

Part B Insider (Multispecialty) Coding Alert

Audits: RACs Corrected Over \$92 Million in Improper Payments Last Year Payments Last Year

The good news? Almost \$17 million of that went back to doctors who had been underpaid.

You may not be in the sights of your local recovery audit contractor (RAC), but that doesn't mean the RACs aren't hard at work. A new CMS report reveals the results of RACs nationwide, and the numbers are surprising. During fiscal year 2010 (the first year when RACs began actively identifying and correcting improper payments under the National Recovery Audit program), RACs collected \$75 million from practices that were overpaid by their Medicare contractors.

On the plus side, RACs do appear to be returning money to practices that were underpaid. During 2010, RACs returned \$16.9 million to practices. All told, they found \$92.3 million in incorrect Medicare payments during fiscal year 2010 (which spans from Oct. 1, 2009 through Sept. 30, 2010), according to the FY 2010 Report to Congress: Implementation of Recovery Auditing at CMS document that was released last week.

Clarification: Many practices dubbed RACs "bounty hunters" because they are paid on a contingency fee basis, which means that they get a percentage of the improper payments that they identify. However, it's important to point out that the RACs collect a contingency fee on money reimbursed to practices as well, the Report to Congress notes. Therefore, RACs should financially be just as motivated to identify underpayments to you as they are to finding overpayments.

Check These Areas Where the RACs Identified Issues

According to the report, the RACs found particular problems that they classified as "top identified issues resulting in overpayments." Keep an eye on these situations at your practice so you know you're reporting them correctly as the RACs are watching:

- Ventilator support of 96 or more hours: The report notes that ventilation hours begin with the patient intubation and continue until the endotracheal tube is removed, the patient is discharged/transferred, or the ventilation is discontinued. However, the Region A RAC found that providers are "improperly adding the number of ventilator hours, resulting in higher reimbursement."
- Incorrect diagnosis coding for operations. The Region B RAC found errors occurring when providers billed principal and secondary diagnoses that were unrelated to the procedure codes for inpatient claims.
- Durable medical equipment (DME) provided during an inpatient stay. If a patient is covered under an inpatient stay, the DME is not separately payable, but some suppliers inappropriately collect separate payments for these devices.

Resource: To read more from the Report to Congress, visit www.cms.gov/Recovery-Audit-Program/Downloads/FY2010ReportCongress.pdf.