

RAC-Recovery Audit Contractors

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Agenda

- 🌐 History of RAC
- 🌐 Who are they?
- 🌐 National Expansion Schedule of RAC
- 🌐 Physician Focus Areas
- 🌐 Tips to help manage a RAC audit



History of RAC

Section 302 of the Tax Relief and Health Care Act of 2006 makes the RAC Program permanent and requires the Secretary to expand the program to all 50 states by no later than 2010. See below for a link to the text of this legislation. www.cms.hhs.gov/rac. This web page describes CMS' strategy for expanding from a 3-state demonstration RAC Program to a 50-state permanent RAC Program.

History of RAC

By 2010, CMS plans to have 4 RACs in place. Each RAC will be responsible for identifying overpayment and underpayments in approximately $\frac{1}{4}$ of the country. The new RAC jurisdictions match the DME MAC jurisdictions.



History of RAC

The goal of the recovery audit program is:

- ➊ Identify improper payments made on claims of health care services provided to Medicare Beneficiaries. Improper payments may be overpayments or underpayments. Overpayments can occur when health care providers submit claims that do not meet Medicare's coding and 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.

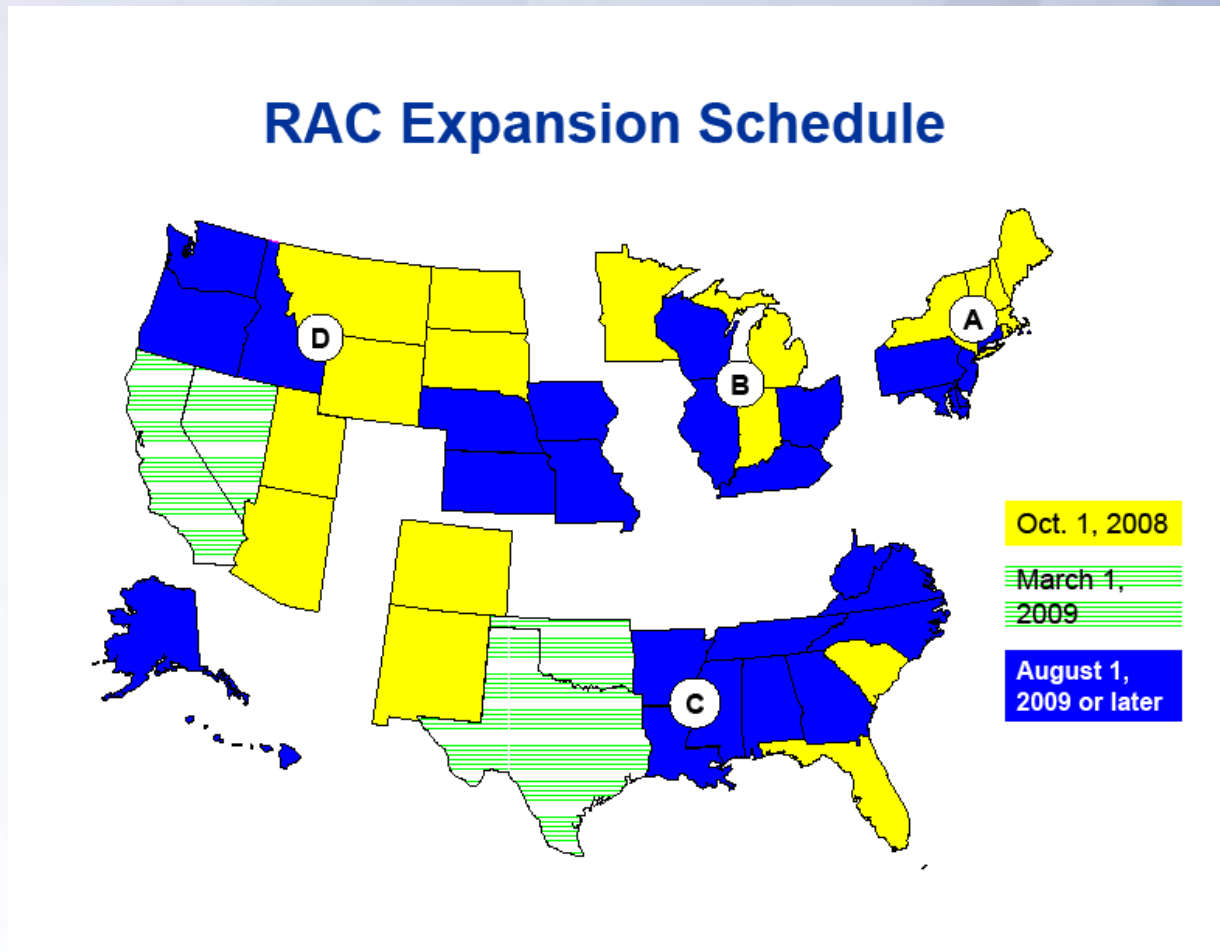


Who are They?

RAC Audit Contractors

- 🌐 Diversified Collection Services, Inc. of Livermore, California - Region A
- 🌐 CGI Technologies and Solutions, Inc. of Fairfax, Virginia - Region B
- 🌐 **Connolly Consulting Associates, Inc. - Region C –North Carolina, South Carolina, 1-866-360-2507 (Viant is a sub-contractor for Connolly Consulting). www.connollyhealthcare.com**
- 🌐 Health Data Insights, Inc. of Las Vegas, Nevada - Region D

National Expansion Schedule of RAC



CMS RAC Review Phase-in Strategy

as of 06/24/09

Earliest possible dates for reviews in yellow/green states

- Automated Review-Black & White Issues (June 2009)
- •DRG Validation-complex review (Aug/Sept 2009)
- •Complex Review for coding errors (Aug/Sept 2009)
- •DME Medical Necessity Reviews-complex review (Fiscal year 2010)
- •Medical Necessity Reviews-complex review (calendar year 2010)

Earliest possible dates for reviews in blue states

- Automated Review-Black & White Issues (August 2009)
- •DRG Validation-complex review (Oct/Nov 2009)
- •Complex Review for coding errors (Oct/Nov 2009)
- •DME Medical Necessity Reviews-complex review (Fiscal year 2010)
- •Medical Necessity Reviews-complex review (calendar year 2010)

Provider Outreach

August 5, 2009 1:30 p.m.

Embassy Suites- Cary, NC

North Carolina Medical Society

CMS & Connolly

www.ncmedsoc.org



NC Medical Society Announcement

Meet the RAC Contractor:

A Discussion with CMS and Connolly Consulting

Wednesday, August 5, 2009

[Embassy Suites, Cary](#)

Important: Please note this is your one and only opportunity to meet the RAC Contractor!

The Centers for Medicare & Medicaid Services (CMS) is providing this Outreach Session to introduce physicians to the state's new RAC contractor, Connolly Consulting, and to provide education about the RAC program. CMS and Connolly will discuss the who, what, where, when, why and how's of the RACs.

The RAC demonstration, appeals process and the 935 Recoupment process will NOT be discussed at this session.

Agenda 12:45pm to 1:30pm. Arrival and registration

1:30pm to 4:30pm. Program Session with CMS & Connolly Consulting

Discuss RAC program background

- Identify RAC processes
- Explain RAC program; Keys to Success
- Identify strategies to prepare for RAC audits
- Introduce Connolly Consulting
- Questions and Answers
-

There is no registration fee for physicians and their office staff. All Others: \$25 fee, payable at the registration table on the date of the meeting. Preregistration is required for all attendees to ensure adequate space.



Physician Focus Areas

- **Evaluation and Management Services-** All evaluation and management services that were billed during a global period, duplicate claims for evaluation and management services, consultations and evaluation and management services billed with procedures are all potentially reviewable by RAC. The review of the level of the visit of some E&M services was not included in the RAC demonstration. CMS will work closely with the American Medical Association and the physician community prior to any reviews being completed regarding the level of visit and will provide notice to the physician community before the RAC's are allowed to being reviews of evaluation and management services and the level of the visit. All evaluation and management services submitted with modifier 24 could be subject to review.
- **Medical Necessity-** RACs will be reviewing claims for medical necessity. Ensure that your services meet the medical necessity edits found in the National Coverage Decisions. Ensure that the diagnosis is adequately documented in the medical record for the patient. (Example: Procedures to Pharmaceutical J Codes). RAC will be looking for complete documentation of medical necessity to support diagnosis, along with the frequency of services, and that the dosage administered is properly documented with each occurrence, and will also review multiple services on the same date.



Physician Focus Areas

- **Unbundling of procedures-** RACs can automatically review for unbundled procedures without a chart review. Keep current with NCCI initiative to ensure that the practice is not billing for more procedures than is appropriate. (Example: Billing for unilateral CPT code twice when another CPT code is applicable for bilateral services billed once).
- **Place of Service Codes-** Ensure that the correct place of service is reported. (Example: billing as an office place of service for provider-based clinics).



Physician Focus Areas

- **Units of Service-** From X-ray to pharmaceuticals injections, ensure that the correct number of units is reported. Excessive units and utilization will be subjective to review.
- **Vestibular function testing-** This was specifically addressed during the demonstration project as other error type (Florida). These services are addressed in Medicare Claims Payment Manual, Chapter 15- *Covered medical and other healthcare services* RAC will be looking for proper ordering guidelines and services performed by qualified personnel, and ensuring sufficient medical necessity is documented. Note: Cigna Government Services does not currently have a LCD for this testing.



Physician Focus Areas

- **Infusion/Injection Coding-** 2009 CPT introduced new code sets for infusion and injection coding. Ensure that documentation guidelines are being followed .
- Ensure that if a infusion is 15 minutes or less that you code IV or intra-arterial push CPT codes.
- Ensure that coding for Hydration, Injection and infusion services have documentation that identifies:
 - Drug or substance provided
 - The route (injection, push, infusion)
 - Length of infusion time- start and stop drip times (not time it takes to leading up to and following the infusion)
 - Diagnosis
 - Ensure that services are medically necessary- Be aware of any LCD's or NCD's associated with administered drugs.
 - Hydration infusions is not reportable in addition to therapeutic, prophylactic, or diagnostic injections and infusions.



Physician Focus Areas

- **Billing for Non-Covered services as covered services-** for example, cosmetic procedures.
- **Duplicate Claims-** Claims billed and paid twice for the same service.
- **High Volume Services-** Any CPT code that is billed at a high volume for any provider regardless if a NCD or LCD exists will be subject to review by RAC.
- **“Incident to”-** RAC will be looking for NP’s or PA’s who perform new patient services for and bill under the physician’s number.



What are They Looking For?

- The types of inadvertent errors leading to improper payments, found by the RACs, include the following examples:
 - A health care provider bills Medicare for conducting three colonoscopies on the same patient on the same day;
 - Payments are made for services that are coded incorrectly – for example Medicare is billed for a certain procedure but the medical record shows that a different procedure was actually provided;
 - A health care provider is paid twice because the provider submitted duplicate claims; or
 - A claim is paid using an outdated fee schedule.



Claims Determinations

- The Recovery Audit Contractors (RAC) will determine which claims to review by using their own proprietary software and systems as well as their knowledge of Medicare rules and regulations to determine what areas to review.
- Under the permanent RAC program, the look-back period for claims review will be limited to three years and no claims with a payment date prior to October 1, 2007, will be reviewed, regardless of the actual start date for the RAC.
- The RACs utilize two processes to identify improper payments: automated and complex. These two review processes are similar to those used by the Medicare claims processing contractors.



Response Time Frames

- If the requested documentation is not submitted within 45 days, the RAC may identify the claim as an overpayment by default.



Physician Medical Record Limitations

- Solo Practitioner: **10** medical records per 45 days
- Partnership of 2-5 individuals: **20** medical records per 45 days
- Group of 6-15 individuals: **30** medical records per 45 days
- Large Group (16+ individuals): **50** medical records per 45 days



Appeal Process

- See Handout for Appeal Process Diagram



Tips to Help Manage a RAC Audit

- 🌐 Organize a RAC Team
- 🌐 Evaluate
- 🌐 Establish an Internal Process
- 🌐 Coordinate
- 🌐 Communicate
- 🌐 Educate



Tips to Help Manage a RAC Audit

- Organize a RAC Team:
 - The team should consist of individuals who will assess and strengthen the current policies and procedures, as may be necessary, and respond to RAC requests. Also, the team may consist of information technology specialists, compliance professionals, legal counsel, medical and nursing staff and other consultants. The provider should identify a point person on the RAC Committee who will lead the team, convene the team, as well as receive and lead the effort in responses to RAC communications; the providers' staff and the RAC Committee should be trained to refer all communications with RACs to this point person.



Tips to Help Manage a RAC Audit

- The RAC Committee may assist in developing the process for the provider to follow when a RAC request for records or demand letter is received. Once the process has been determined, the RAC team should be trained on this process. The process should utilize a tracking component to accurately track dates when records are requested, produced, and when other correspondence or action is taken, including the filing of appeals. The RAC process involves deadlines and time limitations and it is important that these time limitations are honored.



Tips to Help Manage a RAC Audit

Once the provider's RAC team has been assembled,

- Examine the Provider's compliance policies, plans and procedures. If a compliance plan is not in place, the implementation of RACs is all the more reason to create one. "The focus of the RAC program is to reverse improper payments based on coding and billing errors."
- Assess the record management system. Is the system complete and easy to locate? Are the records on-site or off-site? The team should decide who will be responsible for copying requested records for RACs. Will it be internal staff and employees or should the provider hire an external vendor? It is critical that the provider has assessed the record management system and has a process in place for copying records because records not sent to a RAC in a timely basis will result in an automatic finding of an overpayment. If the RAC team or Response Initiator determines that the provider's coding analysis software program is not satisfactory, the RAC team should investigate and install new software.



Tips to Help Manage a RAC Audit

Evaluate

- It is strongly encouraged that providers conduct a risk self-assessment to identify error-prone claims and potentially find missed revenue. This process and other RAC activities should be overseen by a RAC team. The process outlined below can you better identify and correct the root causes of any identified errors:
 1. **Review** data on claims, documentation and coding to identify any patterns of error.
 2. **Audit** a sample of cases related to the pattern
 3. **Share** the findings of your audit with key clinical, financial, compliance, legal counsel, coding, billing and medical records staff
 4. **Develop** and implement internal protocol changes to correct the causes and thereby prevent avoidable errors.
 5. **Monitor** new or revised protocols periodically to assess their effectiveness, and make any modifications as needed.



Tips to Help Manage a RAC Audit

Establish an Internal Process

– Workflow Sheet

1. Initial Audit Letter Received
2. Forwarded to Compliance Officer/Administrator
3. RAC Committee Notification/Meeting
4. Local Coverage Determination Verification
5. Medical Records Due Date
6. Forwarded to Medical Records w/instructions concerning pertinent information to be included
7. Received from Medical Records
8. Committee Review
9. Medical Records Mailing- Fed Ex/UPS w/ Receipt verification



Tips to Help Manage a RAC Audit

Coordinate/Communicate (3 steps)

Step 1- Introduction Training

It is important for all staff members to understand the history and purpose of RAC audits. Review with the staff the implementation maps and who the audit contractor is that has been assigned to your specific area. Review what specific items related to the specialty that they might be reviewing.

Step 2- Process Training

- It is a good idea to make an outline of each position held at the practice and know what part it will play in the RAC audit process if any.
- Plan a staff meeting and go thru the entire process of RAC. Provide copies of all policies, procedures, flow sheets, etc.
- Each employee knows who the compliance officer or RAC team leader is and all contact information.
- Employees should be updated on the RAC process at monthly or bi-monthly staff meetings. It is a great opportunity to provide additional training on areas not properly functioning with RAC request.
- Futuristically you might consider incorporating the RAC process into the job description itself. This step can also be incorporated with your billing policies and procedures/Compliance Plan.

Tips to Help Manage a RAC Audit

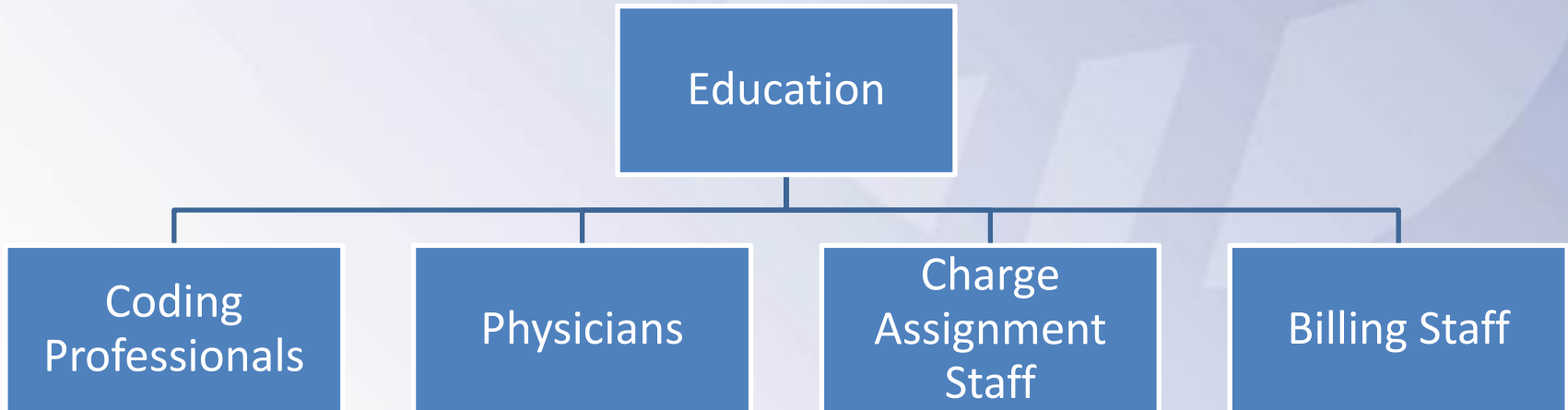
Coordinate/Communicate- (3 Steps)

Step 3- Trial Request

- Practice make perfect!
- It is a good idea to design a trial request by the RAC committee.
- A request for medical records could be designed and sent to the practice. Track each step of the request and make notes on any improvements that could be made to the policy or processed initially set forth.
- As improvements are made with the RAC program you will need to communicate with all employees.
- Please keep sign-in sheets for all staff meetings and training sessions that are provided.



Education!



Preventing Future Improper Payments

Future improper payments can be avoided by analyzing the RACs' service-specific findings. CMS can use this information to implement more provider education and outreach activities or establishing new system edits, with the goal of preventing future improper payments.

Hospitals and other health care providers can use this information to help ensure that they are submitting correctly coded claims for services that meet Medicare's coding and medical necessity policies.

Conclusion

Providers who have not yet experienced a RAC audit should prepare to identify high-risk and high-volume services likely to be targeted. It is also advisable to implement a system to monitor deadlines during the claims review and appeal process. Further, providers should establish procedures for responding to, and proactively defending against, RAC audits. Without proper preparation, providers may lose the only opportunity to reverse improper RAC determinations.



Questions?



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Thank you!!

For more information or to discuss how Dixon-Hughes can assist your practice with the RAC audit process or preparing for RAC audits contact:

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