

Insights to Coding and Data Quality

CMS responds to RAC myths

by Charles Phelps, RHIT, CCS, CCS-P, CCDS

There is a lot of information available about the Recovery Audit Contractor (RAC) program. Some of what you hear, though, may not be completely accurate. It is important that providers obtain their information from reliable sources. The Centers for Medicare and Medicaid Services (CMS) published a list of RAC program myths on December 17, 2012. Some of the more interesting RAC myths published by CMS include:

Myth: RACs have a contingency fee between 30 and 50 percent.

It is true that recovery auditors are paid based on a contingency fee basis; however, in FY2009 and FY2010 the contingency fees ranged from 9.0% to 12.5%. The fee is paid to the RAC only after the money is recouped or refunded. In the event of a RAC decision being overturned at any level of appeal, the RAC must return the fee.

Myth: Every RAC denial is overturned on appeal.

Much to the disappointment of providers, appeals are not always overturned. CMS responded by indicating health care providers have appealed approximately 5% of all claims in FY2010. To date, 2.4% of all FY2010 claims collected have been both challenged and overturned on appeal.

Myth: RACs have non-clinicians conduct review of medical records.

It is required that the RAC submit an Auditor Organization Chart that identifies the number of key personnel and the organizational structure of the Recovery Auditor. Each RAC is required to employ: certified coders, nurses, therapists, and a physician. The physician, also known as the contractor medical director (CMD) must be employed a minimum of one FTE. RACs must arrange for an alternate when the CMD is unavailable for extended periods of time.

Myth: RACs can review as many claims as they want from a provider.

CMS has limited the number of additional documentation requests that a RAC can request based on provider size and resources. The maximum request amount is per campus. Campus is defined as one or more facilities under the same Tax Identification Number located in the same area (using the first three positions of the zip code). Each limit is based on the provider's Medicare volume for the prior calendar year. The maximum number of requests is 400 for a 45-day period.

Myth: RACs outsource all the medical review to staff in India and the Philippines.

CMS was clear to point that RAC employees are all within the United States of America.

Myth: RACs do not tell anyone what they are reviewing.

CMS requires each RAC to post on their Web site all CMS-approved issues that may trigger a review. Although each RAC is required to post this information on their Web site, some navigation may be necessary to locate the information. The following is a listing of the Web site and contact information for each RAC:

RAC	Web site	E-mail	Telephone
Region A: Performant Recovery States: CT, DE, DC, ME, MD, MA, NH, NJ, NY, PA, RI and VT.	< http://www.dcsrac.com >	< info@dcsrac.com >	1-866-201-0580
Region B: CGI States: IL, IN, KY, MI, MN, OH and WI	< http://racb.cgi.com >	< racb@cgi.com >	1-877-316-7222
Region C: Connolly, Inc. States: AL, AR, CO, FL, GA, LA, MS, NM, NC, OK, SC, TN, TX, VA, WV, Puerto Rico and U.S. Virgin Islands.	< http://www.connollyhealthcare.com/RAC >	< RACinfo@connollyhealthcare.com >	1-866-360-2507
Region D: HealthDataInsights States: AK, AZ, CA, HI, ID, IA, KS, MO, MT, ND, NE, NV, OR, SD, UT, WA, WY, Guam, American Samoa and Northern Marianas.	< http://racinfo.healthdatainsights.com >	< racinfo@emailhdi.com >	Part A: 1-866-590-5598 Part B: 1-866-376-2319

In response to the myth that RACs deny every claim they review, CMS indicated the Recovery Auditors are finding errors consistent with the Comprehensive Error Rate Testing (CERT) program. Information like that obtained from the CERT is used to determine what areas to review.

The CMS publication on Medicare fee-for-service recovery audit program myths can be accessed at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Recovery-Audit-Program/Downloads/RAC-Program-Myths-12-18-12.pdf>.

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