

Part B Insider (Multispecialty) Coding Alert

Compliance: RAC 'Bounty Hunters' Turning Their Sights on Medicaid Claims

Fortunately, recent delays give you more time to plan for these audits.

If you thought you had already gotten your fill of recovery audit contractors (RACs) via your Part B claims, get ready for a whole new wave of audits. Thanks to last year's Patient Protection and Affordable Care Act, it looks like RAC auditors will soon be reviewing Medicaid claims as well.

In place for Medicare contractors since 2005, RACs are often referred to as medical "bounty hunters" because they only make money if they collect overpayments from you. Their income is specifically tied to the amount they recover, and is based on a percentage of the overpayments they identify.

"Medicaid RACs are tasked with identifying and recovering Medicaid overpayments and identifying underpayments," the CMS Web site notes. The agency sent a letter to each state's Medicaid director informing them of the RAC audit specifications (www.cms.gov/smdl/downloads/SMD10021.pdf). Initially, RACs were supposed to be in place by April 1 of this year, but that deadline has been extended, says **Mark W. Bina, Esq.**, with Krieg DeVault, LLP in Chicago.

"All states were required to have their RAC programs implemented by April 1," Bina says, "But most states were unable to meet this deadline because of various budgetary and operational hurdles. On February 1, CMS announced the deadline would be pushed back indefinitely."

The new implementation deadline has not yet been set but will be identified in a Final Rule to be published later in 2011, Bina says.

Prepare: Although the Medicaid RAC program has been postponed, it's a good idea to brush up on RAC facts before the audits hit. For example: If a RAC contacts you and indicates that an audit is imminent, you'll want to find out the deadline by which you're required to submit any requested records, as well as the point of contact for the audit.

Appeals: RAC determinations are not the final say regarding whether you'll owe money. State Medicaid programs will be required to have appeal processes in case your practice disagrees with a RAC's findings.

"Under the Proposed Rule related to the Medicaid RAC program, CMS proposed to permit states the 'flexibility to determine the appeals process that would be available to providers who seek review of adverse RAC determinations,'" says **Jessica L. Gustafson, Esq.**, with The Health Law Partners, PC in Southfield, Mich. "Significantly, this means that the appeals process will likely differ from state-to-state," she adds.