

The Recovery Audit Contractor (RAC) Program

The California Department of Health Care Services (DHCS) wishes to notify all California Medical providers of the Recovery Audit Contractor (RAC) Program. Section 6411(a) of the Affordable Care Act amended section 1902(a) (42) of the Social Security Act to require that States and territories establish Medicaid RAC programs. The RAC program's mission is to identify and correct improper Medicaid payments through the collection of overpayments and reimbursement of underpayments made on claims for health care services provided to Medicaid beneficiaries. The program will enable the Centers for Medicare and Medicaid Services (CMS) to implement actions that will prevent future improper payments in all 50 states.

DHCS has contracted with Health Management Systems, Inc. (HMS) to act as the RAC for the State of California. For over 25 years, HMS has worked in the Medicaid claiming environment to audit, identify, and recover improper Medicaid payments for both Fee-for-Service (FFS) and managed care populations. HMS's mission is to help protect the integrity of government-sponsored health and human services programs.

HMS will perform desk and field audits for selected FFS Medicaid claims paid within the last three years. HMS will contact the providers whose claims have been selected for review for the RAC audit. After the initial contact, providers may receive letters from HMS requesting medical records for further review. DHCS urges all providers to treat HMS in the same manner as DHCS or any other government or law enforcement agency. Providers need to furnish accurate and complete contact information, and access to medical records. Failure to comply with the medical records request from HMS will be considered an error and may result in an overpayment recoupment from providers. Providers can submit medical records documentation to HMS via secure fax, mail, or encrypted media.

California has made a commitment to educate providers impacted by the RAC Program. The following web resources are available to gain a better understanding of what to expect from the contractor, and the program:

The HMS Medicaid RAC website: <http://www.medicaid-rac.com/>

http://www.dhcs.ca.gov/individuals/Pages/AI_MRB_RAC.aspx

Providers can also contact HMS Provider Services at info@hms.com or (855) 699-6290.

Providers may also contact the DHCS RAC program at RAC@dhcs.ca.gov for more information.