

MPC, Inc.
August 2010



CELEBRATING 18 YEARS OF EXCELLENCE

MEDICAL PRACTICE
CONSULTANTS, INC.

Recovery Audit Contractors (RACs) 2010

According to the law, January 1, 2010, was the deadline to have a permanent and national RAC program in place. The national RAC program is the outgrowth of a successful demonstration program that used RACs to identify Medicare overpayments and underpayments to health care providers and suppliers in California, Florida, New York, Massachusetts, South Carolina and Arizona.

The goal of the recovery audit program is to identify improper payments made on claims for health care services provided to Medicare beneficiaries. This is done on a postpayment review. The claim processing contractors are the entities responsible for adjusting the claim, handling collections (offsets and checks) and reporting the debt on the financial statements.

Improper payments may be overpayments or underpayments.

- Overpayments can occur when health care providers submit claims that do not meet Medicare's coding or medical necessity policies.
- Underpayments can occur when health care providers submit claims for a simple procedure but the medical record reveals that a more complicated procedure was actually performed.

The RAC is paid on a contingency fee basis on both the overpayments and underpayments they find.

Health care providers that might be reviewed include hospitals, physician practices, nursing homes, home health agencies, Durable Medical Equipment (DME) suppliers and any other provider or supplier that bills Medicare Parts A and B.

Region C RAC Contractor

CMS awarded Connolly Healthcare the contract to provide recovery audit services and

is tasked with auditing Region C, which consists of the states of: Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, North Carolina, New Mexico, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia and the territories of Puerto Rico and U.S. Virgin Islands.

The RAC employs a staff consisting of nurses, therapists, certified coders and a physician Contractor Medical Director (CMD).

Review Process Overview

The RAC will review claims on a postpayment basis and will use the same Medicare policies as carriers, FIs and MACs. National Coverage Determinations (NCDs), Local Coverage Determinations (LCDs) and CMS manuals will be utilized in determining whether the claim was paid correctly.

Issues identified by the RAC will be approved by CMS prior to a widespread review. Once an issue receives CMS' approval, the RAC will use its own proprietary software and systems as well as its knowledge of Medicare rules and regulations to determine what areas to review. Connolly Healthcare uses data analysis techniques to identify those claims most likely to result in underpayments or overpayments. This process is called "targeted review." Connolly Healthcare will target a claim because the claim contains information that leads them to believe it is likely to result in an underpayment or overpayment.

To prevent interference with potential fraud reviews being performed by other entities, such as CMS, the ZPIC, law enforcement, the

**The best teachers
teach from the
heart, not from the
book.**

~Author Unknown



MEDICAL PRACTICE CONSULTANTS, INC.

Renee M. Brown, President

50 Penn Place

1900 NW Expressway, Suite 625

Oklahoma City, Oklahoma 73118

(405/848-8558)

A MEMBER FIRM OF: Physicians Viewpoint Network

This newsletter is published for our clients and other interested parties. There is no warranty or guarantee that this compilation is error free. Since this information may be of a generalized nature, no final decisions should be made on this information without first seeking professional advice for your specific circumstances.

OIG, etc., suppressed/excluded claims will be uploaded into an RAC Data Warehouse (a Web-based application that houses all RAC identifications and collections). Connolly Healthcare will input claims into the RAC Data Warehouse before attempting to identify or recover underpayments or overpayments.

Types of Reviews – Automated Versus Complex

Automated review – Occurs when a RAC makes a claim determination at the system level without a human review of the medical record.

Connolly Healthcare will communicate to the provider the results of each automated review that results in an overpayment determination and inform the provider of which coverage / coding / payment policy or article was violated. If the review does not result in an overpayment, the RAC may elect to not communicate the results to the provider.

Complex review – Occurs when an RAC makes a claim determination utilizing human review of the medical record. The RAC may use complex review in situations where the requirements for automated review are not met or the RAC is unsure whether the requirements for automated review are met.

Connolly Healthcare will complete its complex reviews within 60 days from receipt of the medical record documentation. There may be some instances where the RAC may request a waiver from CMS if more time is needed due to extenuating circumstances.

The results of the complex reviews will be communicated to the provider (i.e., every review where a medical record was obtained) in a detailed review (a Results Letter), including cases where no improper payment was identified. In cases where an improper payment was identified, the RAC will inform the provider of which coverage/coding/ payment policy or article was violated.

Providers submitting medical records to the RAC should follow the published guidelines found on the Connolly Healthcare Web site at: http://www.connollyhealthcare.com/RAC/pages/record_submission.aspx

Note: Whenever performing complex coverage or coding reviews (i.e., reviews involving the medical record), Connolly Healthcare will ensure that coverage/medical necessity determinations are made by RNs or therapists and coding determinations are made by certified coders.

RAC Appeals

The appeal process for RAC denials is the same as the appeal process for the MAC. When the RAC completes a medical record review (in the case of a complex review) or issues a demand letter (in the case of an automated review), providers then have two options:

1. To initiate a discussion (a “discussion period”) with the RAC.
Or,
2. To file an appeal with the MAC (TrailBlazer).

Tips About Discussion Periods

- Do not confuse the “RAC Discussion Period” with the appeals process.
- This does not “stop the clock” on the 120-day time period during which a provider can request a redetermination (the first-level appeal) from the Medicare contractor on the interest accrued when money is not refunded within 30 days of request.
- Providers may want to track the status of the discussion and be prepared to file a request within 120 days since appeal time frames are critical.
- Providers must initiate a discussion within 15 days of the receipt of a demand letter (in an automated review) or a review results letter (in a complex review). The discussion period does not take away a provider’s right to appeal, nor does it affect his recoupment or appeal time frames.

Connolly Healthcare Envelope

Providers’ office staff, mailroom personnel and medical record departments should be familiar with the appearance and design of the RAC envelope.

Recommendations for Providers

- Check the RAC Web site weekly for new issues and what improper payments were found.
- Conduct an internal assessment to identify if your office is in compliance with Medicare rules.
- Identify and implement corrective actions to promote compliance (e.g., initiate awareness in the mailroom, medical records and Medicare billing departments about RAC requests for medical records and be familiar with Connolly Healthcare’s envelope logo).
- Appeal RAC decisions when necessary.
- Learn from past experiences (i.e., conduct post-audit reviews and have organizational meetings).
- Complete a Provider Contact Form so the RAC knows the precise address and the contact person it should use when sending Medical Record Request letters.

The form is found under the Provider Contact Information tab on Connolly Healthcare’s Web site at: <http://www.connollyhealthcare.com/pdf/Connolly%20Contact%20Information%20Form.pdf>

