

Part B Insider (Multispecialty) Coding Alert

RECOVERY AUDIT CONTRACTORS: Defend Against Recovery Audit Contractor Reviews With Solid Documentation

Tip: Know when your states RAC audit rollout is scheduled so you can be prepared.

Recovery audit contractors (RACs) are putting out their feelers as they get back in the game following a five-month hiatus.

The first wave of Recovery Audit Contractors began its rollout in March, noted **Marie Casey** with CMS at a recent trade group conference. The RACs for 24 states had the green light to conduct provider outreach, analyze claims, and send out requests for medical record review beginning last month, Casey noted at the National Association for Home Care & Hospices March on Washington conference March 23.

It's no coincidence that the first wave of RAC audits covers high growth areas like Florida, Texas, and California, says financial consultant **Pat Laff** with Laff Associates in Hilton Head Island, S.C. There is a definite perception within CMS that some of the growth in number of patients shouldn't be happening, Laff notes. While RACs won't be conducting any fraud or abuse-fighting activities, they can address unnecessary services.

CMS has instituted some changes from its RAC pilot project that should lighten the burden on providers, Casey noted in the session. RAC review will be limited to 10 percent of a provider's claims and the look-back period was shortened from four years to three. And RACs can't review claims paid prior to Oct. 1, 2007.

Extra Appeals Step

Providers will also be able to take advantage of a discussion period, which is like an informal appeals step before the official Medicare appeals process kicks in. During this time, the provider can discuss the improper payment determination with the RAC and the contractor can drop it if the provider is convincing, Casey explained.

Experts are hoping that the RAC auditors who aren't well-schooled in their areas of expertise are open to provider explanations. Think of it like getting pulled over for a traffic violation, Laff says: Some police officers will let you go with a warning if your intentions were good, while others will throw the book at you no matter what.

Best bet: The best way to defend your practice against negative scrutiny is to maintain solid documentation that proves the medical necessity of all of your services, and shows that you coded accurately.

Keep in mind: The RAC provider outreach schedule for the next few months mainly targets hospitals and physicians, according to the CMS Web site.

Know your timeline: States in the first RAC wave rolling out now are as follows: Arizona, California, Colorado, Florida, Hawaii, Indiana, Maine, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Mexico, New York, North Dakota, Oklahoma, Rhode Island, South Carolina, South Dakota, Texas, Utah, Vermont, and Wyoming.

Next wave: States in the second RAC wave rolling out Aug. 1 are Alabama, Alaska, Arkansas, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nebraska, New Jersey, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Virginia, Washington, Wisconsin, and West Virginia.

For more on the RAC program, visit www.cms.hhs.gov/RAC.

