Recovery Audit Contractors (RACs) and Medicare

Agenda

• What is a RAC?
• Will the RACs affect me?
• Why RACs?
• What does a RAC do?
• What are the providers’ options?
• What can providers do to get ready?
What is a RAC?
The RAC Program Mission

- The RACs detect and correct past improper payments so that CMS and Carriers, FIs, and MACs can implement actions that will prevent future improper payments:
  - **Providers** can avoid submitting claims that do not comply with Medicare rules
  - **CMS** can lower its error rate
  - **Taxpayers** and future Medicare beneficiaries are protected
Will the RACs affect me?

• Yes, if you bill fee-for-service programs, your claims will be subject to review by the RACs
• If so, when?
• The expansion schedule can be viewed at www.cms.hhs.gov/rac
**RAC Legislation**

- **Medicare Modernization Act, Section 306**
  Required the three year RAC demonstration
- **Tax Relief and Healthcare Act of 2006, Section 302**

  Requires a permanent and nationwide RAC program by no later than 2010

Both Statutes gave CMS the authority to pay the RACs on a contingency fee basis.
What does a RAC do?

The RAC Review Process

• RACs review claims on a post-payment basis
• RACs use the same Medicare policies as Carriers, FIs and MACs: NCDs, LCDs and CMS Manuals
• Two types of review:
  - Automated (no medical record needed)
  - Complex (medical record required)
• RACs will not be able to review claims paid prior to October 1, 2007
  - RACs will be able to look back three years from the date the claim was paid
• RACs are required to employ a staff consisting of nurses, therapists, certified coders, and a physician CMD
The Collection Process

• Same as for Carrier, FI and MAC identified overpayments (except the demand letter comes from the RAC)
  Carriers, FIs and MACs issue Remittance Advice
  • Remark Code N432: Adjustment Based on Recovery Audit
  Carrier/FI/MAC recoups by offset unless provider has submitted a check or a valid appeal
What is different?

- Demand letter is issued by the RAC
- RAC will offer an opportunity for the provider to discuss the improper payment determination with the RAC (this is outside the normal appeal process)
- Issues reviewed by the RAC will be approved by CMS prior to widespread review
- Approved issues will be posted to a RAC website before widespread review
What are providers’ options?
If you agree with the RAC’s determination:

• Pay by check
• Allow recoupment from future payments
• Request or apply for extended payment plan
• Appeal

Appeal Timeframes

935 MLN Matters
Three Keys to Success

• Minimize Provider Burden
• Ensure Accuracy
• Maximize Transparency
Minimize Provider Burden

• Limit the RAC “look back period” to three years
  Maximum look back date is October 1, 2007
• RACs will accept imaged medical records on CD/DVD (CMS requirements coming soon)
• Limit the number of medical record requests
Summary of Medical Record Limits (FY 2009)

- **Inpatient Hospital, IRF, SNF, Hospice**
  10% of the average monthly Medicare claims (max 200) per 45 days per NPI

- **Other Part A Billers (HH)**
  1% of the average monthly Medicare episodes of care (max 200) per 45 days per NPI

- **Physicians (including podiatrists, chiropractors)**
  - Sole Practitioner: 10 medical records per 45 days per NPI
  - Partnership (2-5 individuals): 20 medical records per 45 days per NPI
  - Group (6-15 individuals): 30 medical records per 45 days per NPI
  - Large Group (16+ individuals): 50 medical records per 45 days per NPI

- **Other Part B Billers (DME, Lab, Outpatient Hospital)**
  1% of the average monthly Medicare claim lines (max 200) per NPI per 45 days
Ensure Accuracy

• Each RAC employs:
  - Certified coders
  - Nurses
  - Therapists
  - A physician CMD

• CMS’ New Issue Review Board provides greater oversight

• RAC Validation Contractor provides annual accuracy scores for each RAC

• If a RAC loses at any level of appeal, the RAC must return its contingency fee
Maximize Transparency

- New issues are posted to the web
- Vulnerabilities are posted to the web
- RAC claim status website (2010)
- Detailed Review Results Letter following all Complex Reviews
What Can providers do to get Ready?
Know where previous improper payments have been found

• Look to see what improper payments were found by the RACs:
  - Demonstration findings: www.cms.hhs.gov/rac
  - Permanent RAC findings: will be listed on the RACs’ websites

• Look to see what improper payments have been found in OIG and CERT reports
  - OIG reports: www.oig.hhs.gov/reports.html
  - CERT reports: www.cms.hhs.gov/cert
Know if you are submitting claims with improper payments

- Conduct an internal assessment to identify if you are in compliance with Medicare rules
- Identify corrective actions to promote compliance
- Appeal when necessary
- Learn from past experiences
Prepare to respond to RAC medical record requests

• Tell your RAC the precise address and contact person they should use when sending Medical Record Request Letters
  
  Call RAC
  
  No later 1/1/2010: use RAC websites

• When necessary, check on the status of your medical record (Did the RAC receive it?)
  
  Call RAC
  
  No later 1/1/2010: use RAC websites
Appeal when necessary

• The appeal process for RAC denials is the same as the appeal process for Carrier/FI/MAC denials

• Do not confuse the “RAC Discussion Period” with the Appeals process

• If you disagree with the RAC determination…
  • Do not stop with sending a discussion letter
  • File an appeal before the 120th day after the Demand letter
Learn from past experiences

• Keep track of denied claims
• Look for patterns
• Determine what corrective actions you need to take to avoid improper payments
Contacts

• RAC Website: www.cms.hhs.gov/RAC
• RAC Email: RAC@cms.hhs.gov