



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

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COMPLIANCE ALERT 11-18

Final CMS Rule: States Must Implement Medicaid RAC program by January 1, 2012

New Rule: The Centers for Medicare & Medicaid Services issued a final rule on September 14, 2011, requiring state Medicaid agencies to implement a Recovery Audit Contractor (RAC) program by January 1, 2012.

Summary of Final Rule: From CMS, "This final rule implements section 6411 of the Patient Protection and Affordable Care Act (the Affordable Care Act), and provides guidance to States related to Federal/State funding of State start-up, operation and maintenance costs of Medicaid Recovery Audit Contractors (Medicaid RACs) and the payment methodology for State payments to Medicaid RACs. This rule also directs States to assure that adequate appeal processes are in place for providers to dispute adverse determinations made by Medicaid RACs. Lastly, the rule directs States to coordinate with other contractors and entities auditing Medicaid providers and with State and Federal law enforcement agencies."

Highlights: The Affordable Care Act requires states to contract with RACs to audit payments to Medicaid providers. Based on feedback to the proposed rule, the final rule:

- limits Medicaid RACs to a three-year look-back period;
- prohibits auditing claims that have already audited;
- requires notification to providers of overpayment findings within 60 days;
- requires states to set limits on medical record requests, and coordinate their RAC efforts with other auditor programs;
- allows States to seek exemption from the Medicaid RAC program and exclude Medicaid managed care claims from RAC review.
- Mandates the RAC employ at least one medical director and that their contingency fees may not exceed the highest Medicare RAC fee.

Action Needed: Facility RAC Coordinators should be on alert for guidance and direction from Hawaii's Medicaid program.

Source: http://www.ofr.gov/OFRUpload/OFRData/2011-23695_PI.pdf
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