

Eli's Hospice Insider

Audits: Know These RAC Fast Facts

Recovery Audit Contractors 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 the Centers for Medicare & Medicaid Services and other Medicare contractors 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** more than \$1.03 billion in Medicare improper payments, but referred only two cases of potential fraud to CMS, according to a February HHS Office of Inspector General report on the topic. "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," the OIG said in the report.

- **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.

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