Section 6411 of the Affordable Care Act requires each state to establish a Medicaid Recovery Audit Contractor (RAC) program, which reviews Medicaid providers’ post-payment claims. Nevada Medicaid’s recovery audit contractor, HMS, identifies both overpayments and underpayments. Such recovery efforts are coordinated with other Federal and state agencies, including Nevada’s Surveillance and Utilization Review Section (SURS) unit. The SURS unit serves to protect the Nevada Medicaid program from fraud and abuse. Similar to the Medicare RAC audits, the look-back period for the Medicaid RAC audits is up to 3 years from the date the claim was paid. *Note: The Nevada Check Up Program is excluded from the RAC audits.*

The RAC contractor, HMS, is tasked with identifying improper payments on all fee-for-service Medicaid claims. HMS reviews and analyzes state Medicaid payment policies to determine which target areas will be audited. The Nevada SURS unit must approve each new target audit area prior to HMS starting the post-payment reviews. The target areas are not fully transparent to physicians, unfortunately, as federal law does not require Nevada Medicaid to publish this information online.

HMS accesses Nevada Medicaid information files containing claims history. Overpayments and underpayments are identified through automated reviews and complex reviews. Automated reviews identify improper payments by comparing claims data against Nevada Medicaid payment policies. Medical records and other clinical documentation are not requested during an automated review. Complex reviews require detailed medical record audits. Physicians have 30 days to respond to the record review requests.

**How do you respond if the RAC auditors have identified an overpayment?**

The physician will be sent a “draft audit letter,” indicating the auditor’s findings. If a physician disagrees with the findings, a dispute of the audit results and additional information should be submitted within 30 days. HMS and the Nevada SURS unit representatives will review the dispute, and a “final audit letter” will be sent to the physician. The physician may request a Fair Hearing appeal to dispute the final audit findings. If the appeal is not successful, payment should be made to Nevada Medicaid. If the payment is not received timely, the overpayment will be recouped through an offset of future payments.

**What can physicians do to prepare for the RAC audits?**

Physician practices should have a RAC coordinator who reviews all audit correspondence from HMS. The coordinator should communicate all valuable information to the practice’s physicians and billing personnel. Secondly, the practice should respond to all medical records’ requests timely. Understanding the auditor’s communication tools will ensure that all correspondence is sent and received without delay. Lastly, the practice should conduct an internal pre-RAC audit. Understanding where the practice’s improper payments have been found in the past will help ensure no overpayments are found in a RAC audit.

Additional information on the Medicaid RAC audits can be found on HMS’ website: [www.hms.com](http://www.hms.com).