



# Out of Context

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## Testing Your RAC Defenses: How's Your Technology Working For You?

By Dr. Margaret Klasa

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It is often said that the best defense is an offense. This adage has been applied to many situations but when it comes to dealing with the RACs, the best defense is a proactive defense. Medicare providers should be ready to use their entire arsenal to protect their cash flow and be able to rectify any reimbursement short-comings at a moments notice.

Automated RAC reviews have started and the Centers for Medicare & Medicaid Services (CMS) already approved seven issues for RAC Regions C and D to target. This means that half the states in the US are now facing RAC automated reviews based on excessive utilization, once in a lifetime and age specific procedures.

The automated RAC reviews will be the first test of a provider's readiness to tackle RAC audits. The issues approved by CMS are those based on National Coverage Decisions (NCD), Local Coverage Decisions (LCD), American Medical Association (AMA) guidelines and CMS publications. In other words, issues that a provider should already be familiar with and are accessible through various publications such as the CMS website databases.

If providers are aware of the issues approved for RAC reviews, why are these issues being targeted in the first place? The answer is that awareness does not translate to a claim being billed out correctly by a provider. Procedure codes with age and once in a lifetime limits slip through the cracks at the provider's claim point of origin and are often paid by CMS. The initial RAC demonstration project resulted in a large amount of recoupment of overpayments to providers by CMS based on similar issues.

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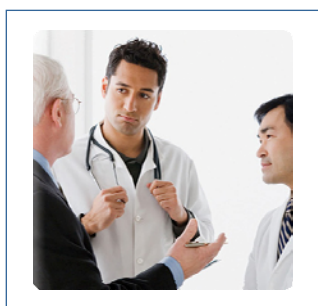
*“Often time providers are not using the technology available to them through their reimbursement software to safe-guard against billing errors...”*

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The first wave of automated RAC audits will highlight any deficiencies in a provider's reimbursement process. Ignoring recurring denials, not addressing correct billing practices, and not having an efficient review cycle will now be even more costly to a provider. RACs are paid on a contingency basis, meaning they get paid a percentage from the amount that is recouped from providers. This will ensure an aggressive audit scenario.

Often time providers are not using the technology available to them through their reimbursement software to safe-guard against billing errors that can leave them open to a large amount of recoupment by a RAC audits; therefore, devastating a provider's monthly cash-flow. Utilizing existing software capabilities will be a key to defending against RAC audits. Clearly communicating business needs to their software vendors and being able to tailor their software to any denials or RAC audit findings will preserve a provider's cash-flow and not leave them open for continuous RAC audits. No longer can billers rely on reminders and billing tips on sticky notes or printed sheets posted in front of them to ensure billing compliance.

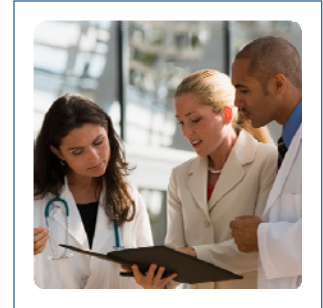
Overhauling an existing reimbursement system that is built on custom software or purchasing expensive vendor service contracts may not be an option that most providers can afford in these economic times. For those providers, an online claim reviewer may be the answer. Most web-based claim reviewers or claim scrubbers are based on pay per usage. Not having to purchase and install new software to integrate with existing software and changing reimbursement work-flows can be both a time and money saving alternative. Web-based solutions can also offer a provider a look at their pre-RAC audit risks by reviewing claims already paid by CMS and can also provide various detailed reporting to examine billing error patterns. Because claim review software is based on ever changing resources such as NCDs, LCDs, AMA guidelines and various CMS publications, a provider may not have the time or the resources to keep up with and incorporate into their reimbursement system.



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Software vendors also offer applications that can track and manage the time-frame driven RAC Audit process from Demand letters to the Medicare Appeals process. These applications can generate and retain all RAC correspondences such as letters, emails and calls and can electronically store medical records requested by the RACs. This will be crucial once complex audits requiring extensive medical records are rolled out to providers from the RACs. Providers utilizing such applications can easily access medical records and correspondences electronically and eliminate the need to store hard-copy piles of medical records and letters. HIM Department personnel can access the application and eliminate the need of creating spreadsheets or other methods that can not be access by all personnel in the department or provide a time-frame tracking process. Most of these software applications can also be utilized to manage other types of audits such as the Medicare Administrative Contractor (MAC), the Office of Inspector General (OIG) audits, Medicaid Integrity Contractors (MIC), Medicare Fraud Units and other numerous auditing bodies

The RACs will utilize proprietary software of their own for automated reviews of claims. They will use all technology available to them to find errors that providers have made in order to be paid. Providers in turn should examine and make available to them all their current reimbursement system has to offer or look into a web-based RAC solution such as an online claim scrubber. Providers must be vigilant in their defense against RAC audits since this is a permanent CMS program that can cost them in the long run if they are not prepared.



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## Context<sup>4</sup> Healthcare RAC Solution Overview

*By Mark Earles*

For more than 15 years, Context<sup>4</sup> Healthcare Inc. has been serving healthcare providers in speeding and perfecting claims processing. ClaimsEditor<sup>®</sup> RAC Audit solution is an online tool that allows providers to upload their claims in various electronic formats. Providers are able to quickly assess their pre RAC audit risk and liability on claims already processed and paid by Medicare and keep an ongoing audit of claims going forward.

ClaimsEditor<sup>®</sup> RAC Audit is the most advanced and comprehensive clinical editing technology available to healthcare providers. It helps ensure that claims are properly coded and are in accordance with Medicare rules and regulations. ClaimsEditor<sup>®</sup> RAC Audit examines the whole claim and identifies procedure-to-diagnosis mismatches, unbundling occurrences, and use of nonspecific diagnosis codes, global service violations, potential unbilled revenue, and many other problem areas that RACs audit for. Providers are able to quickly assess their audit risks once claims are uploaded.

ClaimsEditor<sup>®</sup> RAC Audit allows for rapid ROI due to no hardware investment and integration. Its capabilities and functionalities include the following and more:

- SaaS solution: A secure web correction portal, allowing a provider to correct a claim online.
- Spares providers an investment in hardware and has no integration costs.
- Complete editing system including: Correct Coding Initiative Violations, Procedure/Diagnosis Relatedness, Code Validity, Utilization Errors, Billing Oversights, Support Documentation Requirements, Global Period Violations, NCD, LCD, DME, Medical Necessity, and many more.
- "Clinical editing" as opposed to "technical editing": Edits are specific to the clinical coding aspect of the claim (for example, unbundling edits, ICD/CPT<sup>®</sup> mismatches, global period violations, complete local coverage determination policies, correct coding initiatives, provider oversights, regulatory, reporting). Other solutions only edit technical aspects (for example, payor ID is 10 characters instead of the required 12).
- RuleWriter: Providers may create, customize, and write rule sets based on RAC audit findings.
- Management and Financial Reports: ClaimsEditor<sup>®</sup> RAC Audit generates more than 20 reports designed to help providers better assess and manage claim generation and to better review the overall process.

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ClaimsEditor<sup>®</sup> RAC Audit allows providers to mitigate their pre RAC audit risks and liability and continue ongoing internal audits based on their findings. Providers can upload various types of electronic claims at their convenience to a secure online solution.

With healthcare spending drastically increasing each year, strict government regulations and reimbursement guidelines will only grow more complex due to the Medicare RAC program. ClaimsEditor<sup>®</sup> RAC Audit has proven to be, and will continue to be, an invaluable resource for provider organizations struggling to stay compliant with rapidly changing rules and regulations.

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P: (800) 783-3378 | 2056 Westings Avenue  
F: (630) 654-1607 | Suite 220 Naperville, IL 60563

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