CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 145	Date: January 9, 2009
	Change Request 6273

SUBJECT: Recovery Audit Contractors (RACs)

I. SUMMARY OF CHANGES: This change request updates information pertaining to the RAC National Program. These changes are in Chapter 4, Sections 100.2, 100.3 and 100.4.

NEW / REVISED MATERIAL
EFFECTIVE DATE: *March 13, 2009
IMPLEMENTATION DATE: **March 13, 2009**

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*.

R/N/D	Chapter / Section / Subsection / Title
R	4/Table of Contents
R	4/100.2/Communication with the RACs
R	4/100.3/Overview of the RAC Process
R	4/100.4/Inputting Suppression and Exclusion Cases to the RAC Data Warehouse

III. FUNDING:
SECTION A: For Fiscal Intermediaries and Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements
Manual Instruction

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

Attachment – Business Requirements

Pub. 100-06	Transmittal: 145	Date: January 9, 2009	Change Request: 6273

SUBJECT: Recovery Audit Contractors (RACs)

EFFECTIVE DATE: March 13, 2009

IMPLEMENTATION DATE: March 13, 2009

I.   GENERAL INFORMATION:

A.   Background: This change request updates information from the Medicare Financial Management Manual pertaining to the RAC National Program. Changes include Chapter 4, Sections 100.2, 100.3, and 100.4

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

II.   BUSINESS REQUIREMENTS TABLE:

Use"Shall" to denote a mandatory requirement

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
6273.1	Contractors shall start contacting the CMS RAC Project Officer or applicable RAC contact when questions arise regarding the RAC National Program or their interaction with a current RAC.		X	X	X	X					PSC/ ZPIC
6273.2	Contractors shall provide the CMS RAC Project Officer with the name, phone number, address, fax number, and email address of a primary point of contact (POC) and an alternate POC.		X	X	X	X					
6273.3	Contractors shall provide the CMS RAC Project Officer with the name, phone numbers, address, fax number and email address of a vulnerability POC to handle such issues as local edits, prepay claim reviews, provider education and LCD's and other corrective actions.		X	X	X	X					

Number	Requirement	A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
6273.4	Contractors shall develop a Joint Operating Agreement (JOA) with each RAC in their jurisdiction.		X	X	X	X					PSC/ ZPIC
6273.4.1	The JOA shall be approved by all contractors, the RAC, and CMS prior to February 2009.		X	X	X	X					PSC/ ZPIC
6273.5	Contractors shall provide the RAC with a provider listing on CD or DVD of all provider numbers, names and addresses.		X	X	X	X					
6273.6	Contractors shall input all cases requiring suppression and/or enter claims requiring exclusion into the RAC Data Warehouse.		X	X	X	X					PSC/ ZPIC
6273.7	Contractors shall enter suppression and/or exclusion records immediately after the need for these actions are identified.		X	X	X	X					PSC/ ZPIC
6273.8	Contractors shall keep documentation on file that supports the information they added to the RAC Data Warehouse.		X	X	X	X					PSC/ ZPIC

III. PROVIDER EDUCATION TABLE:

Number	Requirement	A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
	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.

X-Ref Requirement Number	Recommendations or other supporting information:

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), Carriers, and Regional Home Health Intermediaries (RHHIs)*:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

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

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements

Medicare Financial Management
Chapter 4 - Debt Collection
Table of Contents

(Rev. 145, 01-09-09)

100.2 Communication with the RACs
(Rev.145, Issued: 01-09-09, Effective: 03-13-09, Implementation: 03-13-09)

A. RAC Staff:

When Contractors have questions regarding the RAC National Program or their interaction with a RAC, they should contact the CMS RAC Project Officer or applicable RAC contact.

B. RAC Points of Contact (POC):

All contractors shall provide the CMS RAC Project Officer with the name, phone number, address, fax number, and email address of a primary point of contact (POC) and an alternate POC. The point of contact or alternate will be responsible for all communications with the CMS Project Officer and/or RAC. The POC will be contacted to handle overpayment issues such as offsets, status of overpayment collections, and referrals to the Department of Treasury and other questions involving suppression cases, provider address information, status of claim adjustments and status of appeals. In addition, the contractor shall provide the CMS RAC Project Officer with the name, phone numbers, addresses, fax number and email address of a vulnerability POC to handle such issues as local edits, prepay claim reviews, provider education and LCD's and other corrective actions

C. Applications to Assist Communication:

An online *Data Warehouse* has been developed to track Non-MSP overpayments *and underpayments identified by the RAC. For access to the RAC Data Warehouse, email the Central Office contact at* rac@cms.hhs.gov

D. RAC/AC Communication:

All Contractors shall work with the RAC to develop a communication process. This process shall be flexible and shall be reached by a mutual agreement. CMS has several items to assist in the communication efforts:

- *RAC Data Warehouse*
- Indicator code for RAC identified overpayments; and
- System generated flat file of all A/R transactions on a daily basis.
- *Mass adjustment process for FISS*
- *CMS Secure Email*

NOTE: Unless prior approval has been given by CMS, Personal Health Information (PHI) shall not be transferred over the internet, (this includes email**).** *PHI may be transmitted via fax, telephone, mail pager, or CMS secure e-mail.*

E. Joint Operating Agreement (JOA):

All Contractors shall develop a JOA with each RAC in their jurisdiction. The JOA shall be approved by all contractors, by the RAC, and by CMS prior to its effective date. The JOA shall cover all requirements in Pub.100-06, Chapter 4, 100, but may expand upon those requirements and may provide alternative time frames. The JOA shall include communication processes and time frames for adjustments, recoupments, appeals, inquires and receipt of provider names and addresses.

F. Provider Names and Addresses:

All Contractors shall provide the RAC with a provider listing of all provider numbers, names and addresses. This listing shall be placed on a CD or DVD and shall be retrieved from the AC's internal system. If available, the RAC and Contractor may utilize the MDCN lines to transfer the file. At a minimum, the contractor shall update the list every 6 months. The method of transfer and the number of transfers per year shall be included in the JOA.

100.3 – Overview of the RAC Process
(Rev.145, Issued: 01-09-09, Effective: 03-13-09, Implementation: 03-13-09)

The RACs will receive a data file from CMS containing National Claims History (NCH) data about claims that have been processed by the *claims processing contractors* in the appropriate states based on the RAC contract. The RACs will receive a data file updating the NCH data on a monthly or quarterly basis. RACs will enter individual claim information into the RAC Data Warehouse for each claim that contains an overpayment or potential overpayment. Assuming a provider or claim(s) has not been suppressed because of an ongoing post payment medical review investigation, an ongoing fraud or

benefit integrity investigation or a potential criminal investigation, or inclusion in the CERT sample, the RAC will continue with the identification and recoupment process.

100.4 – Inputting Suppression and Exclusion Cases to the RAC Data Warehouse
(Rev.145, Issued: 01-09-09, Effective: 03-13-09, Implementation: 03-13-09)

The AC and the CERT Review Contractor will input all cases requiring suppression and/or enter claims requiring exclusion into the RAC Data Warehouse. The AC can permanently exclude an individual claim or a series of claims, or suppress a provider's entire claim submission or claim type for a period of time not to exceed one calendar year. The following cases require suppression or exclusion:

- *A post payment medical review is in progress; or was already completed (exclusion)*
- *Claims subjected to complex prepayment medical review; (exclusion)*
- *A fraud/benefits integrity review is in progress, or (suppression)*
- *The AC has been instructed by an outside agency (law enforcement, OIG, DOJ) that an investigation is ongoing. (suppression)*
- *Claims originally denied and later paid by an appeal entity (exclusions)*

The ACs shall not suppress or exclude claims that do not meet the above criteria. Claims that the AC is conducting education on should not be suppressed.

All contractors shall enter suppression and/or exclusion records immediately after the need for these actions are identified. After the initial data input, contractors shall consistently monitor the RAC Data Warehouse and update on an as needed basis.

All contractors must keep documentation on file that supports the information they added to the RAC Data Warehouse.

NOTE: Suppression or Exclusion of an entire provider will require CMS approval.