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## The RAC Program Mission...

- To detect and correct past improper payments
- To implement actions that will prevent future improper payments

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- The *Tax Relief and Health Care Act of 2006* made permanent the Medicare Recovery Audit Contractor (RAC) program to identify improper Medicare Payments – both –
  - Overpayments and
  - Underpayments
- RACs are paid on a contingency fee basis, receiving a percentage of the improper overpayments and underpayments they collect from providers
- From March 2005 – March 2008 the RAC program operated as a demonstration program
  - July 2008, CMS reported that the RACs had succeeded in correcting more than \$1.03 billion in Medicare improper payments:
    - Approximately 96 percent (\$992.7 million) of the improper payments were **overpayments collected from providers**
    - The remaining 4 percent (\$37.8 million) were **underpayments repaid to providers**
- The permanent RAC program is now implemented in all 50 states
- RACs review claims on a post-payment basis
- RACS use the same Medicare policies as Carriers, FIs and MACs
  - NCDs, LCDs, CMS Manuals
- Two types of review
  - Automated (no medical record needed)
  - Complex (medical record required)
- RACS will not be able to review claims paid prior to October 1, 2007
  - RACs will be able to look back three years from the date the claim was paid
- RACS may review provider claims for the following types of services:
  - Hospital inpatient and outpatient
  - Skilled nursing facility
  - Physician
  - Ambulance and laboratory
  - Durable medical equipment
- The RACs use proprietary software programs to identify potential payment errors in such areas as:
  - Duplicate payments
  - Fiscal intermediaries' mistakes
  - Medical necessity
  - Coding
- RACs also conduct medical record reviews
- RACs are required to employ a staff consisting of nurses or therapists, certified coders, and a physician CMD

#### Helpful links:

RAC Website: [www.cms.hhs.gov/RAC](http://www.cms.hhs.gov/RAC)  
RAC e-mail: [RAC@cms.hhs.gov](mailto:RAC@cms.hhs.gov)

NMHA website : [www.nmhanet.org](http://www.nmhanet.org)

See what improper payments have been found in OIG and CERT reports :  
OIG reports: [www.oig.hhs.gov/reports.asp](http://www.oig.hhs.gov/reports.asp)  
CERT reports: [www.cms.hhs.gov/cert](http://www.cms.hhs.gov/cert)