

Are You Ready for RAC??

WHAT IS RAC? Recovery Audit Contractor program was mandated by congress to detect and correct improper payments in the Medicare program. Section 302, of the Tax Relief and Health Care Act of 2006 makes the RAC Program permanent and requires the Secretary to expand the program to all 50 states no later than 2010. CMS reported that the RAC's had succeeded in correcting more than \$1.03 billion in improper Medicare payments. Approximately 96 percent (\$992.7 million) of the improper payments were overpayments collected from providers, while the remaining 4 percent (\$37.8 million) were underpayments repaid to providers. The RAC demonstration program has proven to be successful in returning dollars to the Medicare Trust Funds and identifying monies that need to be returned to providers. It has provided CMS with a new mechanism for detecting



improper payments made in the past, and has also given CMS a valuable new tool for preventing future improper underpayments and overpayments.

RACs are paid on contingency fee, therefore are

highly motivated to find errors. The program has been criticized as being a "bounty hunt" initiative and challenged. A stop work order was put in effect to all RACs, but since has been lifted and implementation of the program has continued.

WHAT ARE RAC AUDITORS LOOKING FOR??

- Billing for items or services not rendered as claimed.
- Double billing resulting in duplicate payment.
- Billing for medically unnecessary or unreasonable services.

- Billing for non-covered services as if they are covered. (Use of diagnosis not applicable to patient in order to get paid).
- Knowing misuse of provider identification numbers, resulting in improper billing.
- Nonuse or improper use of coding modifiers. (i.e.; Use of 25 modifier on E/M code for an existing condition that physician did not treat for).
- Clustering around mid-range service codes.
- Upcoding.
- Incident-to-type services improperly billed and documented.
- Long-distance E/M services, billing face-to-face when a telephone service provided.
- Use of unlicensed providers for services.

HOW CAN YOUR OFFICE PREVENT RAC's RECOVERY??

Develop an effective compliance program. *Don't think that you are too small to have a proper compliance plan.*

Routine audits and monitoring. *Perform random checks on data being billed for accuracy.*

Denial tracking. *Know what you are doing wrong.*

Stay current with updates. *Know current legislation and guidelines.*

Frequent education and training for physicians and staff. *Demonstrates good faith efforts to comply. Ignorance is not a defense.*



"Don't you think this internal audit's gone too far?"

Periodic documentation and coding audits. *Use outside sources for audits.*

Refund overpayments. Overpayments or duplicate payments are not considered fraud. *Failure to return payments is fraud.*

Voluntary disclosure. *Disclosure of noncompliance should be in writing with overpayment. Must be made within 30 days of identifying the violation.*

Be aware of those bearing gifts. *If it is too good to be true, it is!*

ICD-10 ARE COMING!

The U.S. Department of Health and Human Services has finalized rules for adopting the new ICD-10 code sets for the reporting of health care diagnoses and inpatient procedures. An implementation date of October 1, 2013 has been set which is two years later than the initially proposed date. The new code sets are intended to improve claim and payment processing and support the Medicare initiative for reporting, pay-for-performance, and anti-fraud and abuse activities.

UnitedHealth Group pays \$50 million to settle fraud allegations

Ending a practice doctors say underpaid them and led to higher costs for patients, UnitedHealth Group on Tuesday agreed to pay \$50 million to establish a new database that will be used to determine rates for patients who choose physicians outside of insurance giant's network.

Consumers know the so-called network as the preferred list of doctors.

Patients can get discounts or lower-priced care if they find a doctor within the network.

But allegations against the Minneapolis-based health insurer by New York Attorney General Andrew Cuomo said a UnitedHealth subsidiary known as Ingenix Inc. was rigged to limit payments to doctors and, therefore, forced consumers to pay more. Cuomo also alleged that there was a conflict of interest because UnitedHealth owns the database.

When consumers visit an out-of-network physician, health plans are known to pay 80 percent of the

reasonable and customary rate charged by doctors often in the same geographic area. The patient then pays the rest, which is often less than what the doctor charges. Cuomo and doctor groups say a new nonprofit database will establish reasonable and customary rates.

UnitedHealth provides health benefits to 26 million Americans, including more than 800,000 in the Chicago area. But because other health plans, such as Chicago-based Blue Cross and Blue Shield of Illinois, use the Ingenix database, Cuomo and the Chicago-based American Medical Association say the impact is much broader. Blue Cross of Illinois did not provide a comment.

"During these tough economic times, this agreement will keep hundreds of millions of dollars in the pockets of over 100 million Americans," Cuomo said in a statement.

Whether there was actually underpayment to doctors and whether consumers were short-changed are still in litigation, and UnitedHealth said they would not comment on that aspect of the pending litigation.

UnitedHealth did agree to allow Cuomo to bless an independent nonprofit that would be set up to collect information on the prices charged by physicians and make that information available to health plans in place of the Ingenix database.

The nonprofit also will develop a Web site to educate consumers "more directly about market prices for health care services," the company said.

"We are committed to increasing the amount of useful information available in the health care marketplace so that people can make informed decisions, and this agreement is consistent with that approach and philosophy," said Thomas L. Strickland, executive vice president and chief legal officer of UnitedHealth Group. "We are pleased that an independent not-for-profit entity will play this important role for the marketplace." -- by **Bruce Japsen, Chicago Tribune**

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