

RAC Audits Back on Track

Legal Alert
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Garvey Schubert Barer Legal Update, February 20, 2009.

The Centers for Medicare and Medicaid Services (CMS) have announced that the delayed permanent Recovery Audit Contractor (RAC) program is back on course. Medicare providers in the first round of the permanent program can expect to begin receiving correspondence from their assigned RAC in August 2009. CMS Provider Outreach Programs, including educational meetings and town hall gatherings, are slotted to begin in July 2009. The six-month delay comes as the result of a dispute between CMS and two unsuccessful contract bidders. This dispute was resolved as of February 4, 2009 with the unsuccessful bidders accepting subcontractor positions.

The National RACs as announced on October 6, 2008 along with their just-announced subcontractors are as follows:

REGION A:

Diversified Collection Services, Inc. (Livermore, California)
PRG-Schultz (subcontractor)

Working in: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont.

REGION B:

CGI Technologies and Solutions, Inc. (Fairfax, Virginia)
PRG-Schultz (subcontractor)

Working in: Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio and Wisconsin.

REGION C:

Connolly Consulting Associates, Inc. (Wilton, Connecticut)
Viant Payment Systems (subcontractor)

Working in: Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

REGION D:

HealthDataInsights, Inc. (Las Vegas, Nevada)

PRG-Schultz (subcontractor)

Working in: Alaska, Arizona, California, Hawaii, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming.

Subcontractors PRG-Schultz and Viant Payment Systems, Inc. will participate in the audit process with varying responsibilities in each region, including some claim reviews.

If not already underway, preparation for RAC audits should begin immediately with the creation of your RAC response team. The demonstration project has already claimed to have recovered more than one billion dollars in overpayments – much of which has been the result of errors by RAC auditors that were never appealed or were not appealed in time.

The following steps should assist you in the preparation process:

Know where the auditors focused in the previous audits. A listing of demonstration RAC findings is located at www.cms.hhs.gov/rac. Permanent RAC findings will be listed on the RAC Audit Contractors individual Web sites.

Review the OIG and CERT reports detailing where improper payments have been found. The OIG report is available at www.oig.hhs.gov/oas/cms.asp. The CERT report is located at www.cms.hhs.gov/cert.

Conduct an internal assessment to ensure medical records are complete and billings are in compliance with Medicare rules.

Learn the RAC response times so that you respond in a timely manner to record requests. Failure to do so will result in automatic denial.

Learn the RAC appeal deadlines. Failure to file timely appeals will result in loss of the opportunity to appeal an improper denial, unless good cause is shown for the late appeal filing.