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CLIENT ADVISORY

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Virginia Medicaid RAC Program Starting: Is Your Organization Ready?

If your organization accepts payment from Virginia Medicaid, get ready for more audit activity. The Virginia Medicaid Recovery Audit Contractor ("RAC") program has started sending record requests to certain Medicaid providers. Is your organization ready to respond?

Last year, the Virginia Department of Medical Assistance Services ("DMAS") chose HMS to serve as the Recovery Audit Contractor ("RAC") for Virginia's Medicaid program. The Patient Protection and Affordable Care Act mandated that state Medicaid programs, in addition to their own auditing efforts, establish a RAC program to identify improper payments. HMS will use data mining to identify types of services and providers to audit, and has already started sending record requests to some physician practices in Virginia.

The Virginia Medicaid RAC program is a hybrid of the RAC program with which many Medicare providers are already familiar and DMAS' audit and appeal processes. Like the Medicare RACs, HMS will be paid on a contingency fee basis, earning 9.3% of the amounts it identifies as overpayments or underpayments. HMS will conduct both automated reviews, where payment determinations will be made based on claim data alone, and complex reviews, where the RAC will request and review medical records before making a payment determination. Unlike the Medicare RAC program, the Medicaid RAC program does not have a limit on the number of records it can request from a provider. Once HMS requests records, the provider must respond by sending copies of the records (paper or electronic) within 15 days. The RAC will then have 60 days to complete its audit and issue a preliminary audit report. The provider will have an opportunity to respond to the preliminary audit report. HMS will then issue a final audit report, from which the provider can pursue its appeal rights using DMAS' informal and formal appeals process.

More information about the Virginia Medicaid RAC program can be found [here](#). If you have any additional questions or need assistance appealing an overpayment determination, please contact a member of HDJN's Reimbursement Appeals team: Mary Malone (mmalone@hdjn.com), Emily Towey (etowey@hdjn.com), Michelle Calloway (mcalloway@hdjn.com), Colin McCarthy (cmccarthy@hdjn.com), Clay Landa (clanda@hdjn.com), or Tommy Miller (tmiller@hdjn.com). They are also available by phone at (866) 967-9604. Additional information about Hancock, Daniel, Johnson & Nagle, P.C. is available on the firm's website at www.hdjn.com.

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