

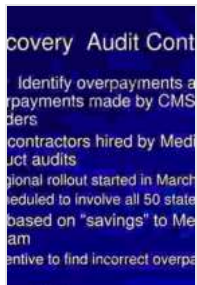
Unveiling the Medicare Recovery Audit Contractor (RAC) Program: A Comprehensive Guide to Navigating Audits and Maximizing Hospital Revenue

The Medicare Recovery Audit Contractor (RAC) Program is a government initiative designed to identify and recover overpayments made by Medicare to healthcare providers. RAC audits can be a daunting experience for healthcare organizations, as they can result in significant financial penalties and reputational damage. However, by understanding the RAC program and implementing effective preparation strategies, hospitals can navigate audits effectively and minimize the risk of financial losses.

Understanding the RAC Program

What is a RAC Audit?

A RAC audit is a comprehensive review of Medicare claims to identify and recover overpayments. RACs are independent contractors hired by the Centers for Medicare & Medicaid Services (CMS) to conduct these audits. RACs are paid based on a contingency fee, meaning they receive a percentage of the overpayments they recover.



The Medicare Recovery Audit Contractor Program: A Survival Guide for Healthcare Providers by Duane C. Abbey

★★★★★ 5 out of 5

Language : English

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Types of RAC Audits

There are two types of RAC audits: targeted audits and extrapolated audits. Targeted audits focus on a specific provider, service, or line of business. Extrapolated audits review a sample of claims to estimate the total amount of overpayments made by a provider.

RAC Audit Process

The RAC audit process typically involves the following steps:

1. **Notification:** The provider is notified of the audit and provided with a list of the claims that will be reviewed.
2. **Document Request:** The provider is requested to submit documentation to support the claims being reviewed.
3. **Review:** The RAC reviews the submitted documentation and makes a determination regarding overpayments.
4. **Audit Report:** The RAC issues an audit report that details the overpayments identified and the amount of repayment required.
5. **Appeal:** The provider may appeal the audit findings to an Independent Dispute Resolution (IDR) entity.

Preparing for a RAC Audit

Self-Audits

One of the most effective ways to prepare for a RAC audit is to conduct regular self-audits. Self-audits help identify and correct errors before they

are discovered by a RAC auditor. Hospitals should focus on areas that are common targets for RAC audits, such as:

- Coding errors
- Duplicate billing
- Unnecessary services
- Lack of documentation

Documentation

Accurate and complete documentation is crucial for supporting claims during a RAC audit. Hospitals should ensure that they have all necessary documentation on file, including:

- Medical records
- Billing statements
- Insurance policies
- Correspondence with patients

Education and Training

Education and training are essential for ensuring that hospital staff understand the RAC program and their responsibilities during an audit. Hospitals should provide training on the following topics:

- RAC audit process
- Common RAC audit targets
- Documentation requirements

- Appeal process

Maximizing Hospital Revenue

Strategies to Avoid Overpayments

By implementing the following strategies, hospitals can minimize the risk of overpayments and potential RAC recoveries:

- Implement effective coding practices.
- Review claims thoroughly before submitting them.
- Obtain prior authorization for services that require it.
- Document all services thoroughly and accurately.

Appealing RAC Findings

If a hospital disagrees with the findings of a RAC audit, it has the right to appeal the decision. Appeals are handled by Independent Dispute Resolution (IDR) entities. To increase the chances of a successful appeal, hospitals should:

- Review the audit report carefully and identify the specific findings being disputed.
- Gather evidence to support the appeal, such as medical records, billing statements, and correspondence.
- Submit a well-written appeal that clearly explains the basis for the dispute.

The RAC program is an important part of the healthcare industry landscape. By understanding the RAC program, implementing effective

preparation strategies, and maximizing hospital revenue, healthcare organizations can minimize the risk of overpayments, navigate audits effectively, and protect their financial health.

Additional Resources

- Centers for Medicare & Medicaid Services: Medicare Recovery Audit Contractor Program
- American Hospital Association: RAC Audits
- Medical Group Management Association: RAC Audits

Image Alt Attributes

Quick Guide to the Medicare Recovery Audit Contractor (RAC) Program

The purpose of the RAC program is to identify and correct both over- and underpayments.



The ultimate goal is to provide CMS with payment analysis that will prevent future improper payments.

Audits from 2005 -2008

Recovered over \$900 million in overpayments

Reimbursed providers \$38 million in underpayments

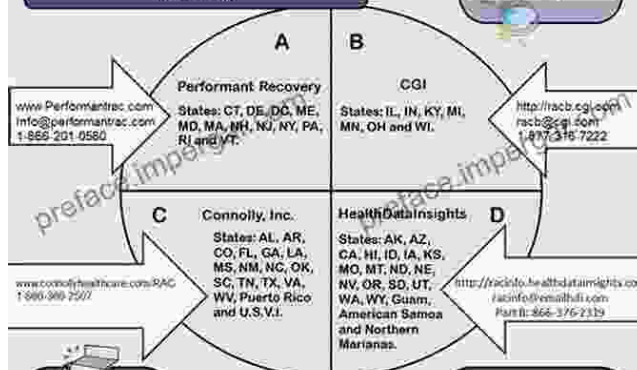
Typical causes of improper payments:

1. Incorrect payment amounts
2. Non-covered services
3. Incorrectly coded services
4. Duplicate services



Records are reviewed in the US by: certified coders, nurses, therapists, and a physician (CMD)

The US and its territories are divided into 4 RAC Jurisdictions.



Demand letters that went from the MAC and interest is excluded from the accounts receivable/letter date.

The RAC is required to provide detailed results with the rationale used to arrive at the determination.

Recovery Auditors are required to call on them to resolve the CMS approval issues that may trigger a Recovery Auditor Review.

Do you have questions or comments about the Recovery Audit Program? You can e-mail CMS at: RAC@cms.hhs.gov.

Source: CMS.gov

Published by Medical Business Systems Practice Management Software.



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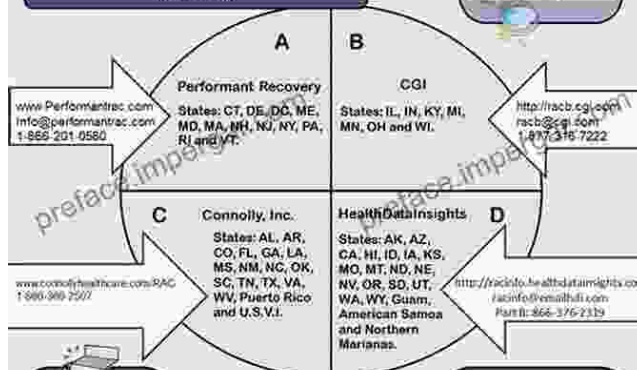
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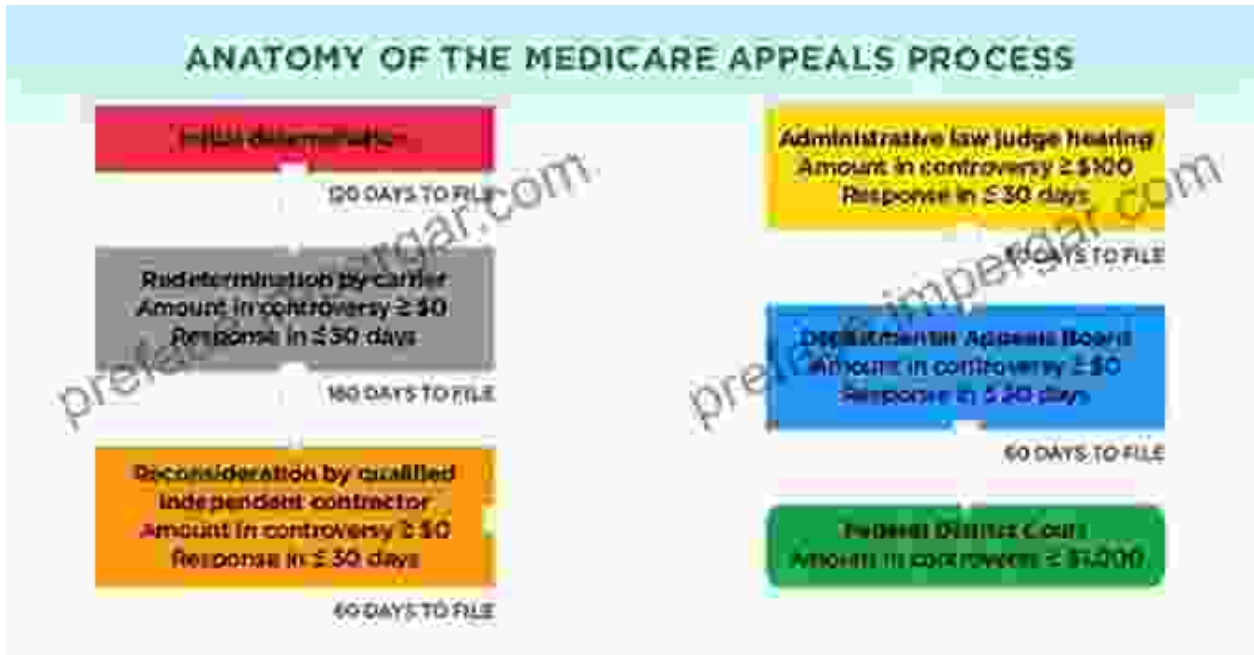
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Recovery Audit Contractor
Identify overpayments and underpayments made by CMS
Contractors hired by Medicare to conduct audits
Regional rollout started in March 2010
Scheduled to involve all 50 states based on "savings" to Medicare
Contractors are responsible to find incorrect overpayments

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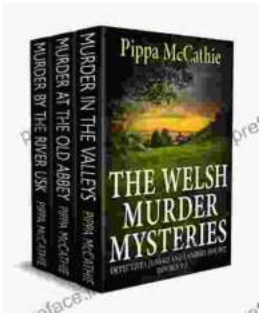
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