

# Recovery Audit Contractor Program

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# Agenda

- What is a RAC?
- Where did RAC's come from?
- How do RAC's work?
- What can providers do?
- How we help

# What is a RAC?



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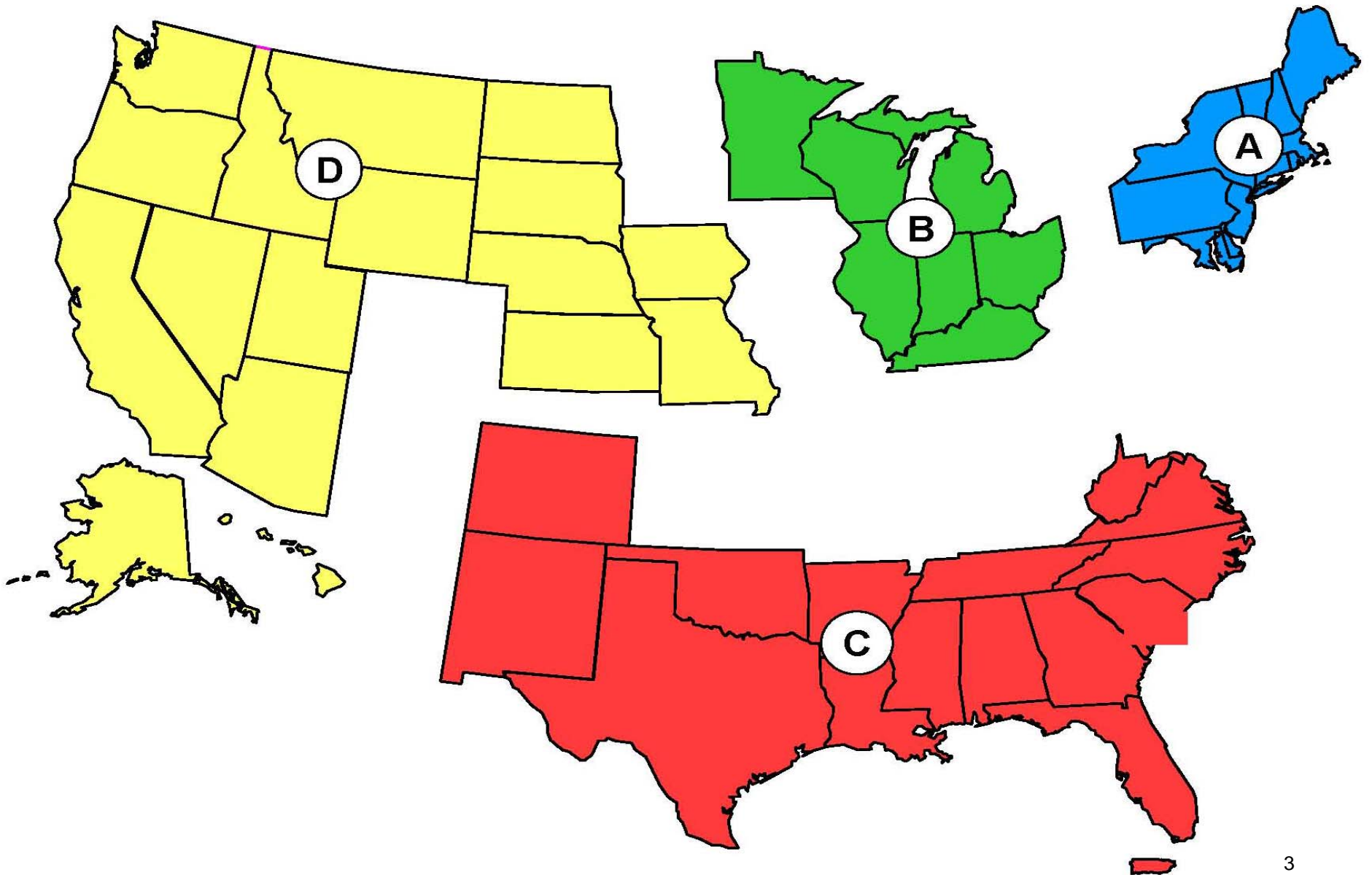
# What is a RAC?

- Recovery Audit Contractor
- RAC Mission per Statement of Work
  - Detect and correct past improper payments so that future improper payments can be prevented:
    - Providers can avoid submitting claims not in compliance
    - CMS can lower its error rate
    - Taxpayers and Medicare beneficiaries are protected

# What is a RAC?

- “in addition to” current Medicare reviewers
- Paid on a contingency basis
  - 9% to 12.5% depending on region
- Covers Part A and B; Parts C and D by December 31, 2010

# RAC Jurisdictions



# RAC Auditors

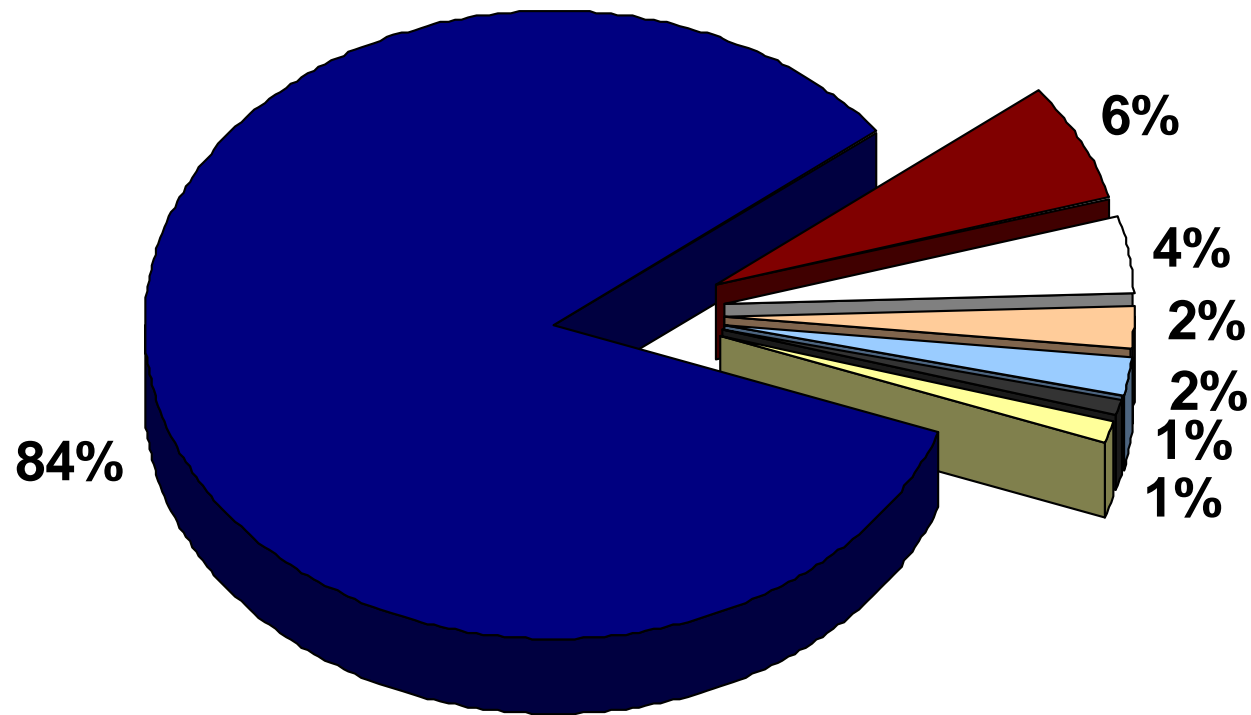
RAC	Website	E-mail	Telephone
* Region A: Diversified Collection Services	<a href="http://www.dcsrac.com">www.dcsrac.com</a>	<a href="mailto:info@dcsrac.com">info@dcsrac.com</a>	1-866-201-0580
Region B: CGI	<a href="http://racb.cgi.com">http://racb.cgi.com</a>	<a href="mailto:racb@cgi.com">racb@cgi.com</a>	1-877-316-7222
* Region C: Connolly, Inc.	<a href="http://www.connollyhealthcare.com/RAC">www.connollyhealthcare.com/RAC</a>	<a href="mailto:RACinfo@connollyhealthcare.com">RACinfo@connollyhealthcare.com</a>	1-866-360-2507
* Region D: HealthDataInsights	<a href="http://racinfo.healthdatainsights.com">http://racinfo.healthdatainsights.com</a>	<a href="mailto:racinfo@emailhdi.com">racinfo@emailhdi.com</a>	Part A: 866-590-5598 Part B: 866-376-2319

\* Participated in Demonstration Program

# Where Did RAC'S Come From?

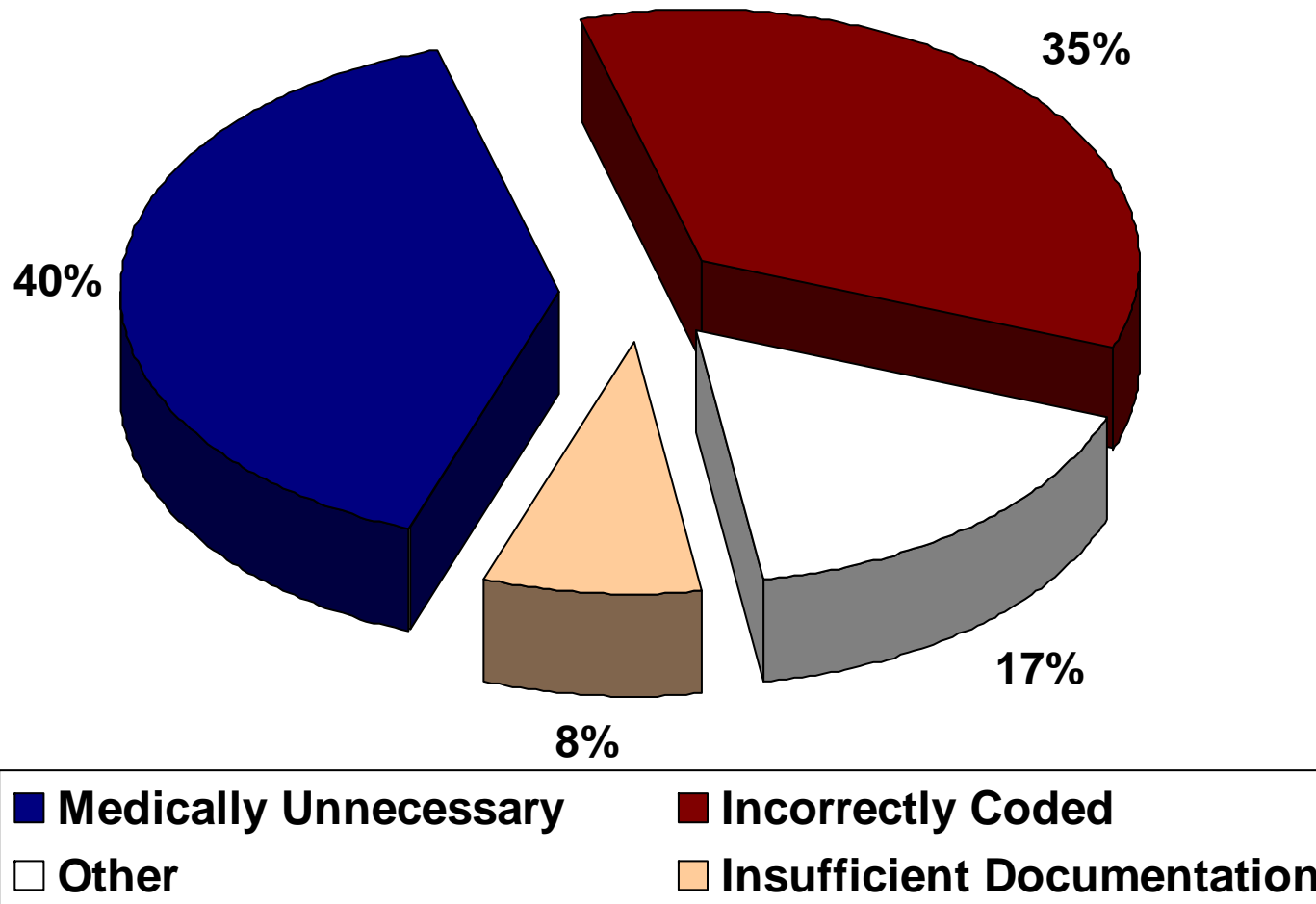
- Medicare one of top 3 Federal programs with improper payments
  - 6% to 10% error rate
- Medicare Modernization Act created three year demonstration project:
  - 3 states with highest Medicare utilization
  - Identified \$980 million of overpayments
  - 64% of overpayments appealed were overturned
- Tax Relief and Healthcare Act of 2006 made RAC's permanent and nationwide by 2010

# Provider Breakdown – Demonstration Program



■ Inpatient Hospital - \$828 Million	■ Inpatient Rehab Facility - \$60 Million
□ Outpatient Hospital - \$44 Million	■ Skilled Nursing Facility - \$16 Million
■ Physician - \$20 Million	■ Durable Medical Equipment - \$6 Million
■ Ambulance / Lab / Other - \$5 Million	

# Error Type – Demonstration Program



# How Do RAC's Work?



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# How Do RAC's Work?

- Post-payment claims review
- 3 year look-back but no earlier than October 1, 2007
- Must include physician on staff
- CMS approves issues prior to posting on RAC website
  - Currently over 1,000 issues posted!
- RAC losing on appeal must return fee

# How Do RAC's Work?

- Use proprietary software to determine normal limits; providers at risk if they fall outside the norm
- 2 Types of Audits
  - Automated
    - Claim determined at the system level through “data mining”
    - Certain that service is not covered or incorrectly coded
    - Demand letter sent to provider
  - Complex
    - Pursuant to letter requesting records

# How Do RAC's Work?

- Record Request Limits per 45 day period
  - Based on tax ID# and first 3 digits of zip code of physical location
  - 1% of ALL prior year claims divided by 8
  - Caps
    - Through March 2010 - 200 requests per 45 day period
    - April to September 2010 - 300 requests per 45 day period for providers who bill more than 100,000 claims
    - May be permitted to exceed cap on a case by case basis

# How Do RAC's Work?

## Automated Review Collection Process

- Day 1
  - RAC issues Demand Letter
- Day 30
  - Interest begins to accrue if payment is not made
- Day 41
  - Recoup by offset unless paid in full or appealed by Day 30
  - Recoup includes interest from Day 30 to Day 41
- 120 days to appeal

# How Do RAC's work?

## Complex Review Collection Process

- RAC issues Medical Record Request Letter
  - Provider has 45 calendar days to respond
- Provider submits medical records
- RAC has 60 calendar days from receipt of records to send Review Results Letter; if findings:
  - Day 1
    - RAC issues Demand Letter; interest begins to accrue after 30 days unless payment is made
  - Day 41
    - Recoups by offset unless paid in full or appealed by Day 30

# How Do RAC's Work?

## Appeal Process

### Level I – Redetermination

- Fiscal Intermediary (FI)
- Request within 120 calendar days of denial letter
- File Appeal within 30 days to avoid recoupment

### Level II – Reconsideration

- Qualified Independent Contractor (QIC)
- Request within 180 calendar days of FI decision
- Rarely resulted in reversal of prior decision

# How Do RAC's Work?

## Appeal Process (cont.)

### Level III – Administrative Law Judge (ALJ) Hearing

- Request within 60 calendar days of QIC decision
- Most successful level in Demonstration Program

### Level IV – Medicare Appeals Council

- Request within 60 calendar days of ALJ decision

### Level V – Federal District Court

- Request within 60 calendar days of MAC decision

# What Can Providers Do?



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# What Can Providers Do?

- Review previous improper payments:
  - Demonstration findings:  
[www.cms.hhs.gov/rac](http://www.cms.hhs.gov/rac)
  - Permanent findings: listed on each RAC's Web site
  - OIG reports: [www.oig.hhs.gov/reports.html](http://www.oig.hhs.gov/reports.html)
  - CERT reports: [www.cms.hhs.gov/cert](http://www.cms.hhs.gov/cert)

# What Can Providers Do?

- Proactive
  - Notify RAC of point of contact (POC)
  - RAC Team
  - RAC plan
  - Coding and medical necessity reviews
  - “pre-RAC” audit
  - Check documentation
  - Request and appeals tracking system
  - Feedback/training
  - Public relations – patient is informed by CMS and results are public!
  - Check all RAC Web sites often

# What Can Providers Do?

- Reactive
  - Make sure demand letter is correct
  - Understand sampling process, if used
  - Quantify financial impact
  - Contact patient
  - Track all requests and submissions
  - Submit complete, easy to follow records
  - Consider whether and when to appeal
  - Check coding guidelines in place at the time of the procedure

# How We Help



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# How We Help

- Assemble RAC Team
  - Include:
    - Finance/Accounting
    - Billing/Coding
    - Patient Accounts
    - Quality/Compliance
    - Outside service providers
      - Legal
      - Accounting

# How We Help

- Educate others in the organization
- Assist with RAC plan
  - When to rebill and when to appeal
    - Cost/benefit analysis
  - When and how to communicate with patients
  - Community perception and negative publicity
  - Cash flow issues – cash recouped on day 41!

# How We Help

- Assist with project management
  - Missed deadlines in Demonstration Program
  - Track deadlines and submissions
    - Record requests can be significant
    - Request period “restarts” every 45
  - Assemble complete easy to follow packages
  - Track recoupments with rebills separately from non- rebills
- Conduct “mock” RAC audits

# How We Help

- Identify applicable posted issues
- Establish RAC “repository”
  - All potential targets in one location
  - Prioritize by recoupment impact
- Review denials to identify trends
- Perform coding and medical necessity reviews
- Conduct training
- Team up with others to educate providers

# How Can You Learn More?

- RAC Web site: [www.cms.hhs.gov/RAC](http://www.cms.hhs.gov/RAC)
  - RAC Statement of Work and other information
- RAC email: [\*\*RAC@cms.hhs.gov\*\*](mailto:RAC@cms.hhs.gov)
- RAC Monitor: <http://racmonitor.com>
  - Provides daily updates, articles and webinars

# Contact Information



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