

Michigan Department of Health and Human Services – Office of Inspector General

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RAC Program Overview

Section 1902(a)(42)(B) of the Social Security Act requires that states establish a Medicaid Recovery Audit Contractor Program (RAC) as a mechanism to monitor the integrity of payments made to Medicaid providers. The Michigan Department of Health and Human Services – Office of Inspector General (MDHHS OIG) has retained Health Management Systems, Inc. (HMS) as its RAC contractor to conduct periodic reviews of claims paid by MDHHS for health care services rendered to Medicaid members. The objective of the RAC program is to identify and recover payments made to Medicaid providers that do not meet state and federal requirements. RAC audits include coding validation, payment accuracy, compliance with state and federal regulations, policies, contractual requirements, and utilization standards.

Complex Audit

Complex Audit – Audit that requires records to be reviewed.

- A Medical Record Request letter is sent to provider's CHAMPS correspondence address.
- Provider has 30 calendar days to respond to the record request.
- For records received, the RAC has 45 days to review submitted documentation and issue a Notice of Preliminary Findings letter.
 - If no records are received within 30 calendar days from date of the Medical Record Request, the claim(s) will be treated as a finding and the review is completed using the available information.
- Provider has 30 calendar days to agree with findings and adjust the claim(s) in CHAMPS or submit additional documentation to the RAC for reconsideration review (See Reconsideration Process below).
- If the provider does not respond to the Preliminary Findings letter, submit additional documentation or does not adjust the claim(s) in CHAMPS within 30 calendar days from the date of the Preliminary Findings Letter, a Final Notice of Recovery letter will be issued to the provider.
- Provider has 30 calendar days to agree with findings and adjust the claim(s) in CHAMPS or submit an appeal. (see Appeals Process below).
- If provider does not submit an appeal request following the Appeals Process below or does not adjust the claim(s) in CHAMPS within 30 calendar days from the date of the Final Notice of Recovery or Reconsideration Response Letter, MDHHS OIG will initiate recoupment activities.

Automated Audit

Automated Audit – Audit that does not require records to be reviewed.

- A Notice of Preliminary Findings letter is issued to the provider.
- Provider has 30 calendar days to agree with findings and adjust the claim(s) in CHAMPS or submit additional documentation to the RAC for reconsideration review (See Reconsideration Process below).
- If the provider does not respond to the Preliminary Findings letter, submit additional documentation or does not adjust the claim(s) in CHAMPS within 30 calendar days from the date of the Preliminary Findings Letter, a Final Notice of Recovery letter will be issued to the provider.
- Provider has 30 calendar days to agree with findings and adjust the claim(s) in CHAMPS or submit an appeal. (see Appeals Process below)
- If provider does not submit an appeal request following the Appeals Process below or does not adjust the claim(s) in CHAMPS within 30 calendar days from the date of the Final Notice of Recovery or Reconsideration Response Letter, MDHHS OIG will initiate recoupment activities.

Reconsideration Process

- When a provider disagrees with the findings from the RAC, they can submit additional documentation for reconsideration review within 30 calendar days of the Notice of Preliminary Findings letter.
- For records received, the RAC has 30 days to review submitted documentation and issue a Reconsideration Response letter.
- If the decision is overturned, the RAC will submit the Reconsideration Response No Finding letter and recovery efforts will cease; no further action is required by provider.
- If the decision is upheld, the RAC will submit the Reconsideration Response Recovery letter to notify the provider they have 30 calendar days to agree with findings and adjust the claim(s) in CHAMPS or submit an appeal. (See Appeals Process below).
- If provider does not submit an appeal request following the Appeals Process below or does not adjust their claim(s) in CHAMPS within 30 calendar days from the date of the Reconsideration Response Recovery Letter, MDHHS OIG will initiate recoupment activities.

Appeals Process

A Provider has the right to appeal any decisions by requesting an Internal Conference, or a Formal Hearing as set forth in the 1979 Administrative Code R.400.3404 et seq. Providers must request their appeal, in writing, within 30 calendar days of the notice of adverse action (i.e., Final Notice of Recovery, Reconsideration Response Recovery Letter). If a provider does not submit a request for an appeal within 30 calendar days of the Final Notice of Recovery or Reconsideration Response Recovery Letter, then this notice of adverse action is final, and the department will initiate recoupment activities.

Internal Conference

- The purpose of the internal conference is to determine whether the department's action was taken according to MSA policy.
- Requests for an internal conference must be in writing and made within 30 calendar days of the adverse action (i.e. Final Notice of Recovery or Reconsideration Response Recovery Letter).
- Internal Conferences will be heard by an appeal review officer. The appeal review officer may deny requests for internal conferences that are not received within the timeframe specified in the notice of adverse action.
- All appeal requests must include all the following items:

- (a) A copy of the Final Notice of Recovery or Reconsideration Response Recovery Letter.
- (b) A list of all items being appealed.
- (c) The dollar amount involved, if any.
- (d) All necessary documentation to support the reason for the internal conference.

Failure to follow these requirements may result in the denial of the internal conference by MDHHS Appeals. Should the provider and/or MDHHS OIG disagree with the internal conference decision, either party has the right to a formal hearing. (MAC R400.3405) (See Formal Hearing process below)

If the internal conference results in an overturn decision, the RAC will reverse the finding and MDHHS OIG will cease recovery; no further action will be required by the provider.

If the internal conference results in an upheld or amended decision, MDHHS Appeals will issue the internal conference decision. The provider will have 30 calendar days of receipt of the internal conference decision (MAC R400.3405) to request a Formal Hearing. If provider does not submit a request for a Formal Hearing or does not adjust their claim(s) in CHAMPS within 30 calendar days from the date of the internal conference decision, MDHHS OIG will initiate recoupment activities.

Formal Hearing

- Requests for a Formal hearing must be in writing and made within 30 calendar days of the adverse action (i.e. Final Notice of Recovery, Reconsideration Response Recovery Letter) or the internal conference decision. (MAC R400.3406)
- All appeal requests must include the following:
 - (a) A copy of the Final Notice of Recovery, Reconsideration Response Recovery Letter or Internal Conference decision received.
 - (b) Specifically outline/identify the aspects of determination with which you disagree
 - (c) Explain the reason(s) why the provider believes the determination on those matters is incorrect.
 - (d) The dollar amount (if any) involved
 - (e) Documentary evidence to support your position and reasoning

Failure to follow these requirements may result in the denial of the formal hearing request by the Michigan Office of Administrative hearings and Rules (MOAHR).

If the hearing results in an overturn decision, the RAC will reverse the finding and MDHHS OIG will cease recovery; no further action will be required by the provider.

If the hearing results in an affirmed or amended decision, MOAHR will issue a Proposal for Decision and pursuant to R 792.10132, the parties may file exceptions to this proposal for decision within 21 calendar days after the proposal for decision is issued and entered. An opposing party may file a response to exceptions within 14 calendar days after exceptions are filed. All exceptions and responses must be filed with the MOAHR at LARA-MOAHR-DCH@michigan.gov or P.O. Box 30695, Lansing, Michigan 48909-8195, and served on all parties to the proceeding. If provider does not file an exception within 21 calendar days of the proposal for decision, the decision becomes a final decision (MAC R 792.10131) and MDHHS OIG will initiate recoupment activities.

Additional information regarding the appeal processes can be found in the General Information for Providers Chapter of the Michigan Medicaid Provider Manual and in the Michigan Administrative Code (1979 Administrative Code R.400.3404 et seq). Appeal Department contact information can be found in the Medicaid Provider Manual Directory Appendix.

Medical Record Submission

Electronic Submission

- HMS prefers medical records be submitted electronically through the HMS Provider Portal.
 - Electronic submission also benefits providers, allowing direct visibility into the progress of your claim throughout the process.

URL: <https://hmsportal.hms.com>

- Secure File Transfer Protocol (SFTP)

For instructions to set up SFTP, please call 855-287-1682 or email GoGreen@gainwelltechnologies.com

Mailing Hardcopy

- While electronic submission through the HMS portal is preferred, providers may mail hard copies of medical records to the address below:

HMS
225 East John Carpenter Freeway Suite 500
Mail Stop 200-MI Irving, TX 75062

- Please make sure all pages are complete and legible.

Contact Information

Inquiry Type	Appropriate Contact	Contact Information
Questions about HMS Provider Portal	HMS Provider Services	1-844-364-6108 Monday - Friday 8:00 a.m. to 5 p.m. ET
Address updates in HMS Provider Portal	HMS Provider Services	1-844-364-6108 Monday - Friday 8:00 a.m. to 5 p.m. ET
Claim/Review Status Questions	HMS Provider Services	1-844-364-6108 Monday - Friday 8:00 a.m. to 5 p.m. ET
Medical Records Address	HMS Provider Services	HMS – MDHHS OIG Recovery Audit Services 225 East John Carpenter Freeway Suite 500, Mail Stop #200-MI Irving, TX 75062
Administrative Hearing Request	Michigan Licensing and Regulatory Affairs Michigan Office of Administrative Hearing and Rules	Michigan Licensing and Regulatory Affairs Michigan Office of Administrative Hearing and Rules P. O. Box 30763 Lansing, Michigan 48909 LARA-MOHR-DCH@michigan.gov FAX: 517-793-0146
Internal Conference	MDHHS Appeals	MDHHS Appeals P.O. Box 30807 Lansing, Michigan 48909 MDHHS-Appeals@michigan.gov FAX: 517-241-7973

Resources

For state and federal statutes and regulations, refer to the following links and citations which further outline MDHHS OIG authority and provider responsibilities with regards to service delivery, billing, and reimbursement in the Michigan State Medicaid Program:

- MDHHS Medicaid Providers Main URL:
<https://www.michigan.gov/mdhhs/assistance-programs/medicaid/portalhome/medicaid-providers>

This website provides information relevant to the work to be completed by HMS on behalf of MDHHS OIG for the RAC Program. It is intended to support MDHHS OIG in achieving its mission to reduce improper Medicaid payments and to support providers with education and resources.

- Training:
<https://www.michigan.gov/mdhhs/assistance-programs/medicaid/portalhome/medicaid-providers/training>
- Provider Support: 1-800-292-2550 or ProviderSupport@michigan.gov
- Administrative Hearing Request: LARA-MOHR-DCH@michigan.gov
- MDHHS Appeals: MDHHS-Appeals@michigan.gov
- HMS Provider Portal: <https://hmsportal.hms.com/>
- HMS Provider Portal - New User registration: <https://hmsportal.hms.com/registration>
- CHAMPS Webpage: <https://www.michigan.gov/mdhhs/assistance-programs/medicaid/portalhome/medicaid-providers/champs-a>
- Michigan Medicaid Provider Manual:
mdch.state.mi.us/dch-medicaid/manuals/MedicaidProviderManual.pdf

Frequently Asked Questions (FAQs)

1. What is the Recovery Audit Contractor (RAC) program?

Under Section 6411(a) of the Affordable Care Act, each state must contract with a vendor to review provider claims. The purpose of the review is to reduce improper payments for the Michigan Medicaid program through the detection and collection of overpayments, the identification of underpayments and the implementation of actions that will prevent future improper payments.

2. Who is HMS?

Health Management Systems, Inc. (HMS) is a wholly owned subsidiary of Gainwell Acquisition Corp and is under contract with the Michigan Department of Health and Human Services – Office of Inspector General (MDHHS OIG) as the State of Michigan Medicaid Audit Recovery Contractor (RAC).

3. What type of review is performed by the RAC?

The RAC will perform Complex and Automated reviews.

4. What is an Automated review?

Performed when improper payments can be identified from claim data elements and well-established policies and rules, without examining medical records or other documents. These reviews are normally performed as a desk audit.

5. What is a Complex review?

Conducted when the review requires examination of medical records or other documents to identify a potential improper payment that cannot be automatically validated.

6. Does the RAC only review current claims?

RAC reviews may be conducted for current claims as well as those that fall within Michigan's allowable RAC program "lookback" period.

7. How far back can the RAC go in reviewing claims?

The RAC "lookback" period is 3-years (36 months) from the Date of Service of the Medicaid claim. The "lookback" period is applied after the 1-year timely filing timeframe. The exception will be for MI Choice Waver Agencies (MCWA'S) which cannot include any claims prior to 10/1/22.

8. Are there limitations to the number of claims which can be reviewed?

There are no limitations to the number of claims which can be reviewed.

9. Is there a limit to the number of records the RAC can request?

The records requested by the RAC shall not exceed 150 records per request or 500 in a 3-month period by billing NPI.

10. Will extrapolation be applied to determine the amount of the overpayments?

Yes, statistical sampling and extrapolation may be used in all audits conducted by the RAC.

11. Will the audits focus only on institutional providers?

No. All Medicaid provider types will be subject to audit by the RAC program, including, but not limited to laboratories, individual providers such as physicians, therapists, durable medical equipment providers, long-term care and home health providers.

12. Are claims that require prior authorization excluded from the audit process?

No. Claims that require a prior authorization are subject to the RAC program audit and review process.

13. How are claims selected for review?

MDHHS OIG and the RAC collaborate to develop a scope for the review, including the type of claims to be reviewed, the applicable state and federal policies, claims payment system logic, etc. Once the scope is approved by MDHHS OIG, the RAC's algorithms are applied to claims data and claims are selected for review.

14. Can the RAC audit a claim that was audited by someone else?

If the claim has been or is currently being audited, for the same audit reason, by a state or federal agency or by a contractor working for a state or federal agency, then the RAC cannot audit the claim.

15. Can I submit medical documentation electronically?

Yes. The Medical Record Request and the Preliminary Findings letters will provide information related to documentation submission methods and timelines. The RAC accepts provider submissions of electronic records through the HMS Provider Portal as well as Secure File Transfer Protocol (SFTP). For SFTP instructions, please call 855-287-1682 or email GoGreen@gainwelltechnologies.com. Please refer to your record request/engagement letter for additional details.

16. How do I sign up to use the HMS Provider Portal?

Please visit <https://hmsportal.hms.com/> and follow the User Registration instructions.

17. Is there a website to check claim status?

Yes, please go to the HMS Provider Portal <https://hmsportal.hms.com>

18. How do I update my contact person and address in the HMS Provider Portal to ensure all RAC correspondence is sent to the correct person in my organization?

Please review the posted HMS Provider Portal Training document or contact HMS Provider Services at 844-364-6108 for help with updating the contact name and address in the HMS Provider Portal.

19. How long do I have to respond to a review? After I have read the Notice of Preliminary Findings Letter, may I submit additional documentation for review?

Yes. You have thirty (30) calendar days from the date of the Notice of Preliminary Finding Letter to submit any additional documents and request a Reconsideration Review. The RAC will review additional documents within thirty (30) calendar days of receipt. The outcome of that review will be provided to you by mail on the Reconsideration Response No Finding Letter or Reconsideration

Response Recovery Letter.

20. What happens if I disagree with the findings in the Final Notice of Recovery or Reconsideration Response Recovery Letter?

The provider has the right to appeal the notice of adverse action. If you disagree with the findings in the Final Notice of Recovery or Reconsideration Response Recovery Letter, you may request either an Internal Conference with MDHHS Appeals or Administrative Hearing with MOAHR.

The Request must be submitted in writing within (thirty) 30 calendar days of the date on the letter. If the provider does not submit an appeal within the timeframe, the notice of adverse action is final and the department will initiate recoupment activities.

21. What happens if I fail to respond to a Final Notice of Recovery or Reconsideration Response Recovery letter?

Failure to respond to an audit within the timeframe identified in the notice may result in the recovery of all claims for which a response was not received. If the notice is a Final Notice of Recovery or Reconsideration Response Recovery Letter, the letter will act as a final determination notice and recovery action may begin on the 31st day.

22. Will extensions be allowed if delays occur in obtaining documentation needed?

If a provider requires an extension, they must submit the request in writing to the RAC prior to the deadline provided. All extension requests will be granted at the sole discretion of the Michigan Department of Health and Human Services – Office of the Inspector General (MDHHS – OIG).

23. Will providers be reimbursed for sending medical records?

No. Pursuant to Michigan Department of Health and Human Services Medicaid Provider Manual, General Information for Providers Chapter, Section 14.4 Availability of Records, "Providers must, upon request from authorized agents of the state or federal government, make available for examination and photocopying all medical records, quality assurance documents, financial records, administrative records, and other documents and records that must be maintained. Failure to make requested records available for examination and duplication and/or extraction through the method determined by authorized agents of the state or federal government may result in the provider's suspension and/or termination from Medicaid." The RAC is a MDHHS authorized agent that routinely requests medical and other records to ensure proper compliance with Michigan Medicaid Program rules, regulations, policies, and procedures. These records are used to ensure full and proper compliance with Michigan law, Michigan Medicaid policy and to ensure that proper payments have been made to the Provider. Please be advised that the cost of providing records is considered a cost of doing business and is not separately reimbursable to providers by the State of Michigan. The RAC accepts provider submissions of electronic records through the HMS Provider Portal as well as Secure File Transfer Protocol (SFTP). For SFTP instructions, please call 855-287-1682 or email GoGreen@gainwelltechnologies.com. Please refer to your record request/engagement letter for additional details.