

# Recovery Audit Contractors (RACs) and Medicare

The Who, What, When, Where, How and Why?

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## Agenda

- ▶ What is a RAC?
- ▶ Will the RACs affect me?
- ▶ Why RACs?
- ▶ What does a RAC do?
- ▶ What are the providers' options?
- ▶ What can providers do to get ready?

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## What is a RAC?

### The RAC Program Mission

- ▶ The RACs detect and correct past improper payments so that CMS and Carriers, FIs, and MACs can implement actions that will prevent future improper payments
  - **Providers** can avoid submitting claims that do not comply with Medicare rules
  - **CMS** can lower its error rate
  - **Taxpayers** and future Medicare beneficiaries are protected

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## Will the RACs affect me?

- ▶ Yes, if you bill fee-for-service programs, your claims will be subject to review by the RACs
- ▶ If so, when?

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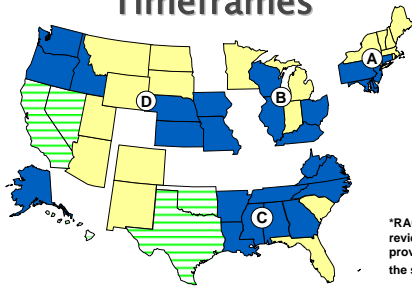
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## Timeframes



\*RACs may not begin reviewing until there is provider outreach in the state

Claims Available for Analysis	Provider Outreach	Earliest Correspondence
March 1, 2009	March 1, 2009	March 1, 2009
March 1, 2009	March 1, 2009	March 1, 2009
August 1, 2009	August 1, 2009	August 1, 2009

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## CMS RAC Review Phase-in Strategy

as of 06/24/09

### Earliest possible dates for reviews in yellow/green states

- ▶ Automated Review- Black & White Issues (June 2009)
- ▶ DRG Validation- complex review (Aug/Sept 2009)
- ▶ Complex Review for coding errors (Aug/Sept 2009)
- ▶ DME Medical Necessity Reviews - complex review (Fiscal year 2010)
- ▶ Medical Necessity Reviews- complex review (calendar year 2010)

### Earliest possible dates for reviews in blue states

- ▶ Automated Review- Black & White Issues (August 2009)
- ▶ DRG Validation- complex review (Oct/Nov 2009)
- ▶ Complex Review for coding errors (Oct/Nov 2009)
- ▶ DME Medical Necessity Reviews - complex review (Fiscal year 2010)
- ▶ Medical Necessity Reviews- complex review (calendar year 2010)

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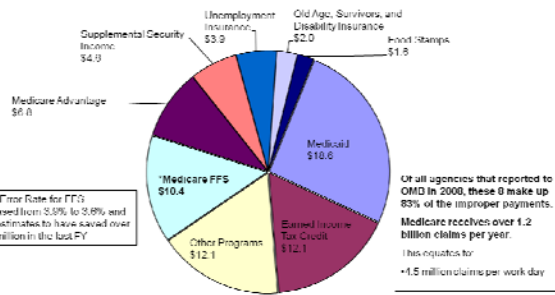
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## Why do we have RACs?

### Top Federal Programs with Improper Payments 2008 (Billion Dollars)



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## RAC Legislation

- ▶ Medicare Modernization Act, Section 306
  - Required the 3-year RAC demonstration
- ▶ Tax Relief and Healthcare Act of 2006, Section 302
  - Requires a permanent and nationwide RAC program by January 1, 2010
- ▶ Both of these statutes gave CMS the authority to pay the RACs on a contingency fee basis

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## What does a RAC do?

### 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 medical record needed)
  - Complex (medical record required)
- ▶ RACs will not be able to review claims paid prior to October 1, 2007
  - RACs will be able to look back three years from the date the claim was paid
- ▶ RACs are required to employ a staff consisting of nurses or therapists, certified coders, and a physician CMD

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## The 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

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## What is different?

- ▶ 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

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## What are Providers' Options

- ▶ Pay by check
- ▶ Allow recoupment from future payments
- ▶ Request or apply for extended repayment plan
- ▶ Appeal
  - Appeal Timeframes
    - <http://www.cms.hhs.gov/OrgMedFFSAppeals/Downloads/AppealsprocessflowchartAB.pdf>
  - 935 MLN Matters
    - <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6183.pdf>

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## RAC Program's Three Keys to Success

- ▶ Minimize Provider Burden
- ▶ Ensure Accuracy
- ▶ Maximize Transparency

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## Minimize Provider Burden

- ▶ Limit the RAC "look back period" to three years
  - Maximum look back date is October 1, 2007
- ▶ RACs will accept imaged medical records on CD/DVD
- ▶ Limit the number of additional documentation requests

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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

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## Summary of Additional Documentation Request Limits (for FY 2009)

- ▶ Continued...
  - 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

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## Additional Documentation Limit Example

- ▶ Outpatient Hospital
  - 360,000 Medicare paid services in 2007
  - Divided by 12 = average 30,000 Medicare paid services per month
  - $\times .01 = 300$
  - Limit = 200 records/45 days (hit the max)

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## Ensure Accuracy

- ▶ Each RAC employs:
  - Certified coders
  - Nurses and/or Therapists
  - A physician CMD
- ▶ CMS' New Issue Review Board provides greater oversight
- ▶ RAC Validation Contractor provides annual accuracy scores for each RAC
- ▶ If a RAC loses at any level of appeal, the RAC must return the contingency fee

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## Maximize Transparency

- ▶ New issues are posted to the web
- ▶ Major Findings are posted to the web
- ▶ RAC claim status website (2010)
- ▶ Detailed review results letter following all complex reviews

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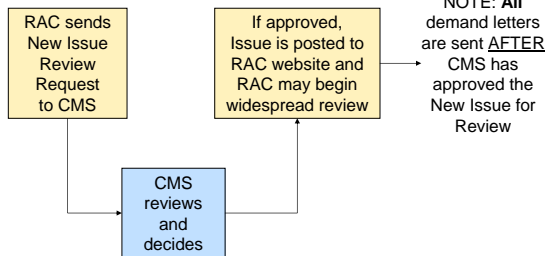
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## New Issue Review Process for AUTOMATED



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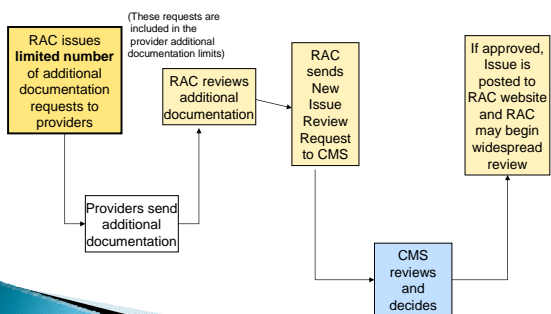
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## New Issue Review Process for COMPLEX



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## What can providers do to get ready?

- ▶ Know where previous improper payments have been found
- ▶ Know if you are submitting claims with improper payments
- ▶ Prepare to respond to RAC additional documentation requests

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## Know Where Previous Improper Payments Have Been Found

- ▶ Look to see what improper payments were found by the RACs:
  - Demonstration findings: [www.cms.hhs.gov/rac](http://www.cms.hhs.gov/rac)
  - Permanent RAC findings: will be listed on the RACs' websites
- ▶ Look to see what improper payments have been found in OIG and CERT reports
  - OIG reports: [www.oig.hhs.gov/reports.asp](http://www.oig.hhs.gov/reports.asp)
  - CERT reports: [www.cms.hhs.gov/cert](http://www.cms.hhs.gov/cert)

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## 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

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## Prepare to Respond to RAC Additional Documentation Requests

- ▶ Tell your RAC the precise address and contact person they should use when sending additional documentation request letters
  - Call RAC
  - No later 1/1/2010: use RAC websites
- ▶ When necessary, check on the status of your additional documentation (Did the RAC receive it?)
  - Call RAC
  - No later 1/1/2010: use RAC websites

Who will be in charge of responding to RAC additional documentation requests?

What address will we use?

Who will be in charge of tracking our RAC additional documentation requests?

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## Appeal When Necessary

- ▶ The appeal process for RAC denials is the same as the appeal process for Carrier/FI/MAC denials
- ▶ Do not confuse the “RAC Discussion Period” with the Appeals process
  - If you disagree with the RAC determination...
    - Do not stop with sending a discussion letter
    - File an appeal before the 120<sup>th</sup> day after the Demand letter

Who will be in charge of deciding whether to appeal a RAC denial?

How will we keep track of what we want to appeal, what we have appealed, what our overturn rate is, etc.?

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## Learn from Your Past Experiences

- ▶ Keep track of denied claims
- ▶ Look for patterns
- ▶ Determine what corrective actions you need to take to avoid improper payments

Who will be in charge of tracking our RAC denials, looking for patterns?

How will we avoid making similar improper payment claims in the future?

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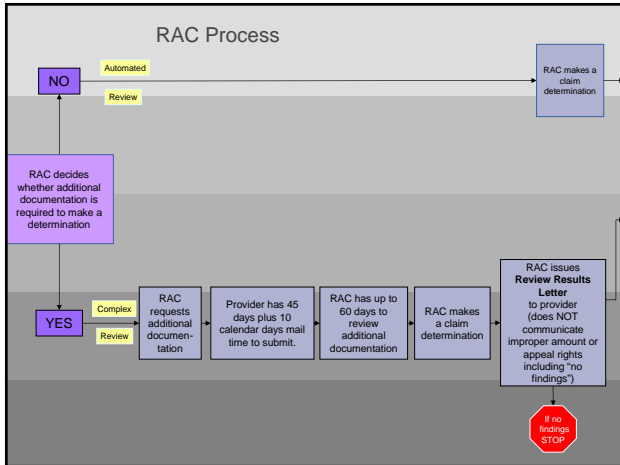
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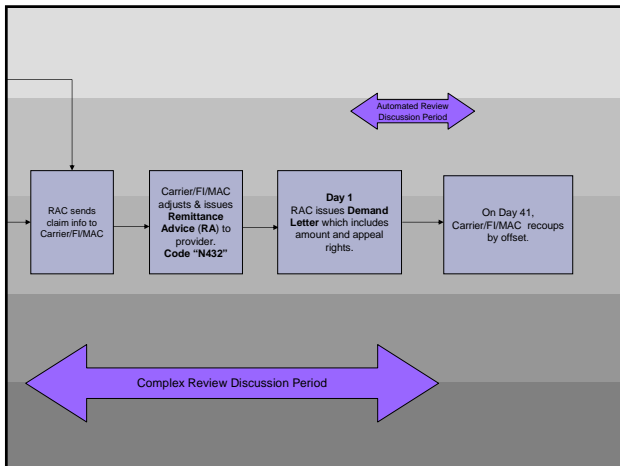
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## Contacts

- ▶ RAC Website: [www.cms.hhs.gov/RAC](http://www.cms.hhs.gov/RAC)
- ▶ RAC Email: [RAC@cms.hhs.gov](mailto:RAC@cms.hhs.gov)

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## RAC Contacts at CMS

RAC	CMS Contact Person	Email
A 	Ebony Brandon	<a href="mailto:Ebony.Brandon@CMS.hhs.gov">Ebony.Brandon@CMS.hhs.gov</a>
B 	Scott Wakefield	<a href="mailto:Scott.Wakefield@CMS.hhs.gov">Scott.Wakefield@CMS.hhs.gov</a>
C 	Amy Reese	<a href="mailto:Amy.Reese@CMS.hhs.gov">Amy.Reese@CMS.hhs.gov</a>
D 	Kathleen Wallace	<a href="mailto:Kathleen.Wallace@CMS.hhs.gov">Kathleen.Wallace@CMS.hhs.gov</a>

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### CMS Region C RAC

Christine Castelli, Principal  
Client Relations/Quality Assurance

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### Connolly Background



- Established in 1979 with a singular focus on recovery auditing
- Pioneered the use of data mining technology to identify and recover overpayments and underpayments
- Serves Medicare and Medicaid, and some of the industry's largest commercial payers
- Reviewed over \$150 billion in paid medical claims in 2008

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### Connolly RAC Program Mission



- Detect and correct Medicare past improper payments
- Analyze root causes of those improper payments and provide actionable process improvement recommendations to CMS that prevent or mitigate future improper payments
- Operate with high sensitivity to provider relations

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### Connolly Review Process



- Use same Medicare policies as MACs, FIs, Carriers, and DME MAC
  - NCDs, LCDs, CMS Manuals (e.g. claims processing, program integrity, benefit policies, etc.)
- Use same types of staff as the MACs, FIs, Carriers, DME MAC
  - Nurses, therapists, certified coders and physician CMD

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### Connolly's Subcontractor: Viant



- Viant is based out of Naperville, Illinois
  - Viant has 18 years of servicing the nation's largest healthcare payers
  - Viant participated in the RAC Demonstration as a subcontractor in California
  - Viant will be subcontracting in Region C, providing Part A Complex Reviews
- *Connolly is 100% accountable for the Region C RAC contract*

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## Get Prepared & Organized

- Complete, submit, and keep current your Request for Contact Information form

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## Prepared & Organized, cont.

- Identify and maintain a RAC Liaison to manage correspondence
- Respond to RAC medical record requests fully and within the required 45 day turn around
- Utilize the benefit of the discussion period
- Communicate, communicate, and communicate

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## Medical Record Submission

- We will accept paper medical records, but we suggest submitting medical records via CD/DVD
- Adhere to the provider medical record submission requirements
  - See Handout Instructions
- Make sure all medical record images are sent in a tamper-proof package
- Strongly suggest that all medical records be sent on CD/DVD via trackable carriers
  - FedEx, UPS, DHL, registered USPS mail, etc.

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## Connolly Key RAC Personnel



- Dr. James Lee, D.O.
  - Medical Director and Registered Pharmacist
- Thomas Gallo, Principal
  - Operations
- Christine Castelli, Principal
  - Client Relations / Quality Assurance

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## Connolly Resources



- Connolly RAC toll free phone number
  - 866.360.2507
- Connolly RAC fax number
  - 203.529.2995
- Connolly website & email address
  - [www.connollyhealthcare.com/RAC](http://www.connollyhealthcare.com/RAC)
  - [RACinfo@connollyhealthcare.com](mailto:RACinfo@connollyhealthcare.com)
- Connolly RAC office address
  - The Navy Yard Corporate Center
  - One Crescent Drive, Suite 300-A
  - Philadelphia, PA 19112
- Christine Castelli
  - 203.529.2315

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Questions?



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