

National Healthcare Compliance Audioconference: Medicare RAC Audit Update



Don May
American Hospital Association

May 13, 2008

CMS View FY 2007 RAC Performance:

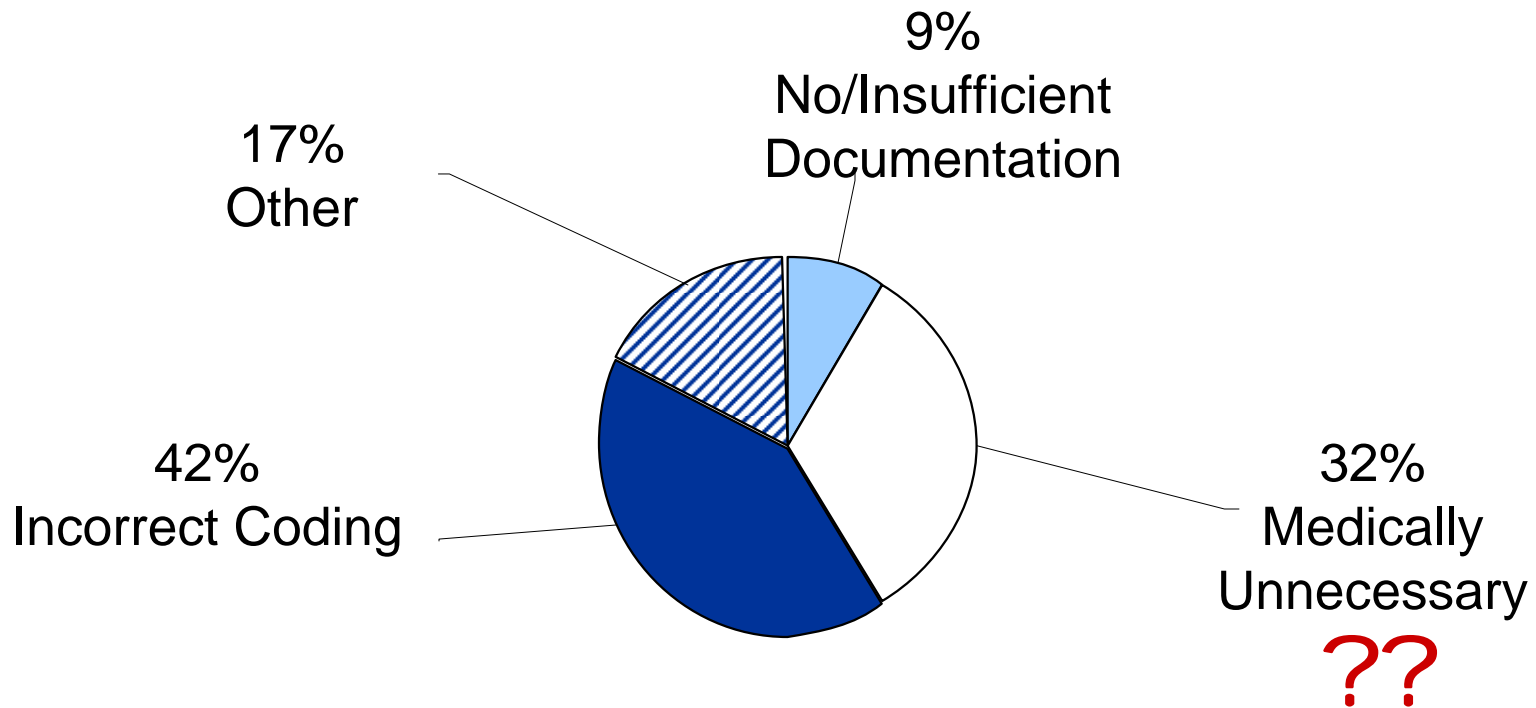
Overpayments Collected:		\$357.2m
Less Underpayments Repaid:	-	(\$14.3m)
Less \$ Overturned on Appeal:	-	(\$17.8m)
Less Costs to Run Demo:	-	<u>(\$77.7m)</u>
BACK TO TRUST FUNDS		\$247.4 m



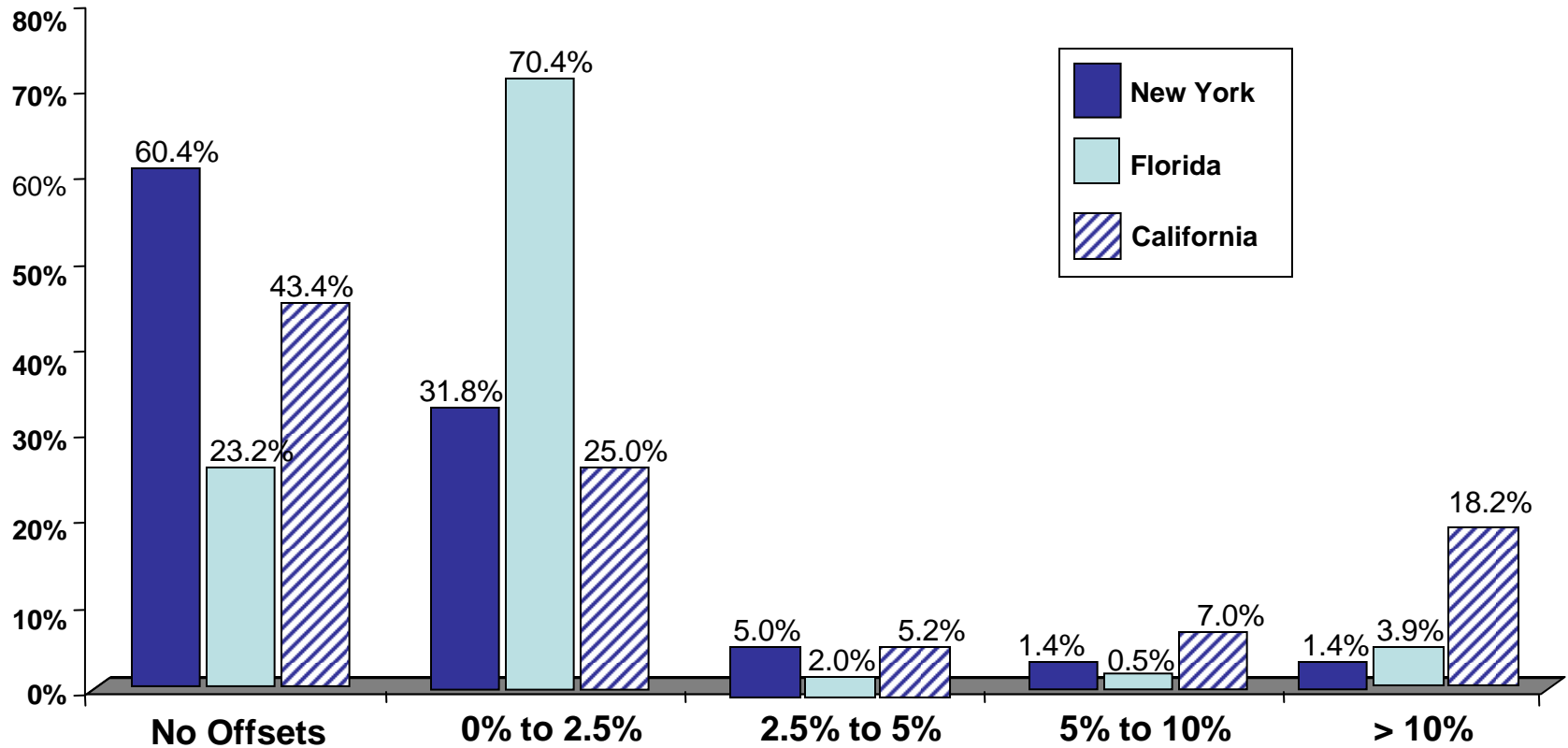
- **Hospitals strive for accuracy in service, billing, and coding**
- **Hospitals support program integrity efforts**
- **Lot's of overlap by auditors**
- **RACs' bad behavior unacceptable**



Medicare coding problems and providing unnecessary care (wrong setting) were the key target areas of RACs



Percent of Hospital FY 2007 Revenue Impacted by RACs



SOURCE: CMS 2007 RAC Status Report

CMS Has Responded to Some Concerns **RAC Program Improvements**

- No Contingency Fee when Denial is Overturned at Any Level of Appeal
- Required to Have a Medical Director
- 3-year Look-back Period for Review
- No claims with a payment date prior to October 1, 2007 will be reviewed, regardless of the actual start date for the RAC in a state.
- Use of Staggered Expansion of RACs
- Limits on the Number of Medical Records a RAC can Request per Month
- Requirement for a Web-based Application by January 1, 2010
- No funds recouped during first 2 stages of appeals process, IF denial appealed within 30 days

- **Work with CMS for more RAC program changes**
- **Push Congress for legislative relief**
 - Advocacy – STOP and Fix-it
 - Capps-Nunes legislation (HR 4105)
- **Member Education**
 - Collaboration and education with state hospital associations
 - Member advisories and education sessions
 - *RACTrac*: Collect data and examples of egregious behavior

The Medicare Recovery Audit Contractor Program Moratorium Act of 2007

HR 4105

Rep. Lois Capps (D-CA) Rep. Devin Nunes (R-CA)

- 77 co-sponsors
- 1-year Moratorium
- CMS Report
- GAO Study



STOP and Fix-it

- Slow down
- Reduce or remove contingency method of payment
- Exclude medical necessity from RAC review
- Reduce look-back to 12 months
- Centralized electronic tracking platform of RAC denials and appeals
- Exemption from “timely billing” rules
- Improved CMS management and transparency of RAC program
- Bigger focus on UNDERpayments



- Establish internal RAC team
 - Interdisciplinary Team: Coders, Finance, Clinical, Utilization Review, Case Management
- Identify RAC point of contact for internal and external RAC communications
- Develop a central tracking mechanism for all RAC correspondence
 - Incoming and Outgoing
- Conduct a self audit to identify potential problems
- Participate in RAC trainings

