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CMS Announces New RACs and Revisions to the RAC Program

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In this Issue

PRRB - Oct. 20 Deadline to Add Issues and Recent Alerts

CMS Releases Final Rule Limiting the Duration of Non-Random Prepayment Complex Medical Review

CMS Announces New RACs and Revisions to the RAC Program

CMS Publishes FY 2009 Final Wage Indices and IPPS Rates

Last week CMS announced the new permanent Recover Audit Contractors (RACs) for the country, and changes in the RAC program CMS intends to implement. The new RACs are:

- Region A (initially working in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and New York): Diversified Collection Services, Inc., Livermore, California;
- Region B (initially working in Michigan, Indiana and Minnesota): CGI Technologies and Solutions, Inc., Fairfax, Virginia;
- Region C (initially working in South Carolina, Florida, Colorado and New Mexico): Connolly Consulting Associates, Inc., Wilton, Connecticut; and
- Region D (initially working in Montana, Wyoming, North Dakota, South Dakota, Utah and Arizona): HealthDataInsights, Inc., Las Vegas, Nevada.

At a conference last week, a CMS representative discussed four areas of concern that CMS had identified as a result of the RAC program experience to date, and how CMS intends to revise the program going forward as a result.

- First, CMS was concerned about the significant financial impact the RACs had on some providers and stated that, in the future, CMS would limit the number of medical records requests a RAC could make from a single provider and would limit the "look-back" period for RAC review.
- Second, CMS expressed concern that RACs were not required to hire physicians and certified coders. In the future, CMS intends to require each RAC to hire a physician medical director and certified coders.
- Third, CMS addressed questions from some providers regarding the accuracy of the RAC reviews. In response, CMS intends to set up a board within CMS, which must approve any new issues a RAC intends to review, including approval that the issue is worthy of examination and identification of the proper standards to apply in determining reviewing the issue. CMS has also contracted with an independent validation contractor, Provider Resources, Inc. of Pennsylvania, to review the RACs determinations and calculate annual accuracy rates for each RAC.

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- And fourth, CMS addressed concerns that the RAC program was not transparent enough. CMS asserted that new issues that RACs will review will be posted on the web, and that the status of the claim and documents exchanged in the RAC review will be posted on the web.

Document hosted at JDSUPRA™

<http://www.jdsupra.com/post/documentviewer.aspx?nd=db006248331497b-b861-431e0cebd4a0>

Ober|Kaler's Comments: The proposed changes to the RAC program address a number of problems identified by providers. However, it is unclear how the changes will be implemented and whether they go far enough. For example, it is questionable whether the hiring of a single physician per RAC is enough to allow appropriate physician review of determinations that should be made by physicians, such as the decision whether inpatient admission is appropriate. CMS anticipates that the new permanent RACs will begin contacting providers by this fall. Permanent RACs should be operating in all 50 states by January of 2010.

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