

Medicare waste, fraud & abuse

The AMA strongly believes that the vast majority of physicians are honest and make a good faith effort to comply with Medicare program requirements. Unfortunately, many of the federal government's efforts to address waste, fraud and abuse add unnecessary costs and burdens for honest physicians focused on patient care. The AMA works to ensure that the federal government's program integrity policies are equitable.

Read AMA letters to learn more about the depth of involvement into the issues of fraud and abuse.

Targeted Probe and Educate

The Centers for Medicare and Medicaid Services (CMS) established the Targeted Probe and Educate (TPE) process in response to physicians concerns about how the Medicare Administrative Contractors (MAC) selected claims for review. TPE uses data analytics to target only those physicians who have high denial rates or unusual billing practices.

Additionally, the focus of TPE is on educating physicians about billing errors rather than recovering payments. Physician can go through up to 3 educational rounds of the TPE process before the MAC for their region refers their case to the RACs. The majority of those that have participated in the TPE process increased the accuracy of their claims.

Medicare Recovery Audit Contractors (RAC)

Congress created the RAC program to help identify improper Medicare payments. RAC auditors are private contractors paid a commission by the government to:

- Identify overpayments or under payments
- Recoup overpayments or return underpayments

Unfortunately, bounty-hunter-like incentives cause physician practices undue hardship, expense and time away from patients. The AMA strives to make sure that CMS implements the RAC program in an

equitable manner.

AMA-Advocated RAC improvements

- RACs are required to maintain an accuracy rate of at least 95%. Failure to maintain this accuracy rate will result in a progressive reduction of the RACs ability to request medical records from physicians.
- If claims are overturned on appeal, RACs must pay physicians interest calculated from the date of recoupment.
- CMS shortened the timeframe a RAC can go back and recover monies from 4 years to 3.
- RACs must have certified coders.
- RACs can request up to 10 medical records per single practitioner within a 45-day period, but current advocacy seeks to lower the amount to no more than 3 within a 45-day period.
- CMS will place a lower limit on the number of medical records a RAC may request of a physician with a low denial rate. CMS will also allow RACs to request more medical records from physicians with higher denial rates. The medical record limits will be adjusted as a physician's denial rate decreases. Therefore, a physician who complies with Medicare rules will have fewer RAC document requirements.
- RACs are required to have a physician contractor medical director and are encouraged to have a panel of specialists available for consultation.
- RACs must maintain a web presence where physicians can look up the status of audits involving medical record reviews.
- RACs must reimburse physicians for the cost of printing and mailing medical records.
- Topics reviewed by each RAC (referred to as vulnerabilities) must be approved by CMS and posted on their respective websites.
- Proposed review topics are posted on the CMS website for 30 days prior to approval so that physician groups can weigh-in.
- RACs will not receive contingency fees until after the second level of appeal and contingency fees must be paid back if the RACs ultimately lose on appeal.
- An independent external validation process is now mandatory to help ensure audit areas are appropriate.
- RACs must offer physicians the chance to discuss improper payment identification with the contractor medical director.

Go to an interactive map for information about your RAC contractor. Read more about the AMA's advocacy efforts to refine and improve the RAC program or visit the CMS website to see the latest changes.

Overturn an audit

For those looking to overturn an audit, the AMA created an Medicare Recovery Audit Contractor Program Appeals Fact Sheet (PDF, members only) to help with the process. For concerns or suggestions with RAC or Medicare Administrative Contractor (MAC) review process, reach out to the RAC Provider Coordinator at MedicareMedicalReview@cms.hhs.gov or the Medicare Administrative Contractor at RAC@cms.hhs.gov.