

2010 Off to a RAC and Roll Start

1. Connolly Expands RAC Approved Audit Issues for Alabama.

We are only a few weeks into 2010 and Connolly Healthcare ("Connolly") – the Medicare Recovery Audit Contractor ("RAC") for Region C – continues to expand the number of RAC audit issues for Alabama providers. Currently, more than 70 audit issues have been approved ("Approved Issues") by the Centers for Medicare & Medicaid Services ("CMS") – including several new Diagnosis Related Group ("DRG") validation issues concerning skin grafts, wound debridements, digestive system and circulatory OR procedures. (For a complete list of the Approved Issues for Alabama, go to Connolly's RAC website at: www.connollyhealthcare.com/RAC/.) Alabama providers have also reportedly started receiving RAC medical record and documentation requests.

2. CMS Releases Revised FY2010 RAC Documentation Request Limits. CMS recently published revised documentation request limits for RAC DRG validation audits in FY2010. According to the CMS publication, documentation request limits will be set on an annual basis to establish a cap "per campus" on the maximum number of medical records which may be requested per 45 day period.

Limit Per Campus. Recognizing that campus units may consist of one or more separate facilities/practices under a single organizational umbrella, CMS has advised that limits will be based on the provider's Tax Identification Number ("TIN") and the first three positions of the ZIP codes where the provider is physically located. For example:

- Provider A has TIN 123456789 and two physical locations in ZIP codes 12345 and 12356. In this scenario, the two locations would qualify as a single "campus unit" for documentation limit purposes.
- Provider B has TIN 123456780 and is physically located in ZIP codes 12345 and 21345. In this situation, the provider would be considered two distinct entities for additional documentation purposes, and each location would have its own documentation limit.

Limits "per campus" will be set at 1% of all claims submitted for the previous calendar year divided into eight periods (45 days). A provider's limit will be applied across all claim types, including professional services. For example:

- Provider C billed 156,253 claims last year. The provider's additional documentation limit would be $(156,253 * .01) / 8 = 195.31$, or 195 additional documentation requests per 45 days.
- Provider D billed 50,000 inpatient claims, 75,000 outpatient claims, 20,000 SNF covered stays, 20,000 home health episodes of care, 250,000 physician claims, 10,000 inpatient rehab claims and 1,000 hospice claims. The total number of claims for this provider would equal 426,000. The provider's additional documentation limit would be $(426,000 * .01) / 8 = 532.5$. The provider's additional documentation limit would be 532 additional documentation requests every 45 days, if there were no "cap" in place (see below).

CMS does note, however, that RACs may exercise a certain amount of discretion in the exact composition of an additional documentation request. For example, a RAC may request inpatient records up to the full documentation limit, even though the provider's inpatient business may only be a small portion of their total claim value.

FY2010 Caps. For FY2010, CMS has advised that two documentation "caps" will be used. Through March 2010, the cap will remain at 200 additional documentation requests for 45 days for all providers. However, from April through September 2010, providers who bill in excess of 100,000 claims to Medicare (per TIN for all contractors) will have a cap of 300 additional documentation requests per campus unit, per 45 days. Furthermore, starting in July 2010, RACs may request permission to exceed the cap limit. Automatic approval will not be granted for "expanded" cap requests. Rather, RACs must request approval on a case-by-base basis and affected providers will be notified prior to receiving additional documentation requests.

For additional information regarding these FY2010 documentation limits, go to the CMS RAC website at: www.cms.hhs.gov/RAC/.



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