

# RAC Program Rollout Is Back on Schedule

BY MARY ELLEN SCHNEIDER

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

The rollout of the permanent, national Recovery Audit Contractor (RAC) program is 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 the errors they identify. Also, 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. The disputes were reviewed by the Government Accountability Office,

and as part of the settlement, two sub-contractors have been retained to work with the four RACs.

The RAC program was mandated by Congress as part of the Medicare Modernization Act of 2003 and began as a demonstration project in six states. The project resulted in the return of more than \$900 million in overpayments in 2005-2008 and nearly \$38 million in underpayments, according to the CMS. ■



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