



Handling a RAC Request: 8 Key Things You Should Know

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This is the second in a three-part series on RAC: Recovery Audit Contractors.

Beginning in October of last year, the four Recovery Audit Contractors swung into action in the following states: Maine, New Hampshire, Vermont, Massachusetts, New York, Rhode Island, Michigan, Indiana, Minnesota, South Carolina, Florida, New Mexico, Colorado, Montana, Wyoming, North Dakota, South Dakota, Utah and Arizona. Did you just breathe a sigh of relief because your state wasn't listed? Your reprieve is short-lived as RAC will be in ALL 50 states between now and the end of the year.

When I say that the RACs “swung into action,” what exactly does that mean? It means that they have started to audit providers in order to identify “improper” Medicare payments in the following key areas:

- Payment for services that were **"not medically necessary."** (40 percent);
- Payment for claims that were **coded incorrectly** or were paid using an outdated fee schedule (35 percent);
- Payment for services **without adequate documentation** to support the claim (8 percent); and
- Payment for services in which **duplicate claims** were filed and paid for the same service (17 percent).

There are two kinds of RAC audits:

Automated Audits – these audits are done through each of the RAC's proprietary software and are designed to flag/uncover obvious billing errors (certainty that the service is not covered; certainty that the service is incorrectly coded; or it is a duplicate claim).

Medical Record Audits – with these audits, the RACs request actual medical records to audit. In this case, the RAC feels that there is a high probability of an improper Medicare payment. Medical Record Review audits represent the majority of RAC audits. The balance of this article will discuss how you should handle the RAC's request for records.

8 key things you should know:

1. RACs are only able to review any claims **not previously viewed** by the local Medicare carrier. In other words, RACs are not able to review claims that have already been processed and appealed with the local carrier or fiscal intermediary. As a provider, it is a good idea to perform self-audits and report any improper payments identified to your local Medicare carrier before they are identified by a RAC audit.
2. While RACs are technically able to “look back” at claims **three years from the date the claim was paid**, RACs are not permitted to review claims paid **prior** to October 1, 2007. This means that it will be October 1, 2010 before the full 3-year “look-back period” will be fully in place.
3. There is a **limit to the number of records** a RAC can request at one time. For physician practices, it will be determined based on the size of the practice as follows:
 - a. Solo Practitioner – 10 medical records per 45 days
 - b. 2-5 Providers – 20 medical records per 45 days
 - c. 6-15 Providers – 30 medical records per 45 days
 - d. 16+ Providers – 50 medical records per 45 days
4. Providers are required to **respond** to the RAC request within **45 days**.
5. Providers can request an **extension** at any time **prior** to the 45th day but must provide grounds for the extension request.
6. Medicare does **not** require RACs to reimburse physicians for costs associated with copying medical records. The AMA has formally requested that physicians be paid copying fees for RAC requests but as of this date, that has not been approved.
7. You should identify and put in place a “RAC Request Response” procedure. This procedure should include:
 - a. A system for logging RAC requests. Be sure to take into consideration the request deadline and if an extension may be needed.
 - b. A system for requesting an extension and tracking whether the extension has been approved and what the new deadline is for submission of requested information.
 - c. A system for copying the patient’s complete medical record. (See our efficiency tip to the left for outsourcing your ROI requests).
 - d. A system for submitting the requested records to the RAC.
 - e. A system for tracking the RAC determination date. (See #8 below).
 - f. A system for tracking any appeal.
8. The RAC determination date is 60 days from the RAC’s receipt of your medical record.

Please email us at editor@efficiencyinpractice.com if you have any specific questions about the above 8 steps. In our third and final article in our RAC series, we will be discussing the RAC Appeal Process.

Sue Kay, Senior Consultant at InHealth, is the editor of Efficiency in Practice, the free eNewsletter for medical practice managers who want to save time, money and reduce risk. For more information and to access your FREE report, The 8 Things You MUST Know About CMS' RAC Program, visit www.encyinpractice.com This article can be reprinted freely online, as long as the entire article and this resource box are included.