

# RECOVERY AUDIT CONTRACTOR (RAC) READINESS MANUAL

## SUMMARY OF CONTENTS

Chapter 1 addresses how to get started and prepare for the RAC initiatives, including identification of a RAC Coordinator and determination of RAC team/committee members, as well as a suggested organization chart by function. This chapter also includes job description templates, budgeting issues and employee retention.

Chapter 2 provides practical tools for conducting a quick assessment of a hospital's operations, identifying useful reports, regulations, top ten DRGs and other materials. It includes an audit section and provides an example of how to conduct an internal audit of observation. It also provides a questionnaire that can be used by hospitals in evaluating their RAC Readiness from a process perspective.

Chapter 3 outlines the process and legal issues involved with conducting a legal risk assessment and investigation. In this section there is a discussion of various peer review issues, privilege issues, statistical sampling issues and recommendations regarding concerns with the self-disclosure process. It addresses the compliance officer's role versus the legal counsel's role in the RAC initiatives. Lastly, this section discusses how these issues could also lead to false claims and other government investigations.

Chapter 4 addresses in detail the legal standard for defining medical necessity and provides practical considerations in producing documents to the RACs. It includes a useful table in the appendix that addresses common medical necessity denials made during the RAC demonstration so that providers can learn to develop processes to avoid such denials.

Chapter 5 provides an evaluation of Arkansas law and Medicare payment policy issues arising under the Case Management Assignment Protocol (CMAP). While this may not seem to apply directly to the RAC issues, it will be extremely useful for hospitals to understand in trying to develop operational solutions to avoiding RAC scrutiny.

Chapter 6 addresses RAC appeals and provides a practical guide on how to respond to a RAC letter, timeline data requests, copies and reimbursement issues.

Chapter 7 specifically addresses post-acute rehab hospitals, SNFs, outpatient rehab issues and LTACHs.

Chapter 8 covers education of hospital board members, executives and staff. Georgia Hospital Association (GHA) staff developed different educational PowerPoint presentations to cater to different audiences. The Board and executive level presentations are shorter and more general. GHA has prepared a much longer presentation for hospital staff needing to know more details. These presentations appear on GHA's website and include draft questions for board members as well as case studies from some of the RAC demonstration states. Arkansas Hospital Association members shall receive the power point electronic copy of these and can adapt them to their facility as appropriate.

The RAC Readiness Manual also includes various appendices and exhibits, including CMS documents, AHA Advisories, CCA information and website resources.