

DEPARTMENT OF HEALTH & HUMAN SERVICES
CENTERS for MEDICARE & MEDICAID SERVICES
7500 Security Boulevard, Mail Stop AR-18-50
Baltimore, Maryland 21244-1850



Provider Compliance Group

Richard Kathrins, Ph.D.
Chair, AMRPA Board of Directors
President and CEO Bacharach Institute for Rehabilitation

Dear Dr. Kathrins:

Thank you for your letter regarding the activities of the Recovery Audit Program related to Recovery Audit Contractor (RAC) review of Inpatient Rehabilitation Facility (IRF) Stays. The Centers for Medicare & Medicaid Services (CMS) recognizes that you have cited concerns regarding RAC reviewer credentialing, duplicative review, audit scope, potential appeal timeframes and a perception of poor IRF auditing in the past.

Per the RAC Statement of Work (SOW), each RAC is required to employ a Contractor Medical Director (CMD) responsible for overseeing the medical review process and providing clinical expertise and judgment. In addition, each RAC is required to employ therapists and other clinicians with previous experience in medical record review. Therapists are required to have current therapy licenses in the United States. The RAC ensures that license is current. All RAC clinicians are expected to review medical records for medical necessity. In addition to the Medical Director, the RACs often utilize the expertise of a panel of clinical specialists, for consultation when performing medical review of high complexity.

Rather than duplicative in nature, CMS has made every effort to ensure RAC reviews of IRF claims are consistent with other medical review contractors. The current RAC review guidelines for IRF were developed upon consultation with, but not limited to, CMS subject matter experts, MAC CMDs, and in alignment with industry standards, as well as CMS issued guidance. Further, according to the RAC SOW, the RACs have been tasked with reviewing “all claim types” including IRF.

While past IRF reviews conducted under the RAC Program may have been broad in scope, the newly proposed review is succinctly focused on determining if the inpatient hospital services furnished to a patient in an inpatient rehabilitation facility are medically reasonable and necessary. The review guidelines to be applied follow the criteria for meeting medical necessity which is explicitly prescribed by CMS Publication 100-02, Chapter 1, §110 – Inpatient Rehabilitation Facility (IRF) Services.

Like all RAC reviews under the current RAC Program, the IRF review guidelines have been thoroughly vetted through CMS’s standardized approval process to ensure that all RAC reviews of IRF claims do not conflict with Medicare policy. All identified improper payment determinations shall be communicated clearly and concisely by the RACs to the provider.

In regard to potential appeals, from the award of the current RAC contracts in October, 2016 new appeals of RAC reviews have remained low, with no appeals reaching the Administrative Law

Judges, as of yet. It is CMS' hope that with the institution of the current SOW, established with award of the current RAC contracts, a succinct scope, a thoroughly vetted set of review guidelines developed in collaboration with the CMS MACs and which directly follow the Medicare Benefit Policy Manual, very few RAC reviewed IRF claims will enter the appeals system.

The goal of the RAC Program remains identification of improper Medicare payments which will ultimately, ensure the accuracy of Medicare payments and strengthen the integrity of the Medicare Program. The CMS is committed to reducing provider burden, especially in relation to the review process and therefore, we especially appreciate your attention to the posting of proposed and approved RAC reviews, as well as valuable feedback on such.

The CMS takes your concerns seriously; your feedback is appreciated and has been considered thoroughly. It is our responsibility to ensure Medicare claims are paid accurately and we continue to pursue the goal of paying the claim right the first time. If you have additional questions or suggestions please do not hesitate to contact me.

/s/

CDR Brian Elza
Director, Division of Recovery Audit Operations