

## **Updated Information on the Recovery Audit Contractor – Permanent Program**

In 2006, the Recovery Audit Contractor (RAC) Program became permanent and Congress required the program to cover all 50 states by 2010. This decision was made after a successful RAC demonstration project returned dollars to the Medicare Trust Funds through detecting improper payments. Overall, RACs returned \$992.7 million to Medicare from overpayments made to providers and \$37.8 million back to providers from underpayments. The RACs review paid claims for all Medicare Part A and B providers to ensure that claims meet Medicare requirements and regulations. If a RAC determines that a Medicare claim was paid improperly, it can request repayment if an overpayment was discovered or it can request that the provider receive additional payment if an underpayment is found.

The RAC program became permanent after a successful RAC demonstration project. The majority of claims were unaffected by the RAC process under the demonstration project. Only 0.3% of claims were identified as having an improper payment. Providers chose to appeal 14% of the initial determinations and only 4.6% of RAC determinations were overturned on appeal. Under the demonstration program, the majority of overpayments were made to inpatient hospital providers (85%).

With the permanent program, CMS divided the country into 4 jurisdictions and released a Request for Information (RFI) in 2007. A decision was made on the four contractors as follows:

- **Diversified Collection Services, Inc. of Livermore, California**, in Region A, initially working in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and New York.
- **CGI Technologies and Solutions, Inc. of Fairfax, Virginia**, in Region B, initially working in Michigan, Indiana and Minnesota.
- **Connolly Consulting Associates, Inc. of Wilton, Connecticut**, in Region C, initially working in South Carolina, Florida, Colorado and New Mexico.
- **HealthDataInsights, Inc. of Las Vegas, Nevada**, in Region D, initially working in Montana, Wyoming, North Dakota, South Dakota, Utah and Arizona.

Additional states will be added to each RAC region in 2009. RACs are paid a contingency fee based on both the overpayments and underpayments that they find. RACs may request medical records. For physicians (by NPI), the following limits restrict the number of records that a RAC may request:

Solo practitioner – limit of 10 medical records per 45 day period

Partnership of 2 to 5 individuals - limit of 20 medical records per 45 days

Group of 6 to 15 individuals – limit of 30 medical records per 45 days

Large Groups (16+) – limit of 50 medical records per 45 days

Two unsuccessful RAC bidders have protested the contract award with the Government Accountability Office (GAO). The protests have now been settled and the RAC program will proceed under the original timetable. ACRO will continue to keep you updated on national developments in the RAC program. Your local specialty or medical society may also be a resource on issues specific to your state.