

MC RAC (Recovery Audit Contractors) – Melanie Combs-Dyer, RN from CMS. **Attachment I**
Demonstrations, Mgt Financial Services Group

IPIA = Improper Payment Information Act authorized demo project under MMA section 306 and then permanently authorized under Tax Relief and Healthcare Act of 2006, Section 302.

“Improper Payments” include over- and under- payments.

Last year’s rate of errors was 3.9% ~ 10 billion \$ in improper payments.

Demo RACs identified found \$1 billion in improper payments after reviewing \$317 billion in claims. E/M codes were not allowed to be reviewed during the demo. As this program goes forward E/M codes will be reviewed that should increase the percentage of underpayments. Demo RACs repaid \$37 million to providers.

85% of these improper payments were MC Part A/ 2.8% were from physicians and the remainder from labs, ambulance services, etc.

Contingency fees initially were not paid on underpayments only on overpayments. The permanent program will be paid a contingency fee on underpayments and overpayments.

In the permanent program an independent validation contractor will be reviewing each RACs’ performance in a report card format.

Selection of Claims: RACs choose issues to review based on data mining techniques, OIG, and GAO reports, CERT reports and the experience/knowledge of staff.

- 3 year look back period but not further back than 10/1/2007.
- New issues for review will be posted to RACs website.

- Letters will be sent requesting medical records to review. No fees will be paid to physicians for these records. Providers can submit these records via mailed paper copy, fax or mailing of CD/DVD of records. At this time electronic transmission of records is not available.
- Limits for physicians: Solo – 10 medical records per 45 days
2-5 individuals : 20 records per 45 days
Group 6-15: 30 records per 45 days
Group 16+: 50 records per 45 days

The RAC jurisdiction assignments currently are being disputed and being reviewed by the GAO so the program is **ON HOLD/TBA.**

What can I do to get prepared?

- Know where previous improper payments have been found.
- Know if you are submitting claims with improper payments.
- Get ready to respond and RAC medical record requests fully and promptly. Develop a tracking system in your office for these requests.
- Appeal when necessary.
- Learn from you mistakes.

Website: www.cms.hhs.gov/RAC

***Members who receive RAC letters in the future need to contact State CAC Representative.

Healthcare Audits – Richard Boone, Sr.

Request for records to be audited. How do you respond?
Make sure the records you send the requestor that you answer the question they are really