

## Part B Insider (Multispecialty) Coding Alert

### Recovery Audit Contractors: CMS Has Yet to Follow Through on RAC Recommendations, OIG Says

**But your MAC will most likely come down on improper payments soon.**

If you've heard that recovery audit contractors (RACs) identified improper payments totaling over a billion dollars, you heard correctly. But if you heard that CMS was making changes to ensure these issues don't happen going forward, you may have gotten bad information.

That's the word from the OIG's report, Medicare Recovery Audit Contractors and CMS's Actions to Address Improper Payments, Referrals of Potential Fraud, and Performance, which the agency released last week to report on whether CMS has taken action based on previous RAC audits.

**Background:** In fiscal years 2010 and 2011, the RACs identified half of all claims that they reviewed as involving improper payments, which totaled \$1.3 billion. Although CMS took corrective actions to address most vulnerabilities it found during those years, the agency "did not evaluate the effectiveness of these actions," the OIG says in its report. "Additionally, CMS did not take action to address the six referrals of potential fraud that it received from RACs," the report notes.

**How this impacts you:** The OIG has asked CMS to start closing in on vulnerabilities and taking immediate action on potential fraud. Therefore, if your MAC was sitting on its hands following RAC recommendations, it could be coming down on your coding and billing habits soon, so make sure you are filing claims properly. To help you pinpoint the most common vulnerabilities as well as tips for dealing with RACs, we've broken down the RAC findings below:

**Most common sources:** The RACs found that two sources alone accounted for a startling 93 percent of improper payments, said the OIG's **David Samchok** during a Sept. 4 podcast on the subject. The first area, Samchok said, was inpatient hospitals, followed by "physician and other medical practitioners, like nurses," he added.

**Most common states:** The RACs found that 23 percent of all recovered or returned improper payments took place in two states. California accounted for \$156 million in such payments, while New York came in second with \$49 million in improper payments, the OIG report noted.

**You should appeal:** Although providers didn't appeal about 94 percent of the RAC findings, those that did appeal were overturned about half of the time in the provider's favor. Therefore, if you're sure that the RAC findings were incorrect, don't be shy about appealing.

**Add-on codes and POS remain at issue:** Most of the problems that the OIG doesn't think CMS has properly addressed based on RAC findings involved Part B payments. This means that CMS will be cracking down on these claims going forward. Among the most common culprits for improper payments were add-on codes without primary codes and incorrect places of service for procedures performed in ambulatory surgical centers or outpatient hospitals, the report noted.

To read the complete OIG report on RACs, visit <http://oig.hhs.gov/oei/reports/oei-04-11-00680.pdf>.

