Recovery Audit Contractor (RAC) Program Review and Update

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CENTERS FOR MEDICARE & MEDICAID SERVICES
Agenda

- What is the Current Status of the RAC Program?
  - Outreach Presentations

- Program Specifics
  - Changes Based on Lessons Learned
  - Review Process and Phase-in Strategy
  - Additional Documentation Request Limits
  - Collection Process
  - Maximizing Transparency

- RAC New Issues for Review

- Continuing to Prepare for the RACs

- Contact Information
What is the Current Status of the Permanent RAC Program?

The Tax Relief and Health Care Act of 2006, Section 302, required a permanent and nationwide RAC program by January 1, 2010

- Provider outreach has occurred in every state
- All RACs have data
- All states are now eligible for review
RAC Outreach Schedule
as of 11/01/09

[Map showing states marked as completed with labels A, B, C, D]
FY 2009 Outreach Presentations

Circle = State Outreach Sessions

Square = National Presentations

Triangle = Local Presentations (Green = Regional)
## Changes Based on Lessons Learned

<table>
<thead>
<tr>
<th></th>
<th>Demonstration RACs</th>
<th>Permanent RACs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Look-back period (from claim payment date to date of medical record request)</td>
<td>4 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Maximum look-back date</td>
<td>None</td>
<td>10/1/2007</td>
</tr>
<tr>
<td>Allowed to review claims in current fiscal year?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>RAC medical director (CMD)</td>
<td>Not Required</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Certified coders</td>
<td>Optional</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Discussion with CMD regarding claim denials if requested</td>
<td>Not Required</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Credentials of reviewers provided upon request</td>
<td>Not Required</td>
<td>Mandatory</td>
</tr>
<tr>
<td>Vulnerability reporting</td>
<td>Limited</td>
<td>Mandatory</td>
</tr>
<tr>
<td>RAC must pay back the contingency fee if the claim overturned at...</td>
<td>...<strong>first</strong> level of appeal</td>
<td>...<strong>all</strong> levels of appeal</td>
</tr>
<tr>
<td>Web-based application that allows providers to customize address and contact information</td>
<td>None</td>
<td>Mandatory by January 1, 2010</td>
</tr>
<tr>
<td>External validation process</td>
<td>Not Required</td>
<td>Mandatory</td>
</tr>
</tbody>
</table>
How a RAC Reviews a Claim

100,000 Claims

25,000 Claims

750 Claims
How do RACs Select Claims for Review?

Claims Data

Issues

Providers/ Suppliers
RAC Review Process

- RACs review claims on a post-payment basis
- RACs use the same Medicare policies as Carriers, FIs and MACs
  - NCDs, LCDs, CMS Manuals
- Two types of review:
  - Automated (no additional documentation needed)
  - Complex (additional documentation required)
- RACs will not be able to review claims paid prior to October 1, 2007
  - The maximum look-back period is 3 years
- RACs are required to employ a staff consisting of nurses or therapists, certified coders and a physician CMD
What is Different from other Post Payment Reviews?

- 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
RAC Review Phase-in Map

What color is your state?
CMS RAC Review Phase-in Strategy
as of 06/24/09

<table>
<thead>
<tr>
<th>Earlyest possible dates for reviews in yellow/green states</th>
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<tbody>
<tr>
<td>‣ Automated Review- Black &amp; White Issues (June 2009)</td>
</tr>
<tr>
<td>‣ DRG Validation- complex review (Aug/Sep 2009)</td>
</tr>
<tr>
<td>‣ Complex Review for coding errors (Aug/Sep 2009)</td>
</tr>
<tr>
<td>‣ DME Medical Necessity Reviews – complex review</td>
</tr>
<tr>
<td>(Fiscal year 2010)</td>
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<tr>
<td>‣ Medical Necessity Reviews- complex review (Calendar year</td>
</tr>
<tr>
<td>2010)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Earliest possible dates for reviews in blue states</th>
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<tr>
<td>‣ Automated Review- Black &amp; White Issues (August 2009)</td>
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<tr>
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Summary of Additional Documentation Request Limits (for 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
Summary of Additional Documentation Request Limits (for FY 2009)

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

- Other Part B Billers (DME, Lab, Outpatient hospitals)
  - 1% of the average monthly Medicare services (max 200) per NPI per 45 days
Collection Process

- Same as for Carrier, FI and MAC identified overpayments
- 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 about Rebilling?

- Providers can re-bill for Inpatient Part B services, also known as ancillary services, but only for the services listed in the Benefit Policy Manual. That list can be found at: 

- Rebilling for any service will only be allowed if all claims processing and timeliness rules are met. The normal timely filing rules can be found at: 
Maximizing Transparency

- New issues and major findings are posted to the RAC websites
- RAC claims status website (2010)
- Detailed review results letter following all complex reviews
Where are New Issues Posted?

- **Region A:** Diversified Collection Services (DCS)
  - [www.dcsrac.com](http://www.dcsrac.com) (Provider Portal/Issues Under Review)
- **Region B:** CGI Federal
  - [http://racb.cgi.com](http://racb.cgi.com) (Issues)
- **Region C:** Connolly Healthcare
  - [www.connollyhealthcare.com/RAC](http://www.connollyhealthcare.com/RAC) (Approved Issues)
- **Region D:** HealthDataInsights (HDI)
  - [https://racinfo.healthdatainsights.com](http://https://racinfo.healthdatainsights.com) (New Issues)
Some New Issues

- Pharmacy Supply and Dispensing Fees
- Wheelchair Bundling
- Urological Bundling
- Blood Transfusions
- Bronchoscopy Services
- IV-Hydration
- Neulasta (Pegfilgrastim)
- Once in a Lifetime Procedures
- Untimed Codes
- Clinical Social Worker (CSW) Services
- Knee Orthotic Bundling
**Issue Name:** Wheelchair Bundling  
**Description:** Bundling guidelines for wheelchair bases and options/accessories indicate certain procedure codes are part of other procedure codes and, as a result, are not separately payable.  
**Provider Type Affected:** DME  
**Date of Service:** 10/01/2007 - Open  
**States Affected:** Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, North Carolina, New Mexico, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia  
**Additional Information:** Additional information can be found in the following manuals/publications:  
Continuing to Prepare for the RACs: Are you ready?

- Do you know where previous improper payments have been found?
- Do you know if you are submitting claims with improper payments?
- Are you prepared to respond to RAC medical record requests?
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
Provider Self Disclosures

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

- The appeals process for RAC denials is the same as the appeals process for Carrier/FI/MAC denials
- Do not confuse the “RAC Discussion Period” with the appeals process
- Appeals data from demonstration and going forward
RAC Contact Information

- Region A: Diversified Collection Services (DCS)
  - www.dcsrac.com
  - info@dcsrac.com
- Region B: CGI Federal
  - http://racb.cgi.com
  - racb@cgi.com
- Region C: Connolly Healthcare
  - www.connollyhealthcare.com/RAC
  - RACinfor@connollyhealthcare.com
- Region D: HealthDataInsights (HDI)
  - https://racinfo.healthdatainsights.com
  - racinfo@emailhdi.com
CMS Contact Information

- CMS RAC Website: www.cms.hhs.gov/RAC
- CMS RAC Email: RAC@cms.hhs.gov
Questions?