

Part B Insider (Multispecialty) Coding Alert

Recovery Audit Contractors: Know These RAC Fast Facts

RACs are just another tool in the government's arsenal to collect improper payments.

You've got so many compliance acronyms flying at you every day that you may not be able to differentiate your RAC from the OIG. Know these quick facts about RACs to stay better informed.

- Recovery audit contractors (RACs) detect and correct past improper payments so CMS and the MACs can prevent such problems in the future
- RACs are hired as contractors by the government, and they can collect "contingency fees," which means that they get a percentage of the amount that they recover from providers who were paid inappropriately. The maximum RAC lookback period is three years, and they cannot review claims paid prior to Oct. 1, 2007
- Between 2005 and 2008, RACs involved in the original demonstration project recovered over \$1.03 billion in Medicare improper payments, but referred only two cases of potential fraud to CMS, according to a February OIG report on the topic, which noted that "because RACs do not receive their contingency fees for cases they refer that are determined to be fraud, there may be a disincentive for RACs to refer potential cases of fraud."
- Unlike RACs, the OIG is a government entity. Although the OIG also performs reviews and audits and seeks improper payments, the OIG does not collect contingency fees.

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