



October 6, 2008

BESLER ALERT – Recovery Audit Contractors (RAC) Implementation Timeline Update

ISSUE

The Centers for Medicare and Medicaid Services (CMS) has updated the timeline for the Recovery Audit Contractors (RAC) implementation. In the Town Hall meeting held on September 22, 2008, CMS reiterated their plans to make improvements to the permanent RAC program which will minimize problems identified during the demonstration program. They also plan to make additional information about the demonstration program available to the public within the next thirty (30) days. Providers need to review all available data on the RAC findings, *including the latest information published in September 2008 on provider appeals*, to identify their own risk areas in claims submission, internal processes, and appeals practices.

On October 6, 2008, CMS announced the selection of the permanent RAC vendors:

- **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.

INFORMATION

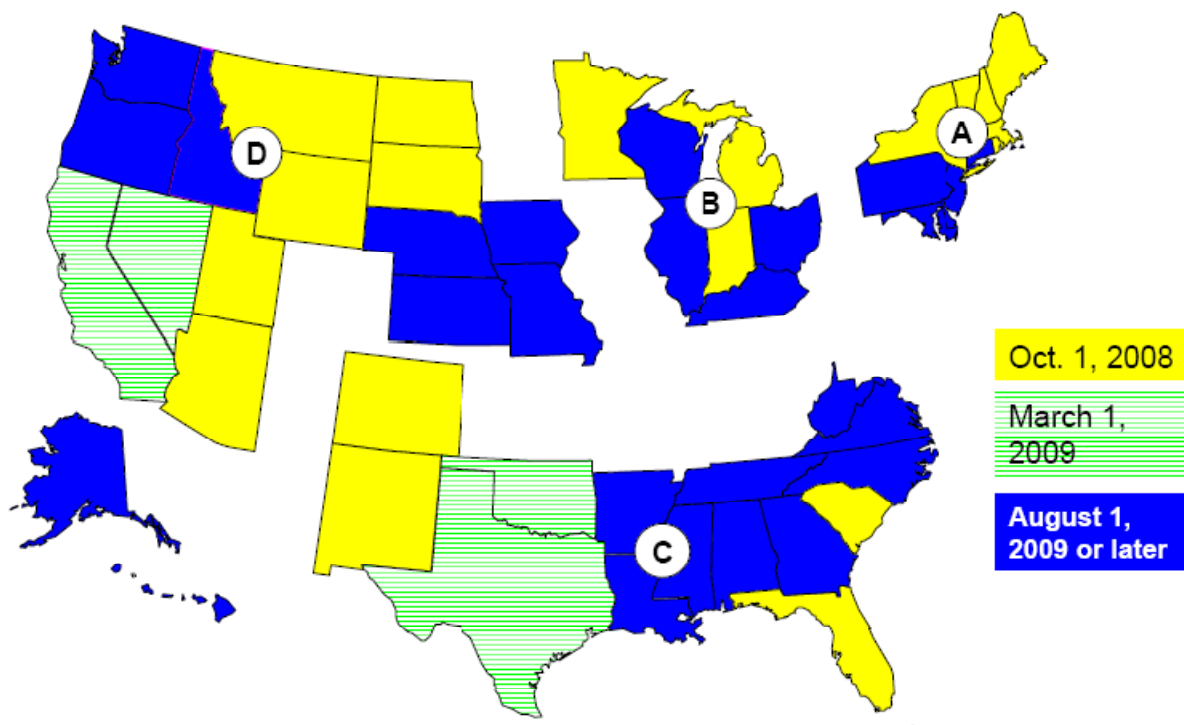
By 2010, CMS plans to have 4 RACs in place. CMS originally announced the timeline for the RAC implementation in August 2007 with the published RAC Scope of Work. The initial rollout consisted of 20 states with a planned March 2008 start date. Four additional states would be added by October 2008 and the remaining states would be added to the RAC process by January 2009. CMS delayed the announcement of the RAC vendors and announced in early September 2008 that the rollout had been pushed back.

As part of the permanent RAC program, CMS plans to require RAC vendors to have a medical director, licensed clinical professionals and certified coders on staff. RAC vendors will also have a limit to the number of medical records they can request from providers each month – these limits will be based on the number of beds in a facility and will be a sliding scale. (CMS has not announced these limits as of October 1, 2008.)

ACTION

With the rollout to some states moving from January 2009 to August 2009, healthcare providers can utilize the additional time to closely examine all risk areas that will be identified by the permanent RAC program. Risk areas already identified in the demonstration program include coding, documentation, Chargemaster and claims submission processes. Understanding the coding for all service areas at risk is NOT ENOUGH – understanding ALL OF THE WORKFLOWS related to the processes effected by the RAC program will help minimize the financial and operational impact to a provider.

RAC Expansion Schedule



BESLER Consulting has extensive experience conducting comprehensive operational and compliance audit reviews. We have already assisted many hospitals with Coding, Medical Necessity, Chargemaster and Revenue Cycle audit services.

Contact us today to learn more about how we can help you TAKE BACK THE RAC TAKEBACKS!

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