



Related MLN Matters Article #: SE0565

Date Posted: January 20, 2006

Related CR #: N/A

MMA – The Centers for Medicare & Medicaid Services (CMS) Recovery Audit Contract (RAC) Initiative

Key Words

SE0565, SE0469, RAC, Initiative, Demonstration, MMA, Project, Contractor, Process, Audit, Recovery, Pilot

Provider Types Affected

Physicians, providers, and suppliers, especially in California, Florida, and New York

Key Points

- This article was revised on December 28, 2005, to clarify that HealthData Insights will also perform reviews for durable medical equipment (DME) claims for beneficiaries who reside in Florida.
- On January 11, 2005, the Centers for Medicare & Medicaid Services (CMS) announced the RAC demonstration project.
- This demonstration, mandated by the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA), will evaluate the use of RACs in identifying Medicare underpayments and overpayments and recouping overpayments
- On March 28, 2005, CMS awarded five RACs and officially announced the beginning of the RAC demonstration.
- Three of the five RACs will perform post-payment medical review in the states of California, Florida, and New York.
- The firms and the state they are responsible for are as follows:
 - Connolly Consulting will perform claim reviews for providers who are serviced by a fiscal intermediary (FI) or carrier in New York and for DME claims for Medicare beneficiaries who reside in New York.
 - PRG Schultz and its subcontractor, Concentra Preferred Systems, will perform claim reviews for providers who are serviced by a FI or carrier in California. PRG Schultz will also perform reviews for DME claims for beneficiaries who reside in California.

- HealthData Insights will perform claim reviews for providers who are serviced by an FI or carrier in Florida. Both HealthData Insights and Connolly Consulting will perform reviews for DME claims for beneficiaries who reside in Florida.
- The RACs have a three-tiered process:
 - The first level involves Part A Diagnosis-Related Group reviews;
 - The second level involves overpayments determined by the RAC's proprietary data mining systems. These overpayments may be for a Part A or Part B service; and
 - The last level involves the actual request of medical records for Part B services.
- Questions concerning the RAC demonstration may be directed to the email address cmsrecoveryauditdemo@cms.hhs.gov.

Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0565.pdf>

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0469.pdf>