



Related MLN Matters Article #: SE0469

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### *MMA – The Centers for Medicare & Medicaid Services (CMS) Recovery Audit Contract (RAC) Initiative*

#### Key Words

SE0469, CMS, Recovery, Audit, Contract, RAC, Initiative

#### Provider Types Affected

Physicians, providers, and suppliers, especially in California, Florida, and New York

#### Key Points

- This initiative is designed to determine whether the use of RACs will be a cost-effective means of ensuring that affected providers receive correct payments and to ensure that taxpayer funds are used for their intended purpose.
- Contractors selected for this pilot program will identify and collect Medicare claims overpayments that were not previously identified by the Medicare Administrative Contractors (MACs), which include carriers, fiscal intermediaries, and durable medical equipment regional carriers .
  - There will be RACs for both Medicare Secondary Payer (MSP) and non-MSP claims and activity.
  - Compensation for RACs will be provided through retention of a percentage of the overpayment recoveries.
- Claims reviewed by RACs will have been submitted to the carriers/intermediaries at least a year before to ensure that the ordinary processing will have been completed.
- RACs will perform data analysis to identify areas of investigation and request claims history information from the carriers/intermediaries.
- Non-MSP RACs will identify and recover claims overpayments only. They will not be permitted to establish cost report overpayments.
- RACs will apply national coverage policies and Local Coverage Determinations (LCDs) that have been approved by the MACs.

- The collection policies to be applied by this pilot will be the same as those currently in effect for the carriers/intermediaries, including assessment of interest on the portion of any debt that is unpaid 30 days after issuance of the demand letter.
- No new policy will be applied. In addition:
  - Providers will be permitted to appeal any negative determinations to their MAC; and
  - If underpayments are determined, the information will be forwarded to the MACs for processing and payment.
- CMS selected California, Florida, and New York (the states with the largest Medicare benefit payment amounts) as the pilot states for the RACs.
- Each of the three pilot states will have one contractor for non-MSP claims overpayment recovery and another (or possibly the same) contractor for MSP recoveries.

### Important Links

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0469.pdf> on the CMS website.

Providers can find out more about the Medicare Prescription Drug and Modernization Act of 2003 (MMA) at <http://new.cms.hhs.gov/MMAUpdate> on the CMS website.