

Eli's Rehab Report

News Briefs: Audits: CMS Gets More Excited About Its RAC Program

You may have heard providers in other states lamenting about CMS' Recovery Audit Contractor (RAC) pilot program hounding its facilities. These highly controversial audits that began in 2005 in California, Florida and New York have put many inpatient rehab facilities in the red -- and there's no letting up now.

"Because of the success of the recovery audit contractor pilot, Congress has made the program permanent and required its expansion throughout the country," acting CMS Administrator **Kerry Weems** said.

The evidence: CMS released a report on July 11 showing that the RAC program is "successfully identifying improper payments." The report revealed that \$693.6 million in improper Medicare payments was returned to the Medicare Trust Funds between 2005 and March 2008. RACs collected 85 percent of the overpayments from inpatient hospital providers. Other "principal collections" included 6 percent from IRFs, and 4 percent from outpatient hospital providers.

CMS began the expansion process by initiating a competition for four permanent RACs after the pilot program ended in March 2008, according to the CMS press release. CMS also has developed a strategy to ensure that the RAC program does not interfere with the transition from the existing Medicare claims processing contractors to the new claims processors -- Medicare Administrative Contractors (MACs). This will allow the new MACs to focus on claims processing activities before working with the RACs, according to a report evaluating the RAC pilot program issued July 14 by CMS.

For more information on the RAC program and the evaluation report, visit <http://www.cms.hhs.gov/RAC>.