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Doing it right the first time.
Program Integrity and Hospitals

Overview

- Expanded Program Integrity in Health Reform
- Status of FFS Medicare RAC Program
- AHA Resources

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Expanded Program Integrity and Oversight in the Affordable Care Act

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New Oversight Provisions

- **Expansion of RACs to Medicare Part C and D**
- **Expansion of RACs to Medicaid**
- **Maximum time period to submit Medicare claims is reduced from 3 years to not more than 1 year from DOS (effective for services on or after Jan. 1, 2010)**
- **New requirements for tax exempt hospitals**
  - **Community needs assessment once every 3 years**
  - **Limits on charges to those that qualify for financial assistance**
  - **Debt collection restraints**
  - **Reporting and disclosure**

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Program Integrity Provisions

- **Provider screening upon application as new provider**
- **Database matching of all program integrity efforts**
- **Civil Money Penalties – law expanded and penalty amounts increased**
- **Overpayments returned with 60 days**
- **Expanded False Claims Act and "whistleblower" provision**
- **New disclosure protocol for self referral law**
- **More funds allocated to program integrity efforts**

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Hospital View

- **Hospitals strive for accuracy in service, billing, and coding**
- **Hospitals support program integrity efforts**
- **Lots of overlap by auditors**
- **Need a fair process**
- **Need for simplified regulations and more clear instructions**
- **Need for up front approaches to prevent errors**

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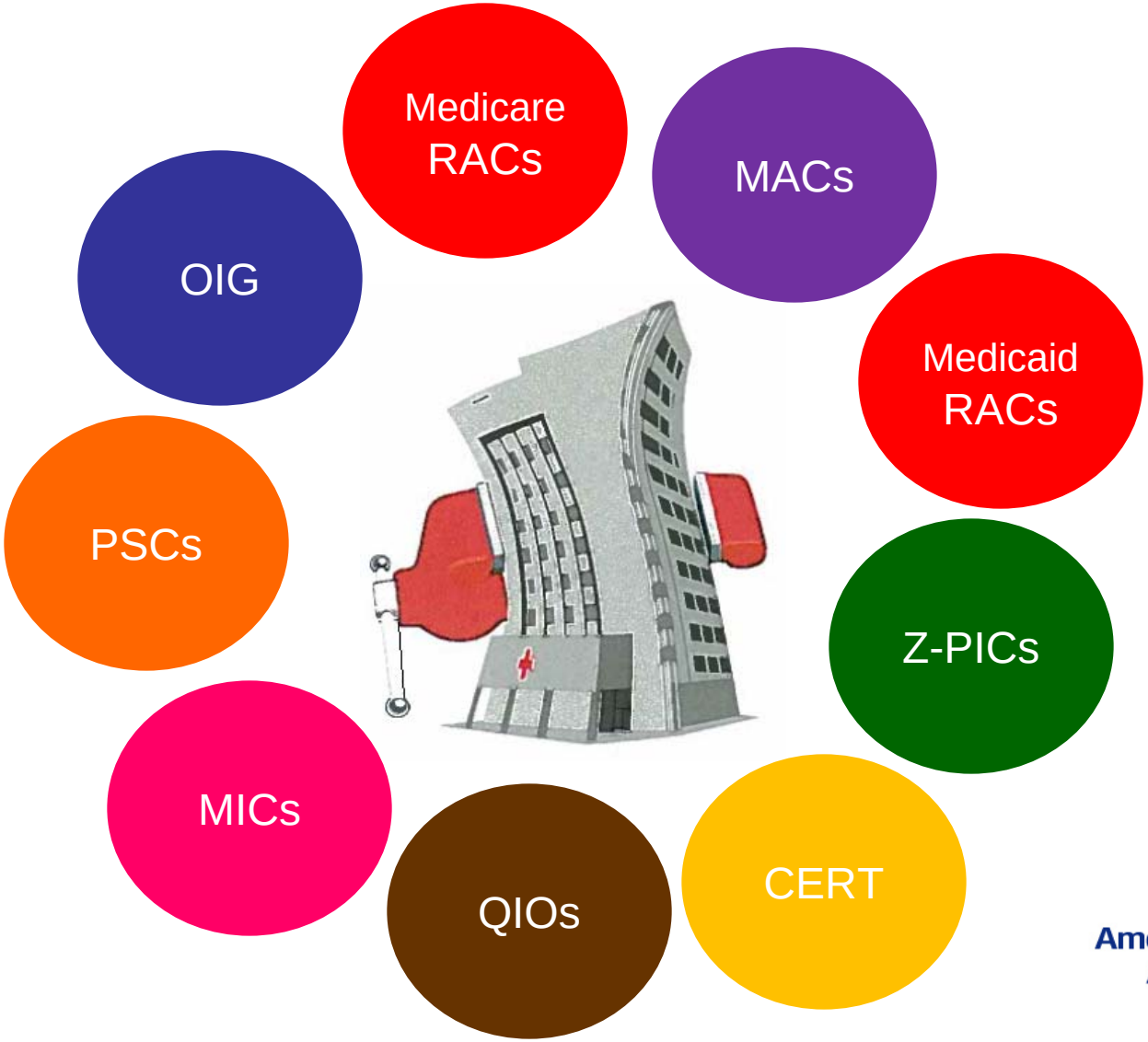
Redundancy of CMS Auditors

Medicare Improper Payment Review Entities



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Medicare RAC Program STATUS

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RACs Are Active Nationwide

- RAC program implemented nationwide
- Automated and Complex Audits underway
- RAC audit totals, as of August 2010
  - 578 total audit requests to CMS;
  - 498 approved by CMS
- So far, RACs focusing on DRG validations
- Medical necessity reviews approved by CMS on Aug 6
- Numerous roll-out issues (described below)

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Current RAC Issues

RAC Execution Riddled with Errors

- RAC auditing IRF and CAH claims that were not approved by CMS;
- RACs mailing audit requests to wrong hospital;
- RACs sending excessive medical record requests to hospitals;
- Delayed RAC audit findings (not sending Review Results Letter within 60-day deadline);
- Delayed Demand letters due to problems with MAC-RAC communication;
  - Although recoupments proceed on time
- MACs unable to use RAC N432 code on remittance advice (causes reconciliation problems for hospitals); and
- Problems with postage reimbursement.

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Medical Necessity Review

- On August 6, CMS' New Issue Review Board approved 19 conditions for MNR by all 4 RACs
  - 18 for inpatient hospital claims
  - 1 for DME
- RAC are in the process of rolling these out
  - ***CGI – Region B***: Began 6 MNR conditions in mid August
  - ***HDI – Region D***: Began 10 MNR conditions in late August
  - ***Connolly – Region C***: Began 18 MNR conditions in late August
  - **DCS – Region A**: Began 11 MNR conditions on September 9

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Medicaid RACs

- ACA requires they begin by Dec. 31, 2010
- Each state will make key operational decisions
- Focus may be different across states

Other Unclear Areas

- Interaction with Medicaid Integrity Contractors
- Interaction with other state and federal auditors

On your To Do List

- Talk to your state Medicaid agency now about provider protections that you need

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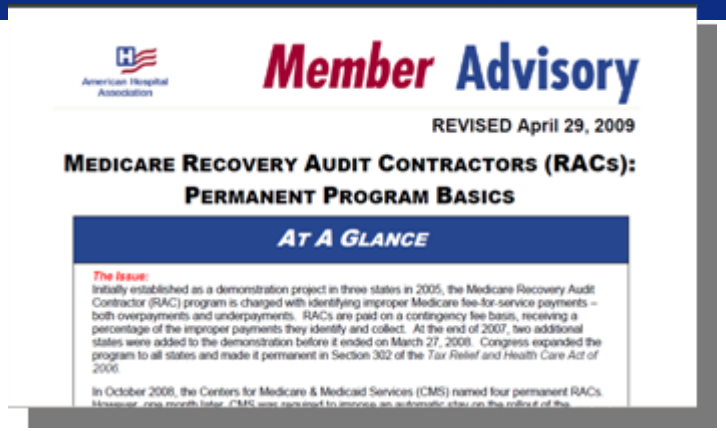
AHA Resources

- **AHA RAC Resources**
  - www.aha.org/rac
    - Advisories
      - RAC Program Basics
      - Medicare Appeals Process
      - Coding & Documentation Strategies
      - Preparing for RAC Audits
    - AHA RAC Education Series


Member Advisory

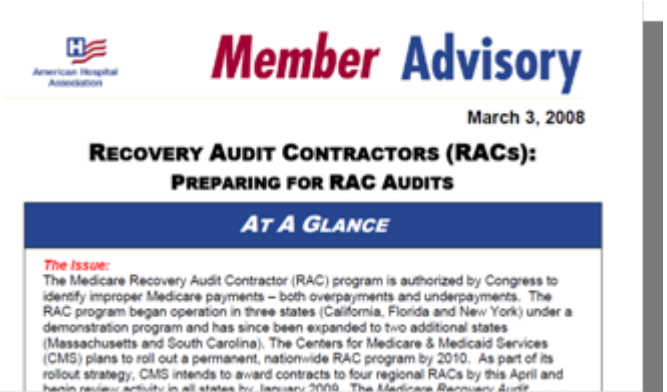
REVISED April 29, 2009

MEDICARE RECOVERY AUDIT CONTRACTORS (RACs): PERMANENT PROGRAM BASICS

AT A GLANCE

The Issue:
Initially established as a demonstration project in three states in 2005, the Medicare Recovery Audit Contractor (RAC) program is charged with identifying improper Medicare fee-for-service payments – both overpayments and underpayments. RACs are paid on a contingency fee basis, receiving a percentage of the improper payments they identify and collect. At the end of 2007, two additional states were added to the demonstration before it ended on March 27, 2008. Congress expanded the program to all states and made it permanent in Section 302 of the *Tax Relief and Health Care Act of 2006*.

In October 2008, the Centers for Medicare & Medicaid Services (CMS) named four permanent RACs.


Member Advisory

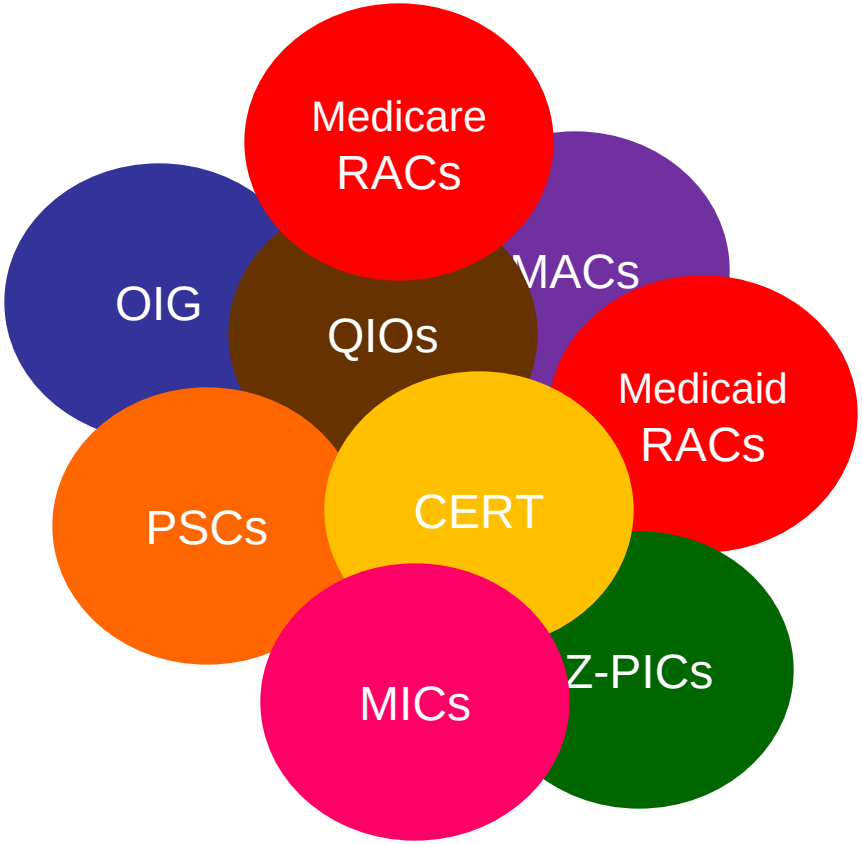
March 3, 2008

RECOVERY AUDIT CONTRACTORS (RACs): PREPARING FOR RAC AUDITS

AT A GLANCE

The Issue:
The Medicare Recovery Audit Contractor (RAC) program is authorized by Congress to identify improper Medicare payments – both overpayments and underpayments. The RAC program began operation in three states (California, Florida and New York) under a demonstration program and has since been expanded to two additional states (Massachusetts and South Carolina). The Centers for Medicare & Medicaid Services (CMS) plans to roll out a permanent, nationwide RAC program by 2010. As part of its rollout strategy, CMS intends to award contracts to four regional RACs by this April and

Significant PI Pressure on Hospitals



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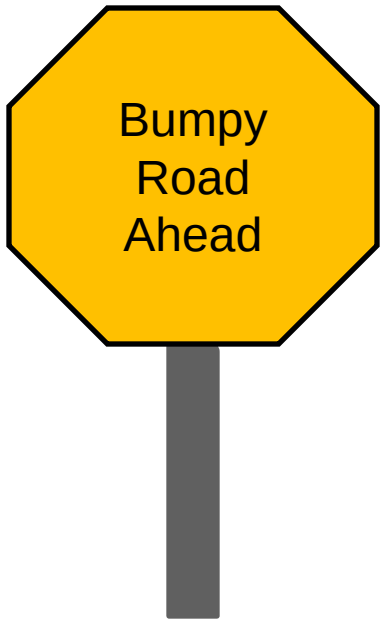
Program Integrity Needs

- Fair processes – especially as efforts expand and become more intense
- Transparency in process, findings, status
- Clear regulatory guidance
- Provider education
- Recognition of overlap and burden
- Incentive for balanced RAC review



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