



*by*

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# **PREPARING FOR A RAC AUDIT**

**ORGANIZE A RAC TEAM, ESTABLISH AN  
INTERNAL PROCESS, AND COORDINATE WITH  
COMPLIANCE FUNCTION**



# TRAIN TEAM ON PROCEDURAL ISSUES

- Timing of response to medical record requests
- Timing of extension requests
- Assessment of what constitutes a burdensome request by the RAC
- Understanding the appeal process and what defenses/arguments may be offered post-audit

# TRAIN TEAM ON SUBSTANTIVE ISSUES

- Review services highlighted by the OIG and GAO; the RACs did
- Review issues identified by the RACs in the pilot
- Perform internal audits
  - Mimic automated reviews?
  - Medical record review
  - Initiate corrective actions/self disclosure?
- Coordinate with medical staff as to possible targeted issues



# ASSESS EASY OPERATIONAL FIXES

- Are the Medicare coverage questionnaires completed on admission (MSP RAC)?
- Emphasize record completion
- Confirm that hospital is up-to-date re: local coverage determinations



**MAINTAIN RECORDS OF ALL  
PREVIOUSLY AUDITED CLAIMS**





# **RESPONDING TO A RAC AUDIT**

# RAC TEAM IMMEDIATELY INVOLVED UPON RECEIPT OF RAC REQUEST

- Sensitivity to what is requested
  - Burdensome?
    - Do not assume RAC Auditors are well versed in the applicable Medicare rules
    - Pay attention: RACs request medical records where there is a high probability of an overpayment
- Ask RAC if you have questions about the request
- RACs refer potential fraud situations



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- Providers may attach statement of its own opinion as to whether an underpayment exists
    - No underpayment if under billing does not change the grouper or pricer
    - No underpayment if did not bill for additional service, e.g., EKG, or separately billable device
  
  - Proof the response: don't give away the easy ones
    - Double sided records properly copied?
    - Legible copies?
    - All relevant records?
    - All RAC forms completed?
    - Any additional materials to include to support the service billed?
    - Keep record of response transmittal

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- Track when response is due
    - Is an extension of time required?
    - Technical denial if failure to respond
  - Determine what professional input is needed
  - Set up a file to track all communications with RAC on the requests, including your response
  - Lost documentation: Katrina versus poor record maintenance
  - Any of the claims already reviewed by other agencies?

# TEAM SHOULD REVIEW RAC FINDINGS IMMEDIATELY

- Prioritize review
- Audit the RAC audit to assure underpayments are not ignored
  - Again, do not assume RACs know the rules or used qualified staff to review the response
    - Involve Physicians
  - Rebuttal
    - For underpayments, CMS claims this is only appeal avenue
    - RAC defers to Provider's claim that there is no underpayment


# APPEAL, APPEAL, APPEAL?


- CMS: Only 5% of RAC determinations were fully or partially overturned on appeal
  - But 5% is based on both completed and pending appeals
  - California providers appealed 14.4 % of overpayment claims
    - 17.6 % of appealed claims reversed in providers' favor
  - But consider the IRF audit pause



# **FACTORS TO CONSIDER IN ASSESSING WHETHER TO APPEAL INCLUDE:**

- Medical necessity denials particularly vulnerable
- RAC's duplicate payment findings faulty
- Recurrent issues versus unique situations

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- Interest payment considerations
  - Extent and availability of Medical Staff involvement
  - Front loaded appeal process
    - Five appeal levels
    - Good cause needed to add new evidence after second level appeal
      - ALJ hearing is third appeal level

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- **CORRECTIVE ACTIONS TO AVOID FUTURE DENIALS**
  - **POST-AUDIT DEBRIEFINGS**
  - **COMPLAINTS TO CMS**

# RAC RESOURCES

- CMS RAC Website: [www.cms.hhs.gov/rac](http://www.cms.hhs.gov/rac)
  - Frequently Asked Questions and Answers
  - CMS RAC status documents
    - 2006
    - 2007
  - RFP and Statement of Work for Expansion
  - Expansion strategy and schedule
  - MedLearn Articles
- CMS Forms for Appeals: [www.cms.hhs.gov/CMSForms](http://www.cms.hhs.gov/CMSForms)
- CMS Claims Processing Manual Chapter 29: Appeals of Claims Decisions
- CMS Medicare Financial Management Manual Chapter 4: Section 100
- RAC Databases and Tracking Tools
  - Hospital Associations