

***“10 Critical Actions to Minimize
RAC Recoupment”***

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Presenters

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Outline

A. How to Minimize RAC Recoupment

B. RAC - Newest ATM

C. Take Home...

A. How to Minimize Recoupment



10 Critical Actions

1. RAC is not FI
2. Appoint Chief RAC Officer
3. Prepare, prepare, prepare (7 steps)
4. Conduct pre-RAC Audits
5. Implement RAC Record Request Tracking

10 Critical Actions

6. Establish clinical & coding feedback
7. Calculate impact of overpayments
8. Start Yesterday
9. Appeal, appeal, appeal
10. Re-bill all IP denials as OP

3. Prepare, Prepare, Prepare

Seven Steps

1. Identify all cases at risk
2. Prioritize by recoupment impact
3. Perform coding & medical necessity reviews
4. Establish RAC repository
5. Test RAC work flow
6. Prepare Recoupment Reports
7. Apply RAC up-dates (new targets, etc.)

4. Conduct pre-RAC audits

Service	Volume	Recoup / Claim
Cardiac Defibrillator	2,200	\$ 29,500
Surgical Procedures	5,400	\$ 16,500
Respiratory w/ Ventilator	2,100	\$ 15,400
Excisional Debridement	6,100	\$ 10,000
Heart failure & Shock	6,100	\$ 5,400
<i>Average Recoupment</i>		<i>\$ 15,320</i>

B. RAC – Newest ATM



RAC Recoupment

ATM # 1: Automated

- Electronic claim review
 - Duplicate claims
 - Same patient
 - Same date of service
 - Duplicate payment
 - RAC withdrawal

ATM # 2: Complex

- Manual review
 - Suspected error
 - Medical record needed
 - 45 days to reply
 - Site of service issue
 - Proper documentation
 - 1/3 are overpayments

Automated vs. Complex

	AUTOMATED	COMPLEX
TIMING	Early	Later
Medical Record	No	Yes
Appealable	No	Yes
RAC Accuracy	HIGH	LOW
Recoupment	\$ 8,000	\$ 8.400
Recoupment	LOW	HIGH
Hospital Effort	LOW	HIGH

C. Take Home



1: RAC – aka “Margin Eraser”



2009 Margin

CY 2009	In millions
GPSR	\$ 1,220
Margin	\$ 4.0
Percent	0.3 %

Unprepared - 2010 Margin

CY 2010	After RAC
GPSR	\$ 1,220
RAC Recoupment	\$ 3.0
New Margin	\$ 1.0
Net Change	(\$ 3.0)
Erased Margin	\$ 3.0

Prepared - 2010 Margin

CY 2010	After RAC
GPSR	\$ 1,220
RAC Recoupment	\$ 1.0
Margin	\$ 3.0
Net Change	(\$ 1.0)
Erased Margin	\$ 1.0

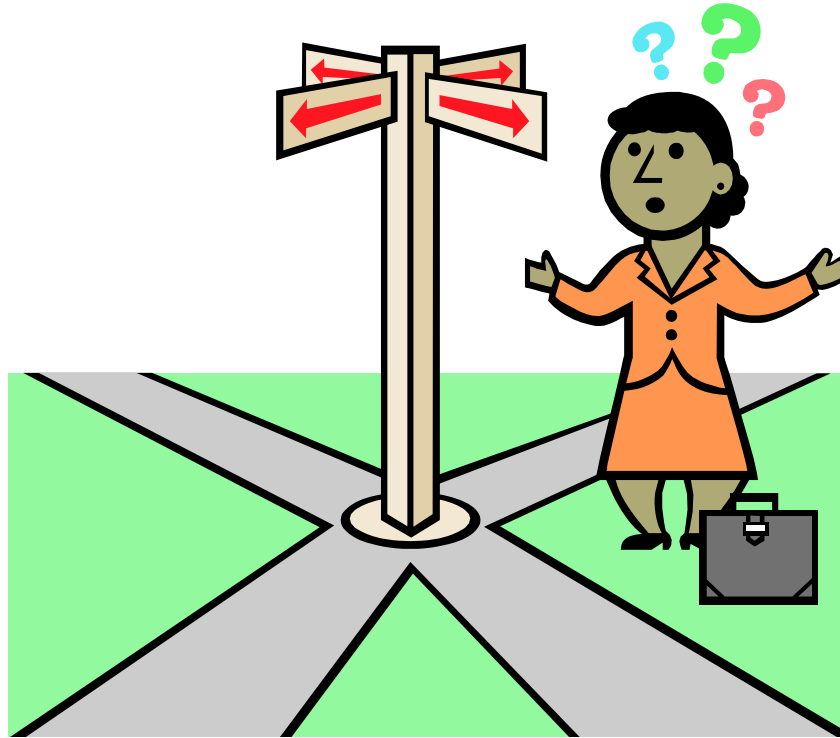
2: Start yesterday...

- Review - Oct 1, 2007 – Apr 1, 2011
- Reviewable Now – Oct 1, 2007 – Mar 6, 2009
– 18 months
- Reviewable Later – Mar 6, 2009 – Apr 1, 2011
– 24 months or more...

3: Prepare, Prepare, Prepare



4: Appeal, Appeal, Appeal



If not...



References

- “RAC Demo Report”, CMS, Mar 2008
- “RAC Demo – Update”, CMS, Sep 2008
- “10 Critical Actions to Minimize RAC Recoupment”, Forney & Phillips, HLF, 2009
- “RAC Update”, IMA Consulting Newsletter, Jan 2009.

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