Medicare RAC Program Is Back on Schedule

BY MARY ELLEN SCHNEIDER

The controversial Medicare Recovery Audit Contractor program is continuing as planned after federal officials cleared up some contracting disputes.

The rollout of the permanent, national Recovery Audit Contractor (RAC) program is now proceeding, with the full implementation of the program expected across the country by Jan. 1, 2010.

Under the program, Medicare contracts with private companies to identify and correct improper payments—both over- and underpayments—made through the Medicare fee-for-service program. The contractors will be paid on a contingency fee basis for both the over- and underpayments that they identify. In addition, each RAC must employ a full-time medical director to assist in claims review.

During its demonstration phase, the RAC program came under fire from physician testers who said it added administrative hassles and placed the burden on physicians to prove that payments they received were correct.

Last November, officials at the Centers for Medicare and Medicaid Services imposed an automatic stay on the program due to protests filed by two contractors who bid unsuccessfully to be part of the program. Under federal statute, the disputes were reviewed by the Government Accountability Office and a decision was issued in early February. As part of the settlement, two subcontractors have been retained to work with the four RACs announced last October.

With the RAC program back on track, the CMS will resume provider outreach activities over the next few months. ■