

## Stay off the RAC: A Risk Assessment Mitigation Approach to RAC Audits

Dear Editor:

I read with interest Ken Owens' feature in the June 2009 (Vol. 28 No. 2) issue on readiness for the Recovery Audit Contractor (RAC) program. Our health system also had experience with the RAC demonstration program and I fully agree with the points expressed in Mr. Owens' article.

The RAC program is receiving the majority of attention today. But RACs are just one of several new groups of external auditors that will be reviewing provider claims. Medicaid Integrity Contractors (MICs) are starting this year in all states. Many believe the MICs may prove to be a bigger challenge than RACs due to the inconsistencies in state Medicaid requirements. Many healthcare providers are already experiencing more frequent audits by the Medicare Administrative Contractors (MACs), who are focusing on many of the same issues of medical necessity for admission and coding the RACs and MICs will be reviewing. And commercial insurers like Blue Cross Blue Shield are investing in additional resources to conduct audits of provider claims. Internal Audit can play an important role in raising awareness and understanding of "revenue protection" issues with senior

management and the board, helping to ensure an appropriate organizational response as described by Mr. Owens.

Secondly, medical necessity will be *the* major area of risk for healthcare providers under the RAC program, particularly for hospitals. As these risks become more widely understood through activities of the RACs, MICs, MACs, ZPICs, etc., senior management and the board will rightfully look to internal audit for assistance. We need to begin now to assess the resources, skills sets, experience, etc., needed to support effectively the auditing of medical necessity issues in our organizations. This may require partnering with internal departments, seeking the assistance of external consultants or recruiting staff with the appropriate clinical/case management skills needed for this area. This may be a significant challenge for healthcare internal audit departments, but one we must plan to address to support effectively our organizations.

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### Talk with us.

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*Letters may be edited for clarity and length.*

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