

CMS Begins New Rounds of Recovery Audit Contracts

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CMS continues its search for new contractors for Medicare's controversial Recovery Audit program. The Recovery Audit Contractors (RACs) audit Medicare payments to hospitals, doctors, nursing homes and other providers and have recouped \$8 billion in improper payments since the program started in 2009. However, providers argue the program creates an unnecessary administrative and financial burden because of the current massive backlog of appeals.

The RAC program has been in flux since February 2014 when the current contracts were set to expire. Due to various technical and legal challenges, the rollout of the new contracts was delayed and the existing RAC contracts were extended.

CMS has pledged improvements would be made with the next round of contracts. These improvements are meant to reduce provider burden and increase transparency. They include limits on ADRs, proposed changes to how the RACs are paid, and timelines for communication with providers. There will continue to be four regional RAC auditors to oversee Medicare claims across the country but also one new national RAC to focus on DME, hospice and home health claims.

So where are we now? On June 2nd, 2016, CMS announced that once again, the agency is in an active procurement process for the next round of RAC contracts. The current RACs have been tasked with completing all outstanding claim reviews in anticipation of the contract transition.

Providers should note these important dates:

- May 16, 2016 – the last day the RACs can send an ADR letter or semi-automated notification letter to a provider
- July 29, 2016 – the last day the RACs can send notice of improper payment to providers (“Findings letters”)
- August 28, 2016 – the RACs will complete all discussion periods in process by this date
- October 1, 2016 – the last day the RACs can send claim adjustments to the claims processing contractor (MACs)

Providers may still receive some correspondence related to current RAC activity during this transition. However, at no time will providers have to respond to ADRs more frequently than 45 days or from two different RACs.