Medicare Recovery Audit Contractors (RACs)

An Introduction to the RAC Program

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Background: IPIA

- Improper Payment Information Act requires federal agencies to measure improper payment rates

- "Improper payments" include
  - overpayments
 - underpayments

Background: RAC Legislation

- **Medicare Modernization Act Section 306:**

    required RAC demonstration

- **Tax Relief and Healthcare Act of 2006, Section 302:**

    requires permanent and nationwide RAC program by no later than 2010

    *Both statutes gave CMS the authority to pay RACs on a contingency fee basis.

Background: Demonstration Findings

- RACs were given $317 Billion in claims paid

- RACs found $1 Billion in improper payments
  - most were overpayments collected from providers
  - $37 million were underpayments repaid to providers

- Only 6.8% of RAC determination were overturned on appeal (as of 6/30/08)

RAC Jurisdictions
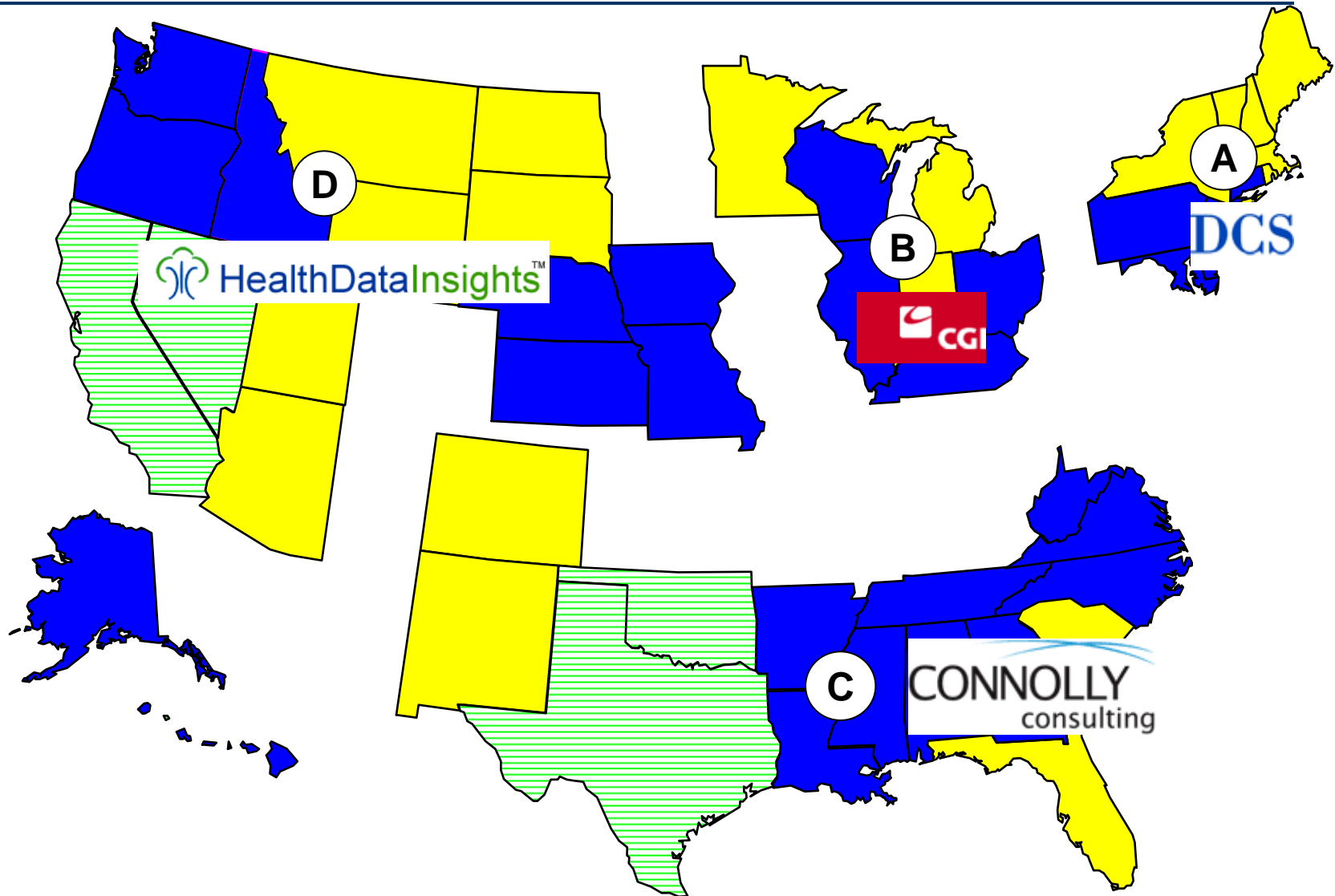
Reviewing Claims

- RACs use same Medicare policies as FIs, Carriers and MACs: NCDs, LCDs & CMS manuals

- RACs are required to use nurses, therapists, certified coders & physician CMD

RAC Contacts

RAC 1-800 lines are not operational; Once operational all phone numbers will be posted at www.cms.hhs.gov/rac

	RAC	CMS Contact Person	Email Address
A	DCS	Ebony Brandon	Ebony.Brandon@cms.hhs.gov
B	CGI	Scott Wakefield	Scott.Wakefield@cms.hhs.gov
C	CONNOLLY healthcare	Marie Casey	Marie.Casey@cms.hhs.gov
D	HealthDataInsights	Marie Casey	Marie.Casey@cms.hhs.gov

3 Keys to RAC Program Success

1. Minimize Provider Burden
- Limit the number of medical record requests
- Limit the RAC "look-back period"

2. Assure Accuracy
- Each RAC has a physician medical director
- Each RAC has certified coders
- New issue review board (greater oversight)
- Independent validation contractor
- Annual accuracy rates for each RAC

3. Maximize Transparency
- New issues posted to web (now)
- Vulnerabilities posted to web (now)
- RAC claim status website (by 2010)

Summary of Medical Record Limits
## (for FY 2009)

- **Inpatient Hospital, IRF, SNF, Hospice**
  - **10%** of avg mthly Medicare <u>claims</u> (max of 200) per 45 days

- **Other Part A Billers** (Outpatient Hospital, HH)
  - **1%** of average monthly Medicare <u>services</u> (max of 200) per 45 days

- **Physicians**
  - Solo Practitioner: **10** medical records per 45 days
  - Partnership of 2-5 individuals: **20** medical records per 45 days
  - Group of 6-15 individuals: **30** medical records per 45 days
  - Large Group (16+ individuals): **50** medical records per 45 days

- **Other Part B Billers** (DME, Lab)
  - **1%** of average monthly Medicare <u>services</u> per 45 days

Timeframes
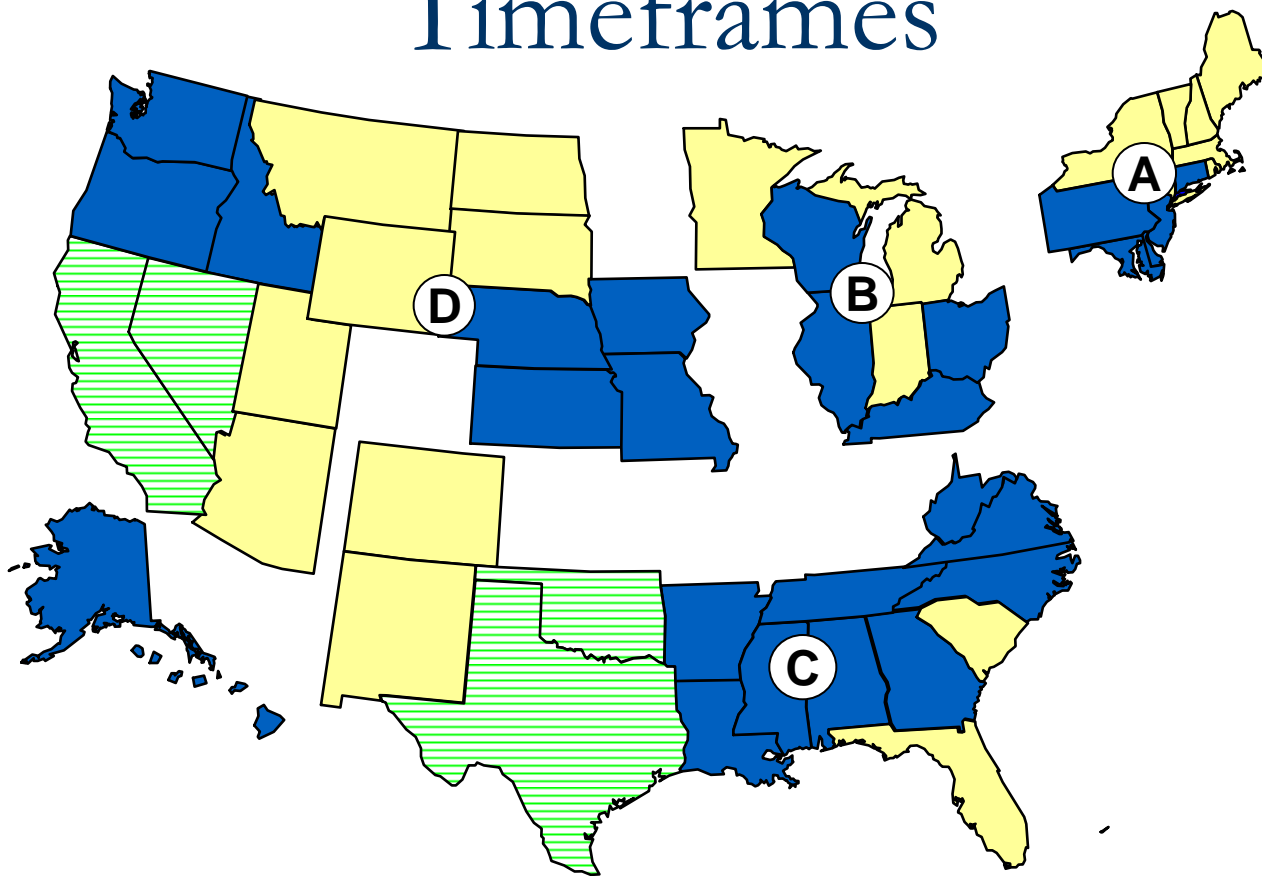
Claims Available for Analysis	Provider Outreach	Earliest Correspondence
Oct 15, 2008	Nov 2008	Dec 1, 2008
Jan 15, 2009	Feb 2009	Mar 1, 2009
Jun 15, 2009	Jul 2009	Aug 1, 2009

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Background: RAC Program Mission

- **The RACs will detect and correct <u>past</u> improper payments so that**

- **CMS and the Carriers/FIs/MACs can implement actions that will prevent <u>future</u> improper payments.**
  - **Providers** can avoid submitting claims that don't comply with Medicare rules
  - **CMS** can lower its error rate
  - **Taxpayers** & future Medicare beneficiaries are protected

What Can I Do to Get Prepared?

1. Know where previous improper payments have been found (OIG, CERT, Demo RAC Reports)

2. Know if you are submitting claims with improper payments

3. Get ready to respond to RAC medical record requests fully and promptly

4. Appeal when necessary

5. Keep track of overpayments and underpayments the RAC finds in your claims. Learn from your mistakes.

Key Website & Contact Information

www.cms.hhs.gov/RAC

RAC@cms.hhs.gov