



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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October 29, 2012

MEMORANDUM

TO: The Honorable Walter A. Stosch
Chairman, Senate Finance Committee

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee

FROM: Cynthia B. Jones 

SUBJECT: Report on Contingency Fee-Based Recovery Audit Contractors (RACs)

Item 307 Q of the FY 2013-2014 Budget Bill requires the Department of Medical Assistance Services (DMAS) to report to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2011, and each year thereafter on recoveries generated by the use of contingency fee contractors as well as the areas of audit targeted by these contractors.

DMAS awarded a contract for contingency fee-based auditing to Health Management Systems on July 10, 2012 with an effective start date of September 1, 2012. As the contract did not begin until September 1, 2012, there are not currently any recoveries on which to report. Selection of initial areas that the RAC contractor will audit will occur during Fall 2012 and audit activities should commence by early 2013.

Should you have any questions or need additional information, please feel free to contact me at (804) 786-8099.

CBJ/vpp

Cc: The Honorable William A. Hazel, Jr., MD, Secretary of Health and Human Resources