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How RAC Pause Will Affect Therapy Manual Medical Reviews Is Unclear

Stakeholders are questioning how CMS' pause in the Recovery Audit Contractor program will affect manual medical reviews for therapy, and the skilled nursing home trade lobby is anxiously awaiting clarification as RACs will stop prepayment reviews at the end of the month.

American Health Care Association officials say that CMS' plans for how to handle the therapy MMR process during the RAC pause is a big unknown, though CMS has been responsive to questions from industry.

CMS announced last Wednesday (Feb. 19) it would begin winding down the RAC program in preparation for the transition to the next round of RAC contracts. The last day for RACs to send additional document requests for post-payment reviews was Feb. 21, and Feb. 28 is the last day for RACs to send ADR requests for prepayment reviews — both of which include manual medical reviews. Audits will resume under the new contracts.

Therapy caps are currently set at \$1,920 a year for occupational therapy and \$1,920 a year for physical therapy and speech pathology, with an exceptions process extended through March 31 by the latest Sustainable Growth Rate patch. Above the cap, there is a \$3,700 threshold for manual medical reviews.

The RACs are responsible for processing the requests — which are supposed to be turned around in 10 days, though a December survey from the National Association for the Support of Long Term Care showed that many of the MMR claims submitted in 2013 were still waiting to be processed. In Florida, California, Michigan, Texas, New York, Louisiana, Illinois, Pennsylvania, Ohio, North Carolina and Missouri the audits are conducted on a prepayment basis. In other states, CMS pays the claims and RACs conduct post-payment MMRs on the claims.

When CMS announced the pause in RAC operations, the agency said that RACs under the new contract would be able to go back and audit claims processed during the pause in the program. As the MMRs are conducted by the RACs, the understanding, AHCA officials said, is that CMS will pay the claims that would normally be subjected to the MMR process and the claims will be subject to post-payment reviews later.

Paula Sanders, an attorney with Post and Schell, said that post-payment MMRs might be better for providers than pre-payment reviews.

There are questions, however, on how the claims will be handled once claims are reviewed, AHCA officials said. AHCA officials wonder if the claims will be reviewed all at once, and how CMS plans to handle the volume of MMR reviews that has backed up during the pause, sources say. Some therapy stakeholders say CMS has indicated that, due to the expected volume of claims, the 10-day timeframe for conducting MMRs won't apply. CMS also has indicated to some therapy stakeholders that the agency will instruct contractors to review claims in the order in which they were paid as quickly as possible.

One industry expert closely following the issue said that a decision to stop the MMR reviews during the pause in the RAC program could cause a backlog of MMR claims to be handled when the RACs re-start. It's better, the industry expert said, to keep the claims moving.

The industry expert also noted that it's unclear how long the pause in the RAC program will last.

Providers need answers and certainty, the industry expert said, and *Inside Health Policy* has learned that CMS is expected to provide clarity on how the pause will affect MMRs soon. — *Michelle M. Stein*