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FEBRUARY 19, 2009

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RAC Program Resumes

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In this Issue

CMS Expands Off-Label Prescription Drug Use for Cancer Treatment

RAC Program Resumes

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CMS recently announced that because contract disputes initiated by two of the losing bidders have been resolved, CMS will resume Recovery Audit Contractor (RAC) program activities. In the next several months, CMS will be contacting providers and associations to discuss provider outreach sessions involving the RACs.

In October of 2008, CMS announced the four bidders that were chosen to serve as the national RACs: Region A — Diversified Collection Services (DCS); Region B — CGI; Region C — Connolly Consulting, Inc.; and Region D — HealthDataInsights, Inc. Two other companies, Viant Inc. and PRG-Schultz International, protested the bid selections. No RAC activities were pursued while the Government Accountability Office reviewed the protest. On February 6, CMS announced that as part of a settlement, Viant and PRG-Schultz would serve as subcontractors to the four chosen RACs. Specifically, Viant would subcontract with Connolly Consulting in Region C; and PRG-Schultz would subcontract with the other three RACs in Regions A, B, and D. See "**CMS Announces New RACs and Revisions to the RAC Program**" (*Payment Matters*, 10/15/08) for list of RACs and initial region and state assignments. The assignment of RACs is expected to match the DME MAC jurisdictions. A map including the future assignments can be found at **CMS's web site**.

The first action providers can expect is contact from CMS to address outreach programs by the RACs. Once outreach is completed, RACs will begin contacting providers about their claims. CMS plans an implementation of the RAC program to cover all 50 states in phases, with expansion target dates for specific states by March 1, 2009, and others by August 1, 2009 or later. A map of the RAC phase-in schedule can be found **here**. Section 302 of the Tax Relief and Health Care Act of 2006 makes the RAC Program permanent and requires the Secretary to expand the program to all 50 states by no later than 2010.

Ober|Kaler's Comments: Although there has been a lull in RAC activity due to the contract dispute, providers now need to be ready to work with their assigned RAC. As with any Medicare contractor, developing a good relationship with the RAC could prove to be beneficial to providers. Providers should work with their RACs to provide the information requested but not hesitate to appeal RAC determinations with which the providers disagree.

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