

Recovery Audit

Contractors:

Beware the RAC

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September 2009

Disclosure

- I, Jama Allers, have no relevant relationships to disclose.
- I will not be discussing any “off-label” uses of products and/or devices.

Medicare RACs

- Medicare Modernization Action
 - Section 306
- Tax Relief and Healthcare Act of 2006
 - Section 302

Requirements

- Implementation of RACs to detect and correct past improper payments
- CMS and their carriers, i.e. Highmark Medicare Services can implement processes to prevent future improper payments
- Permanent nationwide RAC by 2010

Who is eligible for review?

- Any fee-for-service Medicare program

RAC Phase In Schedule

- Maryland Jurisdiction A
- August 01, 2009
- See map

Maryland RAC

- **Diversified Collection Services**
 - Livermore, CA
- **www.dcsrac.com**
- **Info@dcsrac.com**
- **1-866-201-0580**
- **Subcontractor: PRG-Schultz, Inc.**

RAC responsibility

- Review claims on post-payment basis
- Review based on Medicare Policy
 - NCDs, LCDs, and CMS Manuals
- Two types of reviews
 - Automated (no medical record)
 - Complex (medical record review)

RAC Review

- Will be able to “look back” three years from the date the claim was **paid**
- Maximum “look back date” is October 1, 2007

RAC must employ

- A physician Clinical Medical Director
- Certified Coders
- Nurses
- Therapists

Fees

RACs are paid a contingency fee of 12.45% on overpayments identified

How will physicians be notified?

- Automated Claims
 - Remark Code N432: Adjusted Based on Recovery Audit
- Complex Claims
 - Request for medical records
 - May provide in paper form, CD/DVD
 - May request payment for records

RAC Limits on Medical Records

- Sole Practitioners 10 records per 45 days per NPI
- Physician Partnership (2-5 individuals) 20 medical records per 45 days per NPI

RAC Limits on Medical Records

- Physician Group Practices (6-15 individuals) 30 medical records per 45 days per NPI
- Large Group Practices (16+ individuals) 50 medical records per 45 days per NPI

Medical Records

- Once medical records are requested, check on the status
 - Was the record received?
 - Do the RACS have a contact person for your office?

Provider Options

- Agree with determination
 - Pay by check
 - Pay by recoupment from future payments
 - Apply for extended payment plan
- Disagree with determination
 - See Original Medicare Appeals Process

Appeals

- Must file an appeal before 120 days after the date of the demand letter.
- Appeals made to Highmark Medicare Services
- RACS may implement a “discussion period” prior to final determination, this is **not part of the appeals process.**

Getting Ready for RAC

- Conduct your own internal audit to verify compliance with Medicare Guidelines
- Set corrective actions toward compliance
- Look at other RAC experiences

Other RAC Targets

- Blood transfusions that exceed one unit
- Untimed codes that exceed one unit
- IV hydration therapy that exceed one unit
- Bronchoscopy services that exceed one unit

Other RAC Targets...continued

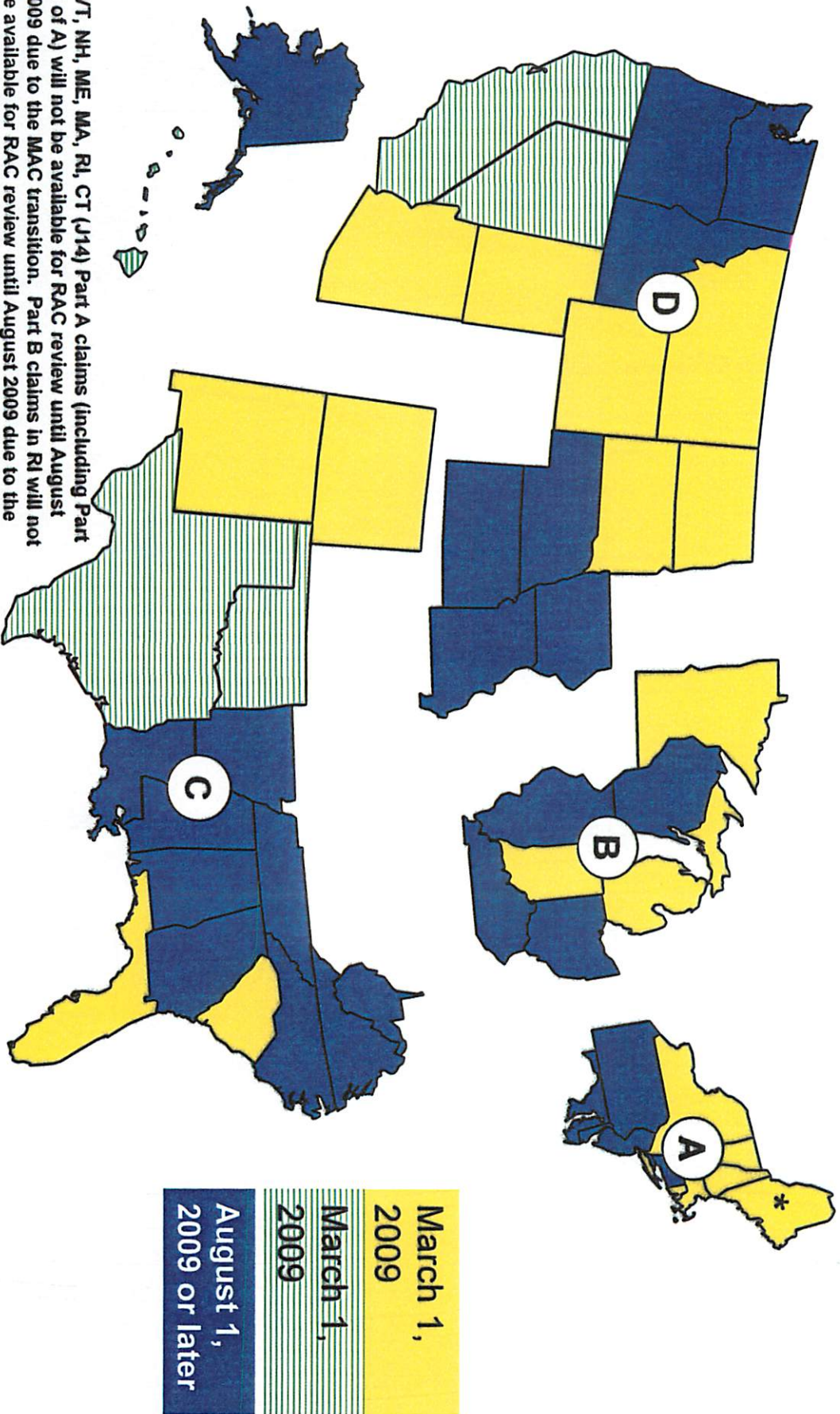
- Once-in-a-lifetime procedures
- Pediatric codes that exceed age parameters



Your Own Past Experience

- Keep a close eye on denied claims
- Look for patterns
- Determine corrective measures to avoid future improper payments

RAC Phase In Schedule



*VT, NH, ME, MA, RI, CT (J14) Part A claims (including Part B of A) will not be available for RAC review until August 2009 due to the MAC transition. Part B claims in RI will not be available for RAC review until August 2009 due to the MAC transition. All other Part B claims are available for RAC review beginning March 1, 2009.