

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



**CENTER FOR PROGRAM INTEGRITY**

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DATE: May 31, 2011

TO: All Medicare Advantage Organizations and Prescription Drug Plan Sponsors

FROM: John Spiegel, Director  
Medicare Program Integrity Group

SUBJECT: Implementation of the Medicare Parts C and D Recovery Audit Contractor Program

Under the Patient Protection and Affordable Care Act (ACA) legislation enacted in March 2010, the Centers for Medicare & Medicaid Services (CMS) is required to expand the Recovery Audit Contractor (RAC) program to the Medicare Part C (Medicare Advantage) and Part D (prescription drug benefit) programs. Section 6411(b) of ACA expands the use of RACs to all of Medicare (Title XVIII), amending the existing Medicare fee-for-service RAC statute at section 1893(h) of the Act. The amendments to 1893(h) of the Act provide CMS with general authority to enter into contracts with RACs to identify overpayments and underpayments and recoup overpayments in Medicare Parts C and D.

CMS is working to implement the Part D RAC program component during the third quarter of 2011. To that end, ACLR Strategic Business Solutions has been contracted to perform Part D recovery auditing. CMS is working on the business planning, technology requirements, staffing and communications initiatives required for achieving the program's goals.

This memo represents the first of a series of communications about the Parts C and D RAC programs that will keep sponsoring organizations informed about RAC implementation progress. CMS anticipates providing additional Medicare Parts C and D RAC information via a dedicated website in the near future.

Please contact [merri-ellen.james@cms.hhs.gov](mailto:merri-ellen.james@cms.hhs.gov) if you have questions about the Parts C and D RAC programs.