

## Eli's Rehab Report

### Audits :Put RAC Preparation at the Top of Your To-Do List

#### **Inpatient rehab facilities arent the only rehab settings expected to be grilled.**

Theres no question about it -- the Medicare Programs Recovery Audit Contractors are armed and ready to sweep the greater medical community, including rehab providers. In their three-year pilot, RACs racked up a whopping \$1 billion in corrected overpayments, and theyre not stopping there. These medical review bounty hunters are rolling out in 24 states now and will start activities in the remaining states in August (see [www.cms.hhs.gov/RAC](http://www.cms.hhs.gov/RAC) for a list of the contractors and their regions, and scroll down to the Downloads section to see what region you fall in).

#### **RACs to Target HHAs and More**

Previously, rehab providers outside the inpatient hospital setting werent sure if or when RACs would review their claims since high-dollar targets like rehab hospitals were a priority. But now its clear that RACs will be focusing on other settings.

**Case in point:** RACs will be receiving Home Health and Hospice data in the next few weeks, the Centers for Medicare & Medicaid Services said April 14 on its Web site. The RACs havent announced their specific activities for home health agencies and hospices yet, but industry experts expect the low-hanging fruit -- especially therapy -- to be a focus.

One of the easiest targets for the RAC audits would be therapy, since it has a direct measurable impact on payment, predicts consultant **M. Aaron Little** with BKD in Springfield, Mo.

For example, just one denied therapy visit can cost an HHA \$600 if it goes from six to five visits.

Home health agencies may have gotten fast-tracked into RAC participation due to a high-profile report by the Government Accountability Office tracking fraud in high growth states, believes consultant **Tom Boyd** with Rohnert Park, Calif.-based Boyd & Nicholas. Reports of explosive growth in hospice and HHA sectors and high HHA profit margins by the Medicare Payment Advisory Commission probably didnt help matters.

**Stay alert:** If youre in another rehab setting, such as a skilled nursing facility, an outpatient clinic, or even a small private practice, expect to have your data scrutinized by RACs too. If youre submitting claims to Medicare, its 100 percent odds that youll be audited, cautions **Tim Johnson**, executive director of Castle Rock Medical Group, a Denver-based consulting firm that specializes in RACs. It might not happen right away since the contractors will target high-dollar claims first, but as they become efficient, the lower theyll drill down, he says.

#### **Key in to the Newest RAC Stipulations**

When your rehab organization shows up on a RAC hit list, gear up for a claims review hassle. RACs work on a contingency fee basis, meaning they receive a portion of the amount -- from 9 to 12.5 percent depending on the contractor -- that they deny or downcode.

Our results demonstrate that 10 percent to 15 percent of the providers represent 80 percent to 90 percent of the overpayments, RAC Health Data Insights says on its Web site.

**Safeguards:** But unlike in the RAC pilot, CMS is limiting how many records the RACs can review. Audits are limited to 10 percent of a providers claims, and the lookback period was shortened from four years in the pilot to three years, a CMS staffer told the National Association for Home Care & Hospices March on Washington conference last month. (The three-year look back period is based on the claim payment date and not the date of service.)

Plus, RACs may only review claims back to Oct. 1, 2007, Johnson says.

CMS also will require RACs to forfeit any contingency fee for a claim that a provider successfully appeals at any level, the CMS official said.

**Important:** Its never too late to start polishing your billing, documentation, and claims accuracy. Suppose youre in a small private practice and your regions RAC gets to a point where it thinks it can make money off \$50 claims. It could be Oct. 1, 2010, and they can review your claims all the way back to Oct. 1, 2007, under the three year lookback, Johnson points out.

**Note:** An outreach schedule is at [www.cms.hhs.gov/RAC/03\\_RecentUpdates.asp](http://www.cms.hhs.gov/RAC/03_RecentUpdates.asp) -- scroll down to the Downloads section.