Recovery Audit Contractors (RACs) and Medicare

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Agenda

- What is a RAC and what does it do?
- Why RACs?
- What’s new in the RAC program?
- How does it impact me?
- When will it impact me?

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

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.

How a RAC reviews a claim

100,000 claims

25,000 claims

750 claims

What about Rebilling?

- Providers can re-bill for Inpatient Part B services, also known as ancillary services, but only for the services on the list in the Benefit Policy Manual. That list can be found at: **http://www.cms.hhs.gov/manuals/Downloads/bp102c06.pdf.** Rebilling for any service will only be allowed if all claim processing rules and claim timeliness rules are met. The normal timely filing rules can be found at: **http://www.cms.hhs.gov/manuals/downloads/clm104c01.pdf.**

Summary of Additional Documentation 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

Provider Self Disclosures

- If a provider does a self-audit and identifies improper payments, the provider should report the improper payments to their claim processing contractor.
- If the claim processing contractor agrees that they are improper, the claims will be adjusted and no longer available for RAC review (for that issue).

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
- Appeal data from demo & going forward

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 implement for compliance

CMS RAC Review Phase-in Strategy

as of 06/24/09

Earliest possible dates for reviews in yellow/green states	Earliest possible dates for reviews in blue states
Automated Review- Black & White Issues (June 2009)	Automated Review- Black & White Issues (August 2009)
DRG Validation- complex review (Aug/Sept 2009)	DRG Validation- complex review (Oct/Nov 2009)
Complex Review for coding errors (Aug/Sept 2009)	Complex Review for coding errors (Oct/Nov 2009)
DME Medical Necessity Reviews – complex review (Fiscal year 2010)	DME Medical Necessity Reviews – complex review (Fiscal year 2010)
Medical Necessity Reviews- complex review (calendar year 2010)	Medical Necessity Reviews- complex review (calendar year 2010)

Contact Information

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