



Recovery Audit Contractors

by Dr. Joe DiBenedetto, Jr., M.D.
 Medical Director, Oncology Associates

The Medicare Modernization Act (MMA) directed CMS to explore the concept of Recovery Audit Contractors (RACs). The idea is to ensure that Medicare dollars are being spent appropriately and spent accordingly. The RACs are responsible for identifying Medicare underpayments and overpayments and collecting overpayments. The RACs do so by performing chart audits and requesting medical records.

CMS initially created three demonstration projects for the RAC. The demonstration projects were started in May 2005 and included California, Florida and New York. CMS reviewed the RAC data in

November 2007 and concluded that 3.9% of Medicare payments were improper. There were 91% overpayments and 9% underpayments. The RAC collected \$357.2 million in overpayments and repaid \$14.3 million in underpayments.

CMS has now gone from this pilot program to a permanent program and requires that a permanent nation-wide RAC program be in effect by January 1, 2010. There will be competitive bidding to select 4 regional RACs. Oncology Associates will keep our physicians informed about further information specific to the scope of the RACs as this process evolves.

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