



FOLEY & LARDNER LLP

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Legal News Alert: Health Care is part of our ongoing commitment to providing up-to-the minute information about pressing concerns or industry issues affecting our clients and our colleagues.

If you have any questions about this alert or would like to discuss these topics further, please contact your Foley attorney or any of the following individuals:

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Medicare Recovery Audit Contractor Initiative Is on the Move

The Medicare Recovery Audit Contract (RAC) pilot projects are now permanent, and will be expanded into all states. The RAC program is currently in operation in California, Florida, and New York, but Congress has directed that the program be expanded to all states by 2010. RACs are paid a contingency fee of approximately 20 percent on every alleged overpayment they identify, and keep their fees even if the denials are overturned after the first level of review.

The Centers for Medicare & Medicaid (CMS) has informed outside contacts that the RAC currently working in New York was recently awarded the contract to be the RAC for Massachusetts as well. Its contract with CMS will be signed on Friday, June 22, 2007, and CMS will provide the claims file data dump sometime in the near future. This positions the RAC to begin its work involving Massachusetts providers as early as July 2007. It is expected that other states' contracts will be awarded shortly.

Foley continues to be closely involved with developments in the RAC program and its impact on our clients.

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