

RAC AUDITS: ARE YOU READY?

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WHO WE REALLY ARE:



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WHAT IS A RAC AUDIT?

- RAC = Recovery Audit Contractors.
- A review of whether improper payments were made by Medicare to a healthcare provider that treats Medicare patients.
- Based on 2 laws from Congress:
 - Medicare Modernization Act.
 - Tax Relief & Healthcare Act of 2006.

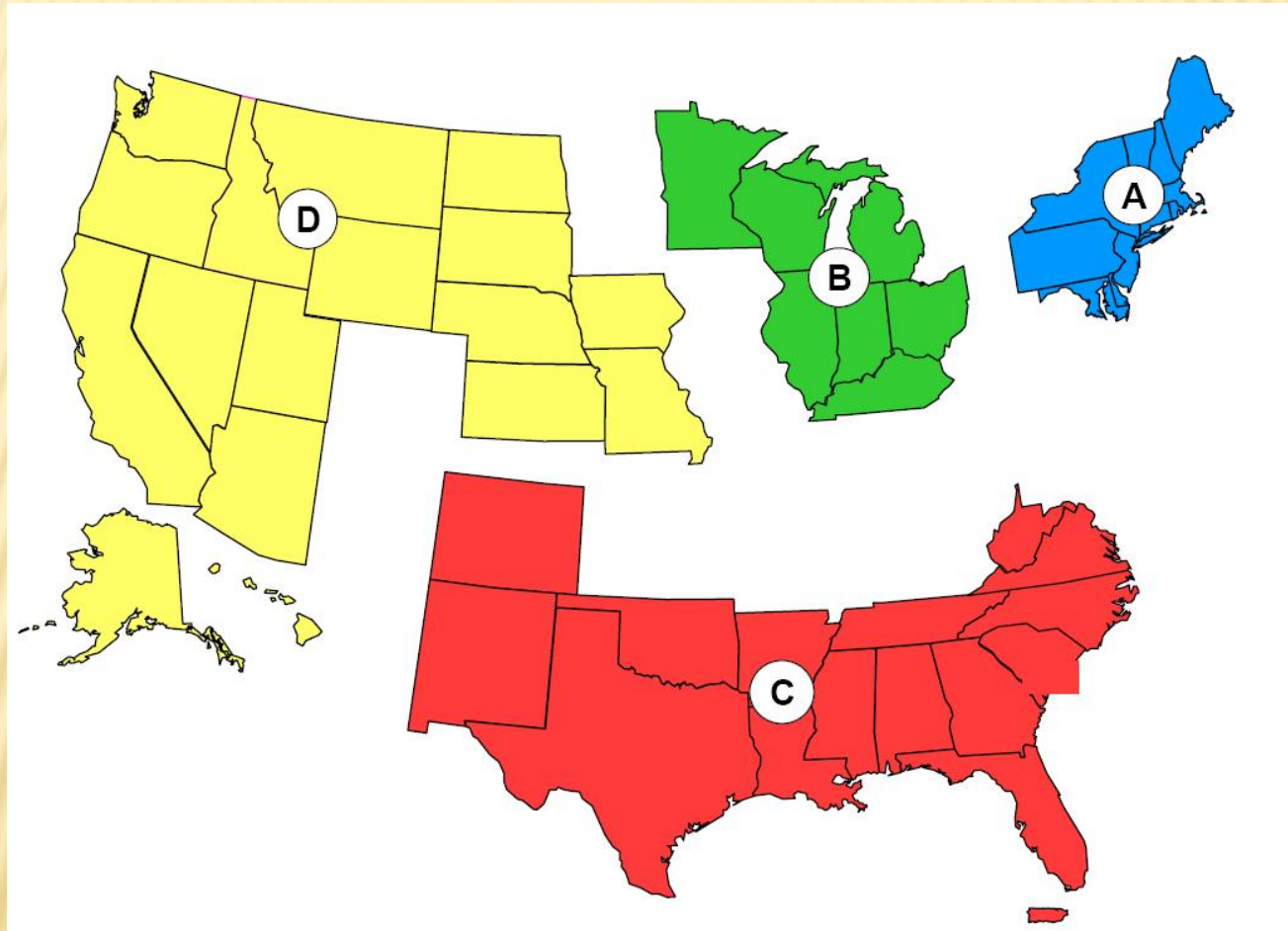
WHAT IS A RAC AUDIT?

- Audits are conducted by an independent contractor.
- Independent contractor collects overpayments and returns underpayments to those providers.
- Independent contractor paid a contingency fee for payments recovered to Medicare.



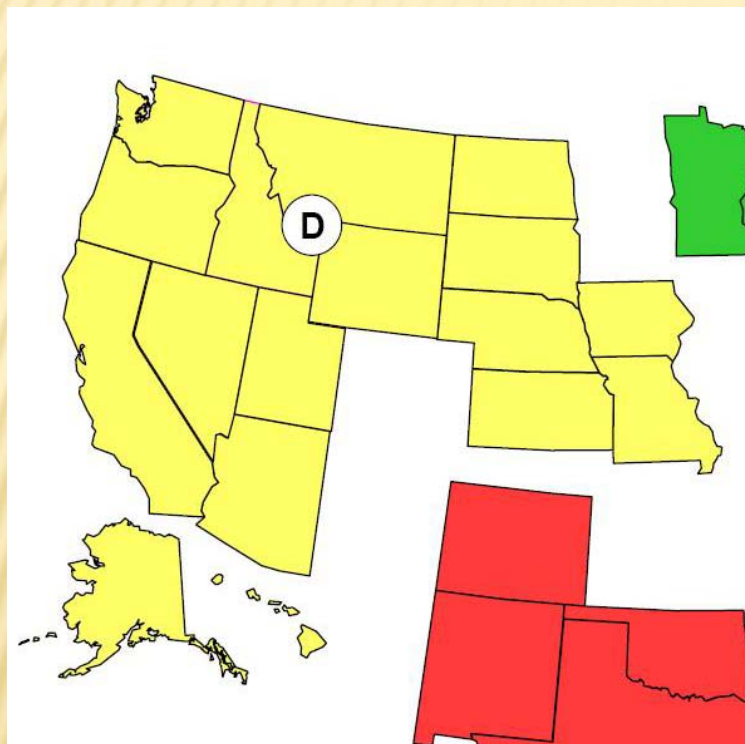
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RAC REGIONS



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REGION D



Utah is in Region D



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REGION D CONTRACTOR:



Health Data Insights, Inc.



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RAC TRIAL DEMONSTRATION

- Trial conducted from 2005-2008.
- States originally targeted: New York, Florida and California.
- \$1.03 billion in over payments were identified.

HDI IN RAC TRIAL

- HDI conducted part of the trial demonstration.
- HDI collected nearly \$400 million in overpayments during the trial demonstration.
- HDI's contingency fee is 9.49%.

HDI IN RAC TRIAL

- Only 28% of HDI's determinations were appealed.
- Of those appeals, the medical provider won over 40% of the appeals.



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LESSON FROM TRIAL:

Appeal!



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RAC AUDIT TIME FRAME

- Audits begin January 2010.
- Audits payments from October 1, 2007.



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DETERMINING OVERPAYMENTS

3 main reasons overpayments determined:

- Medically unnecessary services.
- Incorrect coding.
- Insufficient documentation.



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HOW IS A RAC CONDUCTED?

RAC Audits are conducted in two ways:

- Automated review.
- Complex review.



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AUTOMATED REVIEWS

Computer software used to detect errors:

- Services not covered by Medicare.
- Incorrect Medicare coding.



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COMPLEX REVIEWS



- Review of medical records.
- To do a complex review, HDI must make a record request:
 - 45 days to provide records or get extension.
 - If records not provided, HDI may conclude claims improperly paid.



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AFTER THE RAC AUDIT

- If no over or under payments are found, it is over for now.
- If underpayments are found, you get a check.
- If overpayments are found, you get a demand letter.



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TRISPAN

HEALTH SERVICES, INC.
MEDICARE PART A INTERMEDIARY
A CMS Contracted Intermediary

www.trispan.com

P. O. Box 23046 • Jackson, MS • 39225-3046
1064 Flynt Drive • Flowood, MS • 39232-9570

PROVIDER # [REDACTED]
CERTIFIED MAIL: 7003 3110 0000 7037 8132

[REDACTED]
Nursing Center
[REDACTED]

Re: Notification of Medicare Overpayment

Dear Ms. [REDACTED]

This letter is in regard to the review of your medical records conducted by Cahaba Safeguard Administrators (CSA), LLC, located in Birmingham, Alabama. CSA has determined that you have been overpaid for dates of service [REDACTED] in the total amount of \$940,671.96. Please make your check payable to TRISpan Health Services.

Your check should be sent to:

TriSpan Health Services
Mail Stop Code SS 20N1
Post Office Box 1043
Jackson, Mississippi 39215-1043

Total Overpayments

The total overpayment extrapolated to the universe of claims is \$940,671.96. Be advised that if overpayment amount is based on your interim payment rate in effect at the time the review was completed, further adjustments may be made when your cost report is settled.

What You Should Do

Please return the amount of the overpayment to us by [REDACTED]. If needed, you may request an extended repayment schedule in accordance with 42 CFR 401.607(c). Please contact Eddie Price, Supervisor of Provider Reimbursement at 1-877-635-7596, extension 5975, to discuss repayment options for the full amount of the overpayment determined by the projection of errors found on the 31-claim samples.



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RESPONDING TO DEMAND LETTER

4 options to a demand letter:

- Pay the overpayment.
- Allow recoupment of overpayment with future Medicare payments.
- Apply for extended repayment plan.
- Appeal.



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APPEAL

Six stages of appeal:

- Open Discussion.
- Medicare Administrative Contractor.
- Qualified Independent Contractor.
- Administrative Law Judge.
- Medicare Appeals Council.
- United States District Court.



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OUTCOMES OF APPEAL

- Each appeal level has 3 possible outcomes:
 - Full reversal.
 - Partial reversal.
 - Full affirmation.
- HDI pays back their contingency fee on any reversed claim.

APPEAL NO. 1: OPEN DISCUSSION

- Immediately after receiving demand letter, provider can speak with HDI and try to work out a resolution.



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APPEAL NO. 2: MEDICARE ADMINISTRATIVE CONTRACTOR

- 120 days to appeal after receiving demand.
- Recoupment begins on the 41st day after demand.
- To avoid recoupment, must appeal within 30 days of demand.



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APPEAL NO. 3: QUALIFIED INDEPENDENT CONTRACTOR

- 180 days to appeal after decision of Medicare Administrative Contractor.
- Recoupment begins on the 76th day after decision of Medicare Administrative Contractor.
- To avoid recoupment, must appeal within 60 days after decision of Medicare Administrative Contractor.



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RECOUPMENT BEGINS

- Recoupment cannot be avoided after decision of Qualified Independent Contractor.
- Important Tip: Before appealing to Medicare Administrative Contractor, ask for a repayment plan.



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APPEAL NO. 4: ADMINISTRATIVE LAW JUDGE

- 60 days to appeal after decision of Qualified Independent Contractor.
- Much like a Court hearing.



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APPEAL NO. 5: MEDICARE APPEALS COUNCIL

- 60 days to appeal after decision of the Administrative Law Judge.



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APPEAL NO. 6: UNITED STATES DISTRICT COURT

- 60 days to appeal after decision of the Medicare Appeals Council.



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PREPARING FOR RAC AUDITS

- Adopt electronic medical record system.
- Train staff on proper Medicare billing and coding.
- Educate physicians.
- Review and correct medical records.
- Contact professional liability insurer.
- Engage independent counsel to assist.



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WE CAN HELP PREPARE

- Seminars in February for in-depth training.
- Provide in-house review and training on RAC Audits and Medicare compliance issues.
- Assist with appeal process once a demand letter is received.

RAC AUDITS: BE READY!

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