

ASCO Fact Sheet
Centers for Medicare & Medicaid Services' (CMS) Recovery Audit Contactors (RACs)

General Information

Why

- Medicare Modernization Act (MMA) Section 306 directed CMS to explore the concept of recovery audit contractors
- Idea is that the contractors will ensure that Medicare dollars are being spent appropriately.
- In November 2006, CMS compiled a report to Congress based on the current RAC Demonstration Project that showed an advantage to having RACs. (The report demonstrated that RACs have the ability to bring money back into the Medicare Trust Fund.)

Who

- RAC contractors are companies or entities that are separately contracted specifically for this CMS initiative. Each entity or company submits a bid to CMS to become a RAC.
- Due to conflicts of interest, existing companies who are currently contracted to process claims for Medicare, Medicare carriers, fiscal intermediaries and Medicare Administrative Contractors (MACs) are ineligible to bid on recovery audit contracts.

What

- To ensure that Medicare dollars are being spent accordingly, the RACs are responsible for identifying underpayments and overpayments and collecting overpayments.
- Once a RAC identifies a problem, the contractor can audit Part A and/or Part B claims.
- The RAC is responsible for performing audits and requesting medical records.
- If an overpayment is identified, the RAC is responsible for pursuing payment from a provider. (If an underpayment is identified, the contractor will work with the carrier/fiscal intermediary to process payment to a provider.)

When

- CMS created a 3-year demonstration project for RACs
 - Demonstration project started in May 2005
 - California, Florida, and New York were the only states included under demonstration project
 - Demonstration project is scheduled to end March 2008
- Tax Relief and Health Care Act (TRHCA) expanded the RAC program to all states by January 2010
- CMS plans to have 4 RAC regions and one permanent contractor per region by 2010.

Current Issues

- Under the original RAC Demonstration Project, contractors were to focus on Part A claims excluding evaluation and management services. However, the RAC scope of work is not limited to Part A claims and Part B claims are an ongoing focus for reviews.
- In Spring of 2007, CMS expanded the demonstration program to include Part A providers in South Carolina, Massachusetts, and Arizona along with states that are serviced by Mutual of Omaha. (CMS states that the demonstration project expansion is limited to Part A inpatient and outpatient hospital claims.)
- CMS has initiated an open bidding process to award the four permanent contractors to cover its four RAC regions. This is very confusing as the contracts for the RACs under the current demonstration program will expire March 2008.

- The RAC program is still a work in progress for CMS and like any new program the kinks and details are still being worked out by CMS.
- Statutory language has expanded the RAC program to all states effective January 2010.
- CMS is in the midst of Medicare Administrative Contractor (MAC) transitions and will now also be faced with the challenge of implementing a RAC expansion, which has the potential to be very confusing for physicians. (15 A/B MAC jurisdictions versus 4 RAC regions.)
- CMS has not released specific details regarding the expansion of the RAC program.

ASCO Activity

- To date, ASCO has made the following recommendations to CMS.
 1. Provide the physicians and specialty societies with information specific to the scope of the RACs. This would include the types of claims RACs can review and what claims they cannot review.
 2. Provide the physicians/providers with more information in the audit notification letter regarding the nature of the audit.
 3. Provide some relief to providers/physicians who have been audited multiple times. Audits are very time consuming and create an administrative burden for the physician and his/her staff. These time intensive audits take the physician away from treating patients; therefore, the number of audits on a provider should be limited. If numerous audits have been performed and outcomes are satisfactory, the provider should not be contacted for further audits.
 4. Provide information in the notification letter about requesting extensions. This is particularly a difficult time for physicians. Providers are attempting to learn the impact of a new Medicare fee schedule, offices are closing their books for the year, updating their systems for 2007, and the holidays are upon them. To know that extensions are available and how to request an extension would be extremely beneficial.
- ASCO has participated in a number of CMS RAC conference calls to explain the burdens faced by physicians who have been subject to audits.
- ASCO has developed a working relationship with CMS and AMA staff to ensure continued monitoring of these issues.