



RAC REPORT

American Hospital
Association

Prepared for state, metropolitan and regional hospital associations.
(This report is one page.)

Recovery Audit Contractor Program Update

May 28, 2009

In a meeting this week with AHA, the Centers for Medicare & Medicaid Services (CMS) provided the following updates on the Medicare Recovery Audit Contractor (RAC) Program. In addition, we have highlighted other recent RAC news and resources.

- CMS anticipates the following timeline for RAC audit activity to begin:
 - RAC automatic reviews – late June or July;
 - RAC complex reviews for medical necessity – early 2010; and
 - Other RAC complex reviews (DRG validation and coding) – Fall 2009.
- Attached is the sample demand letter that CMS has provided to the RACs. The demand letter articulates the amount of each overpayment identified by a RAC and initiates the formal Medicare appeals process.
- CMS clarified that providers will have the option to use the RAC discussion period from the date of the RAC Review Results Letter through the date of recoupment of an overpayment – 41 days following the date of the demand letter – rather than only through the issuance of the demand letter. Information on the discussion period and flowcharts for the review results and demand letters are provided in AHA's April 2009 Member Advisory, *RAC Permanent Program Basics*, which is available at www.aha.org/rac. There you also will find the recent AHA RAC Education Series recordings and materials on Medicare appeals, information on AHA's new RACTrac tool and other RAC resources.
- The Government Accounting Office (GAO) is expecting to complete its analysis of the RAC program in November 2009. This analysis was requested in July 2008 by Reps. Rangel, Stark, Pallone, Dingell and Capps. The GAO is evaluating concerns regarding the RAC demonstration program and implementation of the national RAC program.

Further Questions:

For more information on the RAC program, visit www.aha.org/rac. If you have further questions, please e-mail RACInfo@aha.org.