under paragraph (1) to require recovery audit contractors to—

“(A) ensure that each MA plan under part C has an anti-fraud plan in effect and to review the effectiveness of each such anti-fraud plan;

“(B) ensure that each prescription drug plan under part D has an anti-fraud plan in effect and to review the effectiveness of each such anti-fraud plan;

“(C) examine claims for reinsurance payments under section 1860D–15(b) to determine whether prescription drug plans submitting such claims incurred costs in excess of the allowable reinsurance costs permitted under paragraph (2) of that section; and

“(D) review estimates submitted by prescription drug plans by private plans with respect to the enrollment of high cost beneficiaries (as defined by the Secretary) and to compare such estimates with the numbers of such beneficiaries actually enrolled by such plans.”.

(c) ANNUAL REPORT.—The Secretary of Health and Human Services, acting through the Administrator of the Centers for Medicare & Medicaid Services, shall submit an annual report to Con-

gress concerning the effectiveness of the Recovery Audit Contractor program under Medicaid and Medicare and shall include such reports recommendations for expanding or improving the program.

## **Subtitle F—Additional Medicaid Program Integrity Provisions**