



**MYERS AND
STAUFFER** LC
CERTIFIED PUBLIC ACCOUNTANTS

STATE OF HAWAII
Department of Human Services
Med-QUEST Division

RECOVERY AUDIT CONTRACTOR (RAC)

FREQUENTLY ASKED QUESTIONS

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DEDICATED TO GOVERNMENT HEALTH PROGRAMS



List of Frequently Asked Questions (FAQs) About the Hawaii Medicaid RAC Program

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1) What is a “RAC”?

“RAC” is an acronym for “Recovery Audit Contractor” which is a company or entity which conducts audits of claims for payment by health care providers to the Medicare or State Medicaid programs (see <http://www.cms.gov> for additional information about the Medicare and Medicaid programs).

Medicare and Medicaid RACs contract with the Federal or State governments to identify and recover funds that were overpaid to health care providers enrolled in the Medicare or Medicaid programs. RACs also identify claims which resulted in underpayments to providers, for the purpose of restoring payments to such providers.

2) How did the Medicaid RAC program develop?

In 2003 the Federal government established a demonstration program in six States to establish RACs for the Federal Medicare program. In 2006 the Medicare RAC program was expanded to cover the whole country. For the Medicare program the country is divided into four regions, with one Medicare RAC servicing each region.

The Patient Protection and Affordable Care Act (ACA) enacted in 2010 included a provision requiring each State to establish a RAC program for its State Medicaid program. Following a period of administrative procedures, which gave providers, beneficiaries and other interested parties a chance to comment and propose changes to the law, the Federal Medicaid RAC program was finalized. As the State agency responsible for administering the Hawaii Medicaid program, the Hawaii Med-QUEST Division established the Hawaii Medicaid RAC program as required under the Federal law.

3) Who is the Hawaii Medicaid RAC?

Myers and Stauffer LC (MSLC), a national accounting, auditing and healthcare consulting firm, was awarded the Medicaid RAC contract by the Hawaii Department of Human Services, effective January 2013. Myers and Stauffer has provided Medicaid auditing and consulting assistance to the Hawaii Med-QUEST Division since 2000.

4) What will Myers and Stauffer do as the Medicaid RAC?

In consultation with the Hawaii Med-QUEST Division, Myers and Stauffer will conduct audits of claims submitted to the Hawaii Medicaid program by enrolled health care providers to determine if those claims were potentially overpaid or underpaid.

5) How will Myers and Stauffer decide which providers to audit?

Myers and Stauffer will draw on its experience in conducting Medicaid audits and use various analytical tools to identify vulnerabilities in the Medicaid program, that is, areas in which overpayments or underpayments may have occurred. For example, overpayments may have occurred if a payment was made for non-covered or duplicate services, services were incorrectly coded or because the Medicaid beneficiary was ineligible for services at the time of payment,



amongst other reasons.

Myers and Stauffer will also receive referrals from other Federal and State agencies and private contractors which also conduct healthcare audits.

The selection and performance of audit subjects will be done in consultation with the Hawaii Med-QUEST Division and will be subject to the Division's final approval.

6) What types of audits will Myers and Stauffer conduct?

Myers and Stauffer will only conduct reviews of claims which have already been paid. Audits may be conducted on providers in all categories of service under Hawaii's Medicaid, including hospitals, nursing homes, physicians, pharmacies, and other categories of service.

Myers and Stauffer will generally perform the following five types of audits:

- (1) "Automated" review of claims without a review of medical or other records;
- (2) "Complex" desk review of claims with a review of medical, financial and/or other records;
- (3) "Complex" onsite review of claims with a review of medical, financial and/or other records;
- (4) Under appropriate circumstances and at the discretion of MSLC and with the approval of the Med-QUEST Division, a preliminary automated or complex review may result in a request that a provider perform a "Self-Audit" in accordance with General Guidelines for Self-Audits;
- (5) Special audits, customized as needed for reviews involving unique or complex issues.

7) What timeframe will the Hawaii RAC audits cover?

Audits will have a "look back" period of up to three (3) years.

8) How will Myers and Stauffer ensure that its RAC audits do not duplicate audits by other entities?

MSLC is required to coordinate its audits with other auditing entities and meets regularly with the Med-QUEST Division and other government and private entities to avoid the duplication of audits.

9) Will Myers and Stauffer review claims for underpayments as well as overpayments?

Yes. Federal law and the Hawaii Med-QUEST Division require that Myers and Stauffer identify underpayments to providers, as well as overpayments. Underpayments may have occurred due to incorrect coding of claims, claims payment system errors or other reasons.



10) Will providers be asked to produce records and, if so, how will that be handled?

In many audits, providers will be asked to produce medical, financial or other records. Typically, MSLC will send a letter to a provider, requesting that providers produce specified records within thirty (30) days. For complex audits or audits involving voluminous records, MSLC will work with providers to develop a reasonable schedule for production of records.

11) Are there limitations on how many medical records Myers and Stauffer can request from a provider?

Myers and Stauffer may request from a provider the lesser of: (1) one percent of the total number of claims submitted by the provider during the previous calendar year; or (2) 350 medical records every 60 days; however, such number shall in no event be less than 100 records.

Myers and Stauffer may request, and the Hawaii Med-QUEST Division may approve, exceptions to these limitations as needed to perform selected types of audits.

12) Will providers have the option of producing electronic medical records?

Upon the request of a Medicaid provider, MSLC will accept provider submission of electronic medical records on CD/DVD, via our secure portal, or by facsimile transmission.

13) How will Myers and Stauffer protect the confidentiality of sensitive patient medical information?

MSLC will comply with all Federal and State confidentiality and privacy laws and regulations, including HIPAA, to ensure that Protected Health Information is not improperly disclosed. MSLC will require that providers also comply with such laws, but providers should also follow their own policies to ensure compliance.

Depending upon whether records are copied or scanned from paper records or exist in electronic format, MSLC will require that measures be used for the transmission or production of the records which ensure compliance with all privacy laws. MSLC may request that providers use our secure file transfer protocol (SFTP) portal to transmit records. MSLC also utilizes other security measures, including computer firewalls and virus detection, to protect sensitive information.

14) Will Myers and Stauffer pay for the cost of producing records?

Myers and Stauffer is not required to pay a provider's costs of producing records.



15) Will Myers and Stauffer use statistical sampling and extrapolation to determine the amounts of overpayments to providers?

Subject to the approval of the Hawaii Med-QUEST Division and on a case-by-case basis, Hawaii Medicaid RAC audits may in appropriate circumstances use statistically valid sampling and extrapolation to determine amounts of overpayments. If approved, such process will be conducted after consultation with and upon the advice of a qualified statistician and using generally approved statistical software, such as the HHS-OIG's RATS-STAT.

16) Will providers be given the opportunity to “self-audit”?

Under appropriate circumstances, at the discretion of MSLC and with the approval of the Department of Human Services, a preliminary “automated” or “complex” review may result in a request that a provider perform a provider “Self-Audit” in accordance with general guidelines for provider self-audits.

17) How can a provider find out more about “self-audit” procedures and other audit procedures and protocols?

Myers and Stauffer's Hawaii Medicaid RAC website will be updated in the near future to contain the “Audit Procedures and Protocols” for Hawaii RAC audits.

18) Who will actually be performing the audits?

Depending upon the issues raised in a review, a RAC audit will be conducted by trained MSLC staff with various areas of expertise, including certified coders, auditors, accountants and clinical staff. MSLC will utilize appropriate medical professionals to provide expertise in audits involving issues of medical necessity.

19) What will happen if Myers and Stauffer suspects that a provider may be committing fraud?

Federal law and the Hawaii Med-QUEST Division require that MSLC refer to the Division any matters in which fraud or abuse is suspected. The Division will then follow its normal referral process to the Medicaid Fraud Control Unit (MFCU).

20) When will Myers and Stauffer advise a provider of its audit findings?

Myers and Stauffer will send an “Initial Findings Letter” to a provider within 60 calendar days of the audit. This letter will explain the audit findings, and provide the total amounts of any overpayments or underpayments. This letter will also provide detailed claim information about the bases for the findings.



21) Can a provider appeal Myers and Stauffer’s decision that an overpayment has occurred?

Yes. A provider must submit their request by certified mail within thirty (30) days after receiving written notice of the overpayment.

22) How will a provider return an overpayment?

A provider must reimburse the Division within thirty (30) days after receiving written notice of the overpayment.

23) How will Myers and Stauffer be compensated for its services provided under the Hawaii RAC program?

In accordance with Federal law and its contract with the State of Hawaii Med-QUEST Division, MSLC receives hourly fees from a pool of funds generated as a percentage of recoveries actually collected as the result of RAC audits.

24) How can a provider ensure that Myers and Stauffer has their correct contact information for receipt of letters and notices relating to RAC audits?

Myers and Stauffer is required to maintain provider “points of contact” to ensure that RAC information is sent to the providers’ staff who are designated to handle RAC matters. For this purpose, Myers and Stauffer will soon utilize on its’ RAC website a “point of contact” form which providers may verify its contact information. Once available, providers will be encouraged to utilize this resource to update contact information.

<http://HawaiiMedicaidRAC.mslc.com>

25) How can Hawaii Medicaid providers stay informed about the Hawaii RAC Program?

Providers can stay informed about the Hawaii RAC program by periodically checking the Myers and Stauffer Medicaid RAC website for news and developments relating to the Hawaii Medicaid RAC program. Providers who have questions may contact MSLC through the following methods:

Hawaii Medicaid RAC toll-free number
1-855-839-9262

Hawaii Medicaid RAC e-mail address
HI_RAC@mslc.com

QR Code:

