

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-06 Medicare Financial Management</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 137</b>	<b>Date: February 29, 2008</b>
	<b>Change Request 5789</b>

**SUBJECT: Reporting Costs Directly Associated with the RAC Program**

**I. SUMMARY OF CHANGES:** This instruction provides contractors with the appropriate activity code for RAC-related tasks.

**NEW / REVISED MATERIAL**

**EFFECTIVE DATE: \*October 1, 2007**

**IMPLEMENTATION DATE: March 31, 2008**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	4/Table of Contents
R	4/ 100.10/Reporting Administrative Costs Directly Associated with the RAC Program

**III. FUNDING:**

**SECTION A:** For Fiscal Intermediaries and Carriers:

Funding for implementation activities will be provided to contractors through the regular budget process.

**SECTION B:** For Medicare Administrative Contractors (MACs):

Not Applicable.

**IV. ATTACHMENTS:**

**Business Requirements**

**Manual Instruction**

*\*Unless otherwise specified, the effective date is the date of service.*



#### IV. SUPPORTING INFORMATION

**A. For any recommendations and supporting information associated with listed requirements, use the box below:**

*Use "Should" to denote a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**B. For all other recommendations and supporting information, use this space:**

#### V. CONTACTS

**Pre-Implementation Contact(s):** Narcessa Chesil (410) 786-2915 [Narcessa.Chesil@cms.hhs.gov](mailto:Narcessa.Chesil@cms.hhs.gov)

**Post-Implementation Contact(s):** Narcessa Chesil (410) 786-2915 [Narcessa.Chesil@cms.hhs.gov](mailto:Narcessa.Chesil@cms.hhs.gov)

#### VI. FUNDING

**Section A: For Fiscal Intermediaries and Carriers, use only one of the following statements:**

Funding for implementation activities will be provided to contractors through the regular budget process.

**Section B: For Medicare Administrative Contractors (MACs), use the following statement: N/A**

# Medicare Financial Management

## Chapter 4 - Debt Collection

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### Table of Contents (Rev.137, 02-29-08)

#### 100.10- Reporting Administrative Costs Directly Associated with the RAC *Program*

#### 100.10 - Reporting Costs Directly Associated with the RAC *Program*

*(Rev.137, Issued: 02-29-08, Effective: 10-01-07, Implementation: 03-31-08)*

*Section 306 of the Medicare Modernization Act and Section 306 of the Tax Relief and Health Care Act of 2006 allow CMS to pay for all costs associated with conducting the RAC Program out of RAC collections. These costs are not attributed to a contractor's annual budget. These costs are only attributed to the RAC Program and are paid from RAC collections. To track these costs, separate activity codes will be utilized.*

*CMS has created two activity codes for the RAC Program. All Fiscal Intermediaries and Carriers involved in the RAC Program shall use these codes for all activities related to the RAC Program. Detailed descriptions of the activity codes and what may be included are below.*

#### *Activity Code 11031- All RAC implementation and maintenance activities*

*These duties include:*

- *Completion and maintenance of a JOA with the applicable RAC(s)*
- *Adjusting all claims identified by the RAC as containing an underpayment or an overpayment.*
- *Performing validation of overpayment identifications if requested by CMS*
- *Creating and maintaining accounts receivables for RAC identified overpayments*
- *Collecting and processing monies received for RAC identified overpayments*
- *Processing offset for RAC identified overpayments*
- *Performing necessary provider education relevant to the operation of the RAC program if requested by CMS*
- *Creating exclusion files for upload to RAC DataWarehouse*
- *Creating monthly/daily reports for upload to RAC DataWarehouse*
- *Creating monthly/daily reports for feedback to RAC*
- *Communicating with RAC and CMS*
- *Creating provider files to send to the RAC*
- *Handling RAC related inquires*

- *Handling activities associated with withdrawing an overpayment not resulting from an appeal*

*Activity Code 12031- All RAC initiated appeal activities*

- *All costs associated with performing and adjudicating the redetermination*
- *All cost associated with reporting appeals statistics to the CMS RAC Project office or delegate*
- *All cost associated with appeal inquires from CMS regarding RAC identified overpayments*
- *All cost associated with meetings with the RAC and/or CMS Project Officer*
- *All cost of records, notes and documents regarding RAC & Provider appeals*
- *Processing and tracking all appeals for RAC identified overpayments Creating appeal reports for upload to RAC DataWarehouse if requested by CMS*
- *Communicating with RAC and CMS*
- *Communicating with other appeal entities on RAC identified overpayment cases (QIC, ALJ, DAB)*
- *All cost associated with adjusting the claim in response to an appeal decision (at any level of appeal)*