


GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Senior Deputy Director/Medicaid Director

Transmittal # 19-05

TO: District of Columbia Medicaid Providers

FROM: Melisa Byrd 
Medicaid Director

DATE: March 14, 2019

SUBJECT: Medicaid Recovery Audit Contractor Starting in FY 2019

The District of Columbia Department of Health Care Finance (DHCF) has entered into a Medicaid Recovery Audit Contractor (RAC) contract with Prempeh Consulting, CPAs (PCC). Medicaid RACs identify and correct improper Medicaid payments through the collection of overpayments and reimbursement of underpayments made on claims for health care services provided to Medicaid beneficiaries. Section 1902(a)(42)(B)(i) of the Social Security Act requires States and territories to establish Medicaid RAC programs.

While Federal regulations set Medicaid RAC program requirements, States have considerable flexibility regarding the design, procurement, and operation of their RAC programs. Medicaid RACs are paid from amounts recovered on a contingent fee basis. The Centers for Medicare & Medicaid Services (CMS) does not dictate contingency fee rates but established a maximum contingency rate for which Federal financial participation will be available. Federal regulations also require the Medicaid RAC to work with the State to develop an education and outreach program. PCC's *Provider Outreach Familiarization* presentation is available on DHCF's website at: <https://dhcf.dc.gov/page/cms-mandated-provider-audits> and PCC's website at: www.prempehconsultcpas.com.

The CMS Medicaid RAC rules includes a number of provisions that respond to key industry concerns, including but not limited to:

- Medicaid RACs are limited to a three-year look-back period.
- Medicaid RACs must coordinate their RAC efforts with other auditor programs.
- Medicaid RACs are prohibited from auditing claims that other State agencies or contractors have already audited for the same issue.
- States are required to set limits on medical record requests.
- Medicaid RACs must employ at least one medical director.

The RAC must notify providers of overpayment findings within 60 calendar days, as well as refer suspected cases of fraud or abuse to the State in a timely manner. Providers should always be prepared for RAC audits, or other Medicaid program oversight activities, as part of the provider's compliance program. Providers may save valuable time and resources if they are in the position to respond to the RAC's requests as soon as possible and if any overpayments or improper billing practices are identified and corrected prior to the audit. To prepare for RAC audits and help avoid future improper payments, providers should consider taking proactive steps such as:

- Assess billing procedures to ensure compliance with Medicaid billing requirements;
- Determine if there are billing mistakes in their claim history that would trigger a review or investigation;
- Implement a process for responding to the RAC inquiries;
- Conduct a self-audit on a subset of claims to determine if they are in compliance with Medicaid requirements; and
- Train organizational providers on proper documentation for code levels, and the need to be familiar and compliant with Medicaid billing requirements.

If you have any questions about this transmittal, please contact **Dominique Saint-Loth**, RAC Coordinator, Division of Program Integrity at 202-442-5987 or Dominique.Saint-Loth@dc.gov.

cc: Medical Society of the District of Columbia
DC Hospital Association
DC Primary Care Association
DC Health Care Association
DC Home Care Association
DC Behavioral Health Association
DC Coalition of Disability Service Providers