

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-06 Medicare Financial Management</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 139</b>	<b>Date: JULY 11, 2008</b>
	<b>Change Request 6089</b>

**SUBJECT: Interaction with Recovery Audit Contractors (RACs)**

**I. SUMMARY OF CHANGES:** The following Change Request is for the Medicare Financial Management Manual pertaining to the RAC National Program. The specific changes involve revising Chapter 4, Section 100.1.

**NEW / REVISED MATERIAL**

**EFFECTIVE DATE:** \*August 11, 2008

**IMPLEMENTATION DATE:** August 11, 2008

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

<b>R/N/D</b>	<b>Chapter / Section / Subsection / Title</b>
<b>R</b>	4/Table of Contents
<b>R</b>	4/100.1/Recovery Audit Contractors (RACs)

**III. FUNDING:**

**SECTION A:** For Fiscal Intermediaries and Carriers:

The work completed by the Medicare Contractors relates to the RAC Program, which is paid from a special apportionment. The CR does not require additional work at this time.

**SECTION B:** For Medicare Administrative Contractors (MACs):

Not Applicable.

**IV. ATTACHMENTS:**

**Business Requirements  
Manual Instruction**

*\*Unless otherwise specified, the effective date is the date of service.*

## Attachment – Business Requirements

Pub. 100-06	Transmittal: 139	Date: July 11, 2008	Change Request: 6089
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**SUBJECT:** Interaction with Recovery Audit Contractors (RACs)

**EFFECTIVE DATE:** August 11, 2008

**IMPLEMENTATION DATE:** August 11, 2008

**I. GENERAL INFORMATION:**

**A. Background:** Change Request is for the Medicare Financial Management Manual pertaining to the RAC National Program. Changes include Chapter 4 Section 100.1.

**B. Policy:** Section 302 of the Tax Relief Act and Health Care Act of 2006.

**II. BUSINESS REQUIREMENTS TABLE:**

*Use "Shall" to denote a mandatory requirement*

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B  M A C	D M  M A C	F I  M A C	C A  I E R	R H  I E S	S h a r e d- S y s t e m M a i n t a i n e r s	F I S	M C S	V M S	C W F	O T H E R
6089.1	Contractors shall start Recovery Audit activities regulated under Section 302 of the Tax Relief and Health Care Act of 2006.			X	X							

**III. PROVIDER EDUCATION TABLE:**

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B  M A C	D M  M A C	F I  M A C	C A  I E R	R H  I E S	S h a r e d- S y s t e m M a i n t a i n e r s	F I S	M C S	V M S	C W F	O T H E R
	None.											

**IV. SUPPORTING INFORMATION:**

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below:**

*Use "Should" to denote a recommendation.*

<b>X-Ref Requireme nt Number</b>	<b>Recommendations or other supporting information:</b>

**Section B: For all other recommendations and supporting information, use this space:**

**V. CONTACTS:**

**Pre-Implementation Contact(s):** Carlos Montoya (410) 786-6040 carlos.montoya@cms.hhs.gov

**Post-Implementation Contact(s):** Carlos Montoya (410) 786-6040 carlos.montoya@cms.hhs.gov

**VI. FUNDING:**

**Unique Funding Situation**

**Section A: For *Fiscal Intermediaries (FIs) and Carriers*:**

The work completed by the Medicare Contractors relates to the RAC Program, which is paid from a special apportionment. The CR does not require additional work at this time.

**Section B: For *Medicare Administrative Contractors (MACs)*:** Not Applicable

# **Medicare Financial Management**

## **Chapter 4 - Debt Collection**

**Table of Contents**  
***(Rev. 139, 07-11-08)***

**100.1– *Recovery Audit Contractors (RACs)***

**100.1- Recovery Audit Contractors (RACs)**

*(Rev. 139; Issued: 07-11-08; Effective/Implementation: 08-11-08)*

*Section 302 of the Tax Relief and Health Care Act of 2006 requires the Secretary of the Department of Health and Human Services (the Secretary) to utilize RACs under the Medicare Integrity Program to identify underpayments and overpayments and recoup overpayments under the Medicare program associated with services for which payment is made under part A or B of title XVIII of the Social Security Act.*

*In calendar year 2008, CMS will be expanding the use of RACs nationwide. All states will be impacted by January 1, 2010. A current RAC expansion map can be found at the following link [www.cms.hhs.gov/RAC](http://www.cms.hhs.gov/RAC).*

*The RACs will be responsible for identifying improper payments. Adjustments of these claims will occur by the Medicare Contractors responsible for claims processing.*