



American Hospital Association

SPECIAL BULLETIN

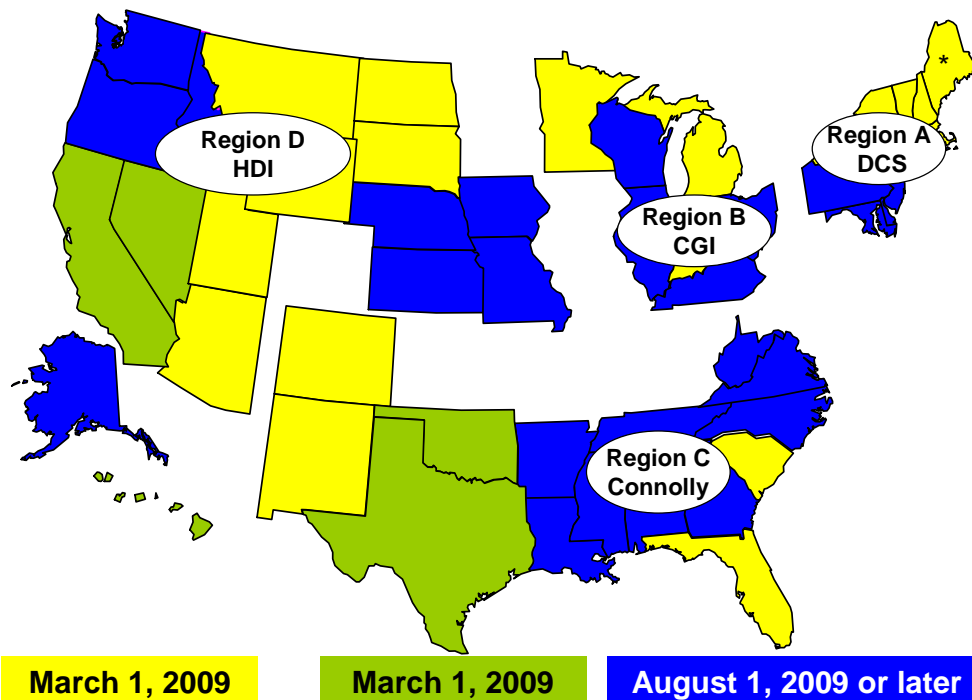
Wednesday, February 11, 2009

Medicare Recovery Audit Contractor Program – Back on Track

As we reported last week, the Centers for Medicare & Medicaid Services (CMS) on February 6 announced that two companies that unsuccessfully bid to become Medicare recovery audit contractors (RACs) had withdrawn their bid protests, allowing the Medicare RAC program to proceed. The protests, filed last November, had placed a temporary hold on all RAC-related activities. CMS also announced that the two companies will serve as subcontractors to the four permanent RACs named last year. As a result, CMS is taking steps to resume its rollout of the permanent RAC program.

In recent discussions with the AHA, CMS provided additional details pertaining to implementation of the program. The map below depicts a revised, two-stage program rollout.

RAC Phase-In Schedule



*VT, NH, ME, MA, RI, CT (J14) Part A claims (including Part B of A) will not be available for RAC review until August 2009 due to the MAC transition. Part B claims in RI will not be available for RAC review until August 2009 due to the MAC transition. All other Part B claims are available for RAC review beginning March 1, 2009.

Due to the delay in implementing the program, the rollout has been shortened from a three-stage process to a two-stage process, as depicted above. CMS will begin the rollout in March with RAC preparation activities and, in March and April, CMS, the RACs and the state hospital associations will host RAC education sessions specifically targeted to hospitals. RAC audit activity is then expected to begin in May.

RACs will be required to complete several administrative actions prior to conducting audits. These include: receiving and processing CMS claims data; entering into joint operating agreements with the claims processing contractors in each state, such as CMS-contracted fiscal intermediaries and Medicare administrative contractors (MACs); and requesting CMS approval through the “new issue review process,” which grants authority for widespread automated or medical necessity review, on a per RAC basis and for each type of claim to be targeted for review.

As reported, the four permanent RACs will collaborate with two subcontractors – PRG-Schultz USA, Inc. and Viant Payment Systems, Inc. Their subcontractor duties will include the following:

- **Viant**. As a subcontractor to Connolly Consulting, the RAC for Region C, Viant will conduct complex reviews of hospital inpatient claims and physician-administered J-codes in North Carolina, South Carolina, Virginia and West Virginia.
- **PRG-Schultz**. PRG Schultz will act as a subcontractor to Diversified Collection Services (Region A), CGI (Region B) and HealthDataInsights (Region D). In this capacity, PRG Schultz will audit Part A/B MAC claims in, Maine, New Hampshire, Vermont, Minnesota, Wisconsin, Idaho, Oregon, and Washington; home health claims in Regions A, B and D; and durable medical equipment claims in Region B.

We urge you to begin preparing for RAC audit activity now. The AHA will update you as we learn more about the revised timeline and implementation of the permanent RAC program.

For more information on the RAC program, visit www.aha.org/rac. If you have further questions, please e-mail RACInfo@aha.org.