



American Hospital
Association

RAC UPDATE

News on the Medicare Recovery Audit Contractor Program

March 1, 2010

The Centers for Medicare & Medicaid Services' (CMS) Medicare Recovery Audit Contractor (RAC) program is now operating in every state in the nation. Over the past few months, AHA has worked with CMS to address several issues that have arisen since the full implementation of the program. This Update provides information regarding the resolution of those issues, as well as other RAC updates, information on the nationwide launch of *RACTrac* and other RAC-related news and resources.

Inpatient Rehabilitation Facilities

Recently there has been some concern that RACs may be reviewing inpatient rehabilitation facility (IRF) claims without going through CMS' new issue approval process. The concern arose when two RACs – Connolly and HDI – began reviewing MS-DRGs 945 and 946 for acute-care, inpatient facilities. While IRFs are paid under a different system than acute-care, inpatient hospitals, these MS-DRGs are included on IRF claims, which may have exposed IRFs to RAC audit activity.

AHA raised this concern with CMS and urged the agency to prohibit IRF audits until the RACs had run the issue through the agency's prescribed new issue review process. On February 26, CMS informed AHA that RACs are *not* currently permitted to review IRF claims under these MS-DRGs and that the RACs must first go through the new issue review process before they are authorized to review IRF claims. CMS indicated that, in Region C, some IRFs may have received Additional Documentation Request (ADR) letters from the RAC. **These letters were sent in error.** Any IRF that receives such a letter in any RAC region is not required to submit the medical records and should contact their CMS RAC Project Officer (see contact information below).

RAC Communication Issues

RAC Correspondence. In every RAC region, there have been reports of RAC correspondence – including ADRs – being sent to incorrect hospital addresses. In some cases, the letters are going to the wrong staff at the hospital, in others, the letters are not addressed to any staff person and instead are sent to the main hospital address. CMS is aware of this problem and is working with the RACs to resolve the issue as soon as possible.

What can you do to avoid lost RAC correspondence? Contact your RAC today and provide them with the appropriate contact information. CMS requires each RAC to have a web-based system that allows providers to customize their address and

point of contact. Visit your RAC's Web site or call them today to provide your address. We recommend you designate one P.O. box for all RAC correspondence and also take the precaution of informing all hospital staff to watch for RAC-related correspondence. See the chart below for your RAC's contact information.

RAC	Web site	Phone Number
RAC A -- DCS	http://www.dcsrac.com/portal.html	1-866-201-0580
RAC B -- CGI	http://racb.cgi.com/	1-877-316-7222
RAC C -- Connolly	http://www.connollyhealthcare.com/RAC	1-866-360-2507
RAC D -- HDI	https://racinfo.healthdatainsights.com/	1-866-590-5598 (Part A) 1-866-376-2319 (Part B)

What should you do if you receive RAC correspondence at the wrong address? Contact your RAC immediately and provide the correct contact information. Also, make your CMS RAC Project Officer aware of this problem. If you are concerned that you may miss RAC deadlines as a result of incorrectly addressed correspondence, request a deadline extension from your RAC. If your request is not granted, contact your CMS RAC project officer. See the chart below for contact information for your regional CMS RAC project officer.

RAC	CMS RAC Project Officer	Phone Number	Email
RAC A -- DCS	Ebony Brandon	1-866-201-0580	Ebony.Brandon@cms.hhs.gov
RAC B -- CGI	Scott Wakefield	1-877-316-7222	Scott.Wakefield@cms.hhs.gov
RAC C -- Connolly	Amy Reese	1-866-360-2507	Amy.Reese@cms.hhs.gov
RAC D -- HDI	Brian Elza	1-866-590-5598 (Part A) 1-866-376-2319 (Part B)	Brian.Elza@cms.hhs.gov

RAC Web sites. We have shared myriad complaints regarding the RACs' Web sites with CMS, including the lack of organization of posted issues and providers' inability to submit contact information. CMS Project Officers are working with the RACs to correct problems with the contact information sections of their Web sites and the agency has agreed to encourage the RACs to re-organize the posted issues by specific types of audits and claims, and to also include a posting date on the issue. However, the Statement of Work for the RAC program does not require the RACs to improve organization of posted issues on their Web sites. We will continue to encourage CMS to push for these changes to make the RAC Web sites more user friendly.

Inappropriate Additional Documentation Requests

Multiple ADR requests within one 45-day period. In Region C, there was a report of the RAC sending more than one ADR letter within a 45-day period. The ADR limits for fiscal year (FY) 2010 for Institutional Providers issued by CMS on January 28, 2010 prohibit RACs from "making such requests more frequently than every 45 days." When this issue was raised with the CMS, the agency's RAC Project Officer in Region C instructed the RAC to resolve the problem immediately. CMS' ADR policy is posted on AHA's Web site at <http://www.cms.hhs.gov/RAC/Downloads/DRGvalidationADRLimitforFY2010.pdf> If you receive more than one ADR letter within a 45-day period, contact your CMS RAC Project Officer.

Critical Access Hospitals (CAHs). Several CAHs received an ADR letter associated with a DRG validation audit. While CAHs are subject to RAC review, they are not eligible for DRG validation audits because they are not paid on the prospective payment system. CMS has issued a list of all CAHs to each RAC and instructed them to exclude those CAHs from ADRs associated with DRG validations. If your hospital receives an inappropriate ADR, contact your CMS RAC Project Officer.

RAC Program Implementation Update

Hospitals in every state may now be subject to RAC audits because all four RACs have entered into joint operating agreements with the Medicare claims processing contractor in each state.

Automated Audits. All four of the national RACs are conducting automated audits. CMS reports that the RACs have submitted approximately 416 total audit requests and approximately 300 have been approved through CMS' new issues review process. Before proceeding with any audit, a RAC must receive CMS approval and post the approved audit to the Website. Visit your RAC's Web site to view active audits (see Web site addresses listed above).

Complex Audits. The RACs are mainly engaging in DRG validation audits at this time, which involve review of a medical record. CMS has indicated that Coding Validation and Medical Necessity Review (MNR) audits are on hold and have not indicated when those audits will commence.

Re-Review of Medical Records. Please note that RACs are prohibited from re-reviewing medical records in their possession for purposing of conducting MNR audits because CMS has not approved any MNR audits to date. According to the Statement of Work for the RAC program, RACs have 60 days to review medical records and are required to send the provider a review results letter within 60 calendar days of receiving the medical record. Once the review results letter is sent the review for that particular claim is concluded.



Sign-Up For RACTrac

Nationwide Data Collection Begins Next Month. RACTrac, an AHA-sponsored, Web-based survey to track the impact of RAC activity on hospitals, will start quarterly data collection in early April. AHA created RACTrac to track and summarize the impact of RAC activity on hospitals nationwide. RACTrac is designed to provide timely, reliable data that can be used to advocate for changes to the RAC program going forward. AHA opened up RACTrac to a few hospitals in January 2010 to collect data from those experiencing RAC activity in 2009 and found that more than \$11 million in claims had been targeted in the 32 hospitals surveyed. Additionally, the data revealed that nearly 62 percent of surveyed hospitals reported employing additional staff or hiring external resources to manage the RAC process. See attachment A for more information on initial RACTrac findings.

RACTrac Webinar and Enrollment. Join us for the AHA's **RACTrac Nationwide Launch Webinar** on March 25, 2010 at 2 p.m. EST to learn how to sign-up for RACTrac. During the webinar, we will provide an update on the RAC program and an overview of the

*RAC*Trac initiative – including reports on last quarter’s data collection – and give you valuable pointers on how to make your participation in *RAC*Trac a success. Register now at <https://www1.gotomeeting.com/register/860464817>. Please note: Participation in this webinar is limited to hospital administrators only.

You also can learn more about RACs and AHA’s *RAC*Trac initiative by visiting our Web site: <http://www.aha.org/aha/issues/RAC/ractrac.html>.

Further Questions

For more information on the RAC program, visit www.aha.org/rac. If you have further questions, please e-mail Elizabeth Baskett at ebaskett@aha.org or the AHA RAC information line at racinfo@aha.org.