

Medicare Recovery Audit Contractors (RACs) Program

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Agenda

Context – Medicare Improper Payments

History – 3 Year Demonstration Results

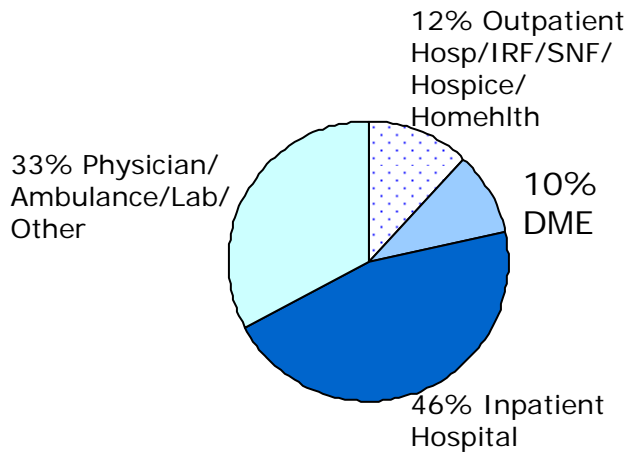
Future – Permanent Program Rollout

Context – Medicare Improper Payments

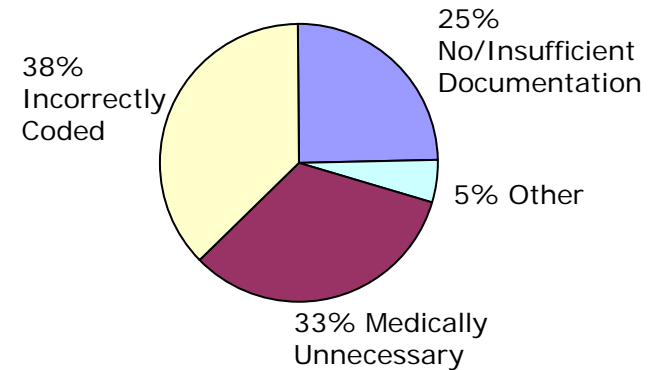
Improper Payments, 2007

In 2007, Medicare's error rate was 3.9%, equaling \$10.8 billion in improper payments

Medicare Improper Payments by Provider Type



Medicare Improper Payments by Error Type



Context – Medicare Improper Payments

Medicare Tools to Reduce Improper Payments

- Data analysis
- Prepayment claim review
 - New edits (automated review)
 - Medical record review (complex review)
- Postpayment claim review
- New/clarified national policies
- Provider education

Context – Medicare Improper Payments

Where do RACs fit in?

- RACs use traditional Medicare Tools:
 - Data Analysis
 - Postpayment claim review
 - Recoveries

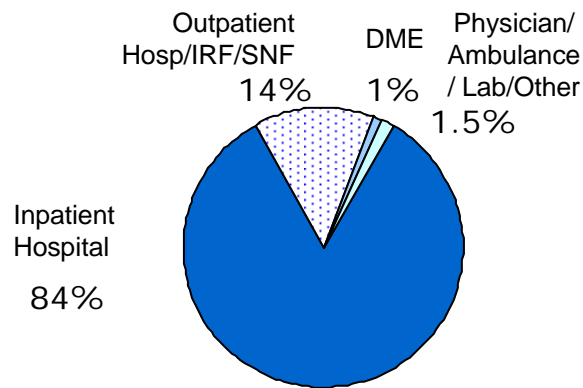
- But there are key differences from traditional contractors:
 - Reimbursement
 - Transparency
 - Oversight

History – Demonstration Results

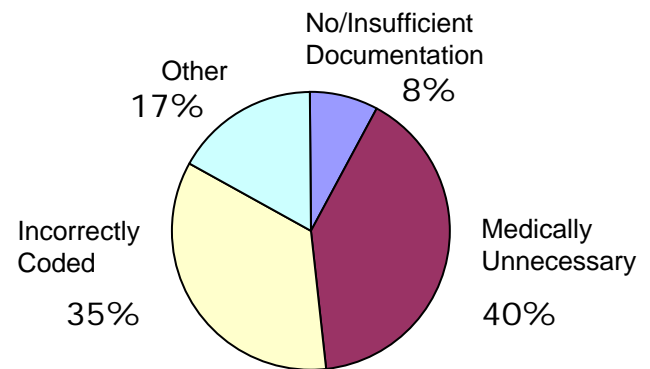
Total RAC Collections for 3 years

RACs collected \$980 million, March 2005 – March 2008

Overpayments Collected by Provider Type



Overpayments Collected by Error Type



History – Demonstration Results

Claim RACs Appeals Data

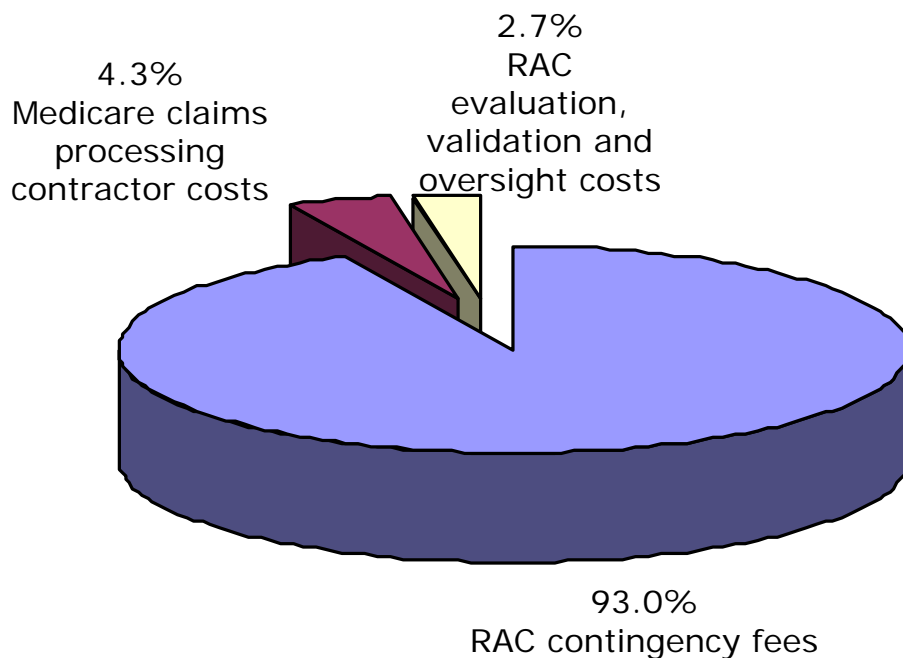
Provider Appeals of RAC-Initiated Overpayments Cumulative through 3/27/08 – Claim RACs Only

	Number of Claims with Overpayment Collections	Claims Appealed By Provider to Any Level		Appealed Claims with Decision in Provider's Favor		Percentage of Overpayment Determinations Overturned on Appeal
		Number	Percent	Number	Percent	
All Claim RACs	556,878	76,659	13.8%	25,384	33.1%	4.6%

Source: RAC Data Warehouse and data reported by Medicare claims processing contractors. Includes both completed appeals and those currently pending in the appeals process. These statistics are based on appeals that were known to the Medicare claims processing contractors on or before 3/27/08. Any QIC or ALJ appeals reported to the Medicare claims processing contractors after that date are not included in these statistics.

History – Demonstration Results

Program Costs to Date

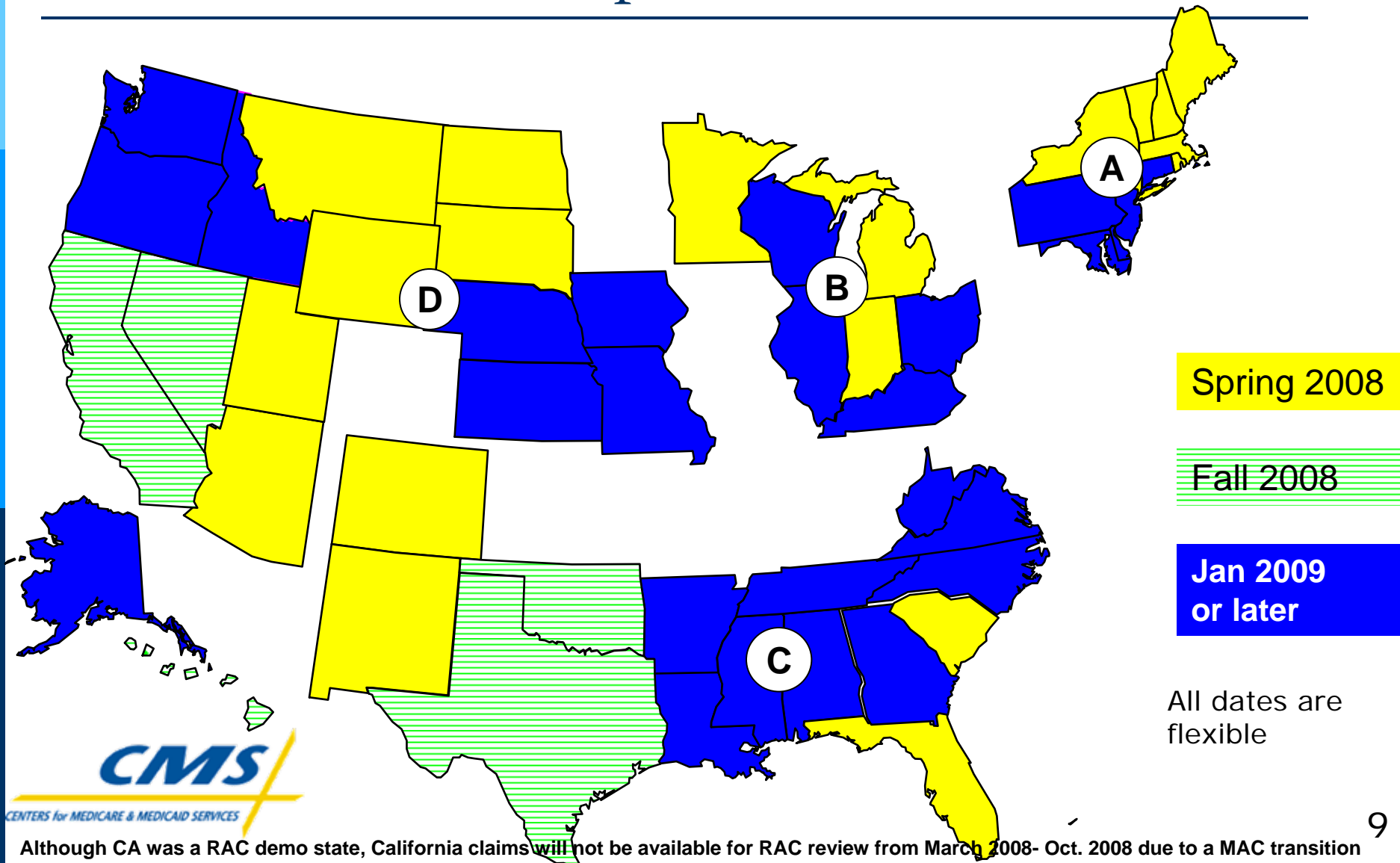


Total Costs to Run RAC Demonstration = \$201.3m

March 2005 – March 2008

Future – Program Expansion

National Expansion Schedule



Future – Program Expansion

Lessons Learned

	Demonstration RACs	Permanent RACs
Look back period (from claim pmt date – date of medical record request)	4 years	3 years
Maximum look back date	None	10/1/2007
Allowed to review claims in current fiscal year?	No	Yes
RAC medical director	Not Required	Mandatory
Coding experts	Optional	Mandatory
Discussion with RAC medical director regarding claim denials if requested	Not Required	Mandatory
Credentials of reviewers provided upon request	Not Required	Mandatory
Vulnerability reporting	Limited	Mandatory
RAC must payback the contingency fee if the claim overturned at...	... first level of appeals	... all levels of Appeal
Web-based application that allows providers to customize address & contact	None	Mandatory by Jan. 1, 2010
External validation process	Not Required	Mandatory

Future – Program Expansion

Enhanced Transparency and Oversight

- New Issue Review
- Web-based Claim Status Lookup
- Vulnerability Reporting

Questions?

