

MDS Alert

MDS & Billing News

Brace yourself for the RACs. The Recovery Audit Contractors (RACs), which receive a bonus every time they recoup providers' Medicare payments, will soon be spreading nationwide.

The Medicare Modernization Act of 2003 required the **Centers for Medicare & Medicaid Services** to establish a RAC program that finds and recovers Medicare overpayments. RACs may review any provider and are undergoing a demonstration project in California, Florida and New York. Section 302 of the Tax Relief and Health Care Act of 2006 makes the RAC program permanent and requires that the program expand to all 50 states by 2010.

In a recent statement of work, CMS indicated that it's planning on expanding RACs nationwide by March 2008.

An individual from the **California Association of Health Facilities** tells **MDS Alert** that the RAC there has reviewed some Part B rehab therapies and blood glucose monitoring in nursing homes.

The **American Hospital Association** has spearheaded opposition to the RACs, a program that remains shrouded in controversy.

In an Oct. 26, 2007, letter to CMS officials, AHA urged CMS to re-evaluate its RAC implementation plan "and pursue a more reasoned approach."

The letter notes that CMS has "not yet performed a complete evaluation of the demonstration program or an overall assessment of the three RAC firms."