

MS. JENKINS

So, questions for you: What is the net cash to CMS on the RAC program, and can you speak to whether this is actually saving money in the health care system and increasing quality patient care, or is it simply shifting more of the cost to these small hospitals by requesting payment after the fact and adding to their administrative costs?

DR. BUDETTI

Recovery Auditors have proven successful at identifying and correcting Medicare Fee-For-Service (FFS) improper payments. In the demonstration project, Recovery Auditors corrected \$1.03 billion in improper payments, including approximately \$990 million in overpayments collected. Since the inception of the permanent Medicare FFS Recovery Audit program in January 2010, as of March 1, 2011, the contractors have corrected a total of \$261.5 million in improper payments, including \$43.6 million in underpayments corrected and \$217.9 million in overpayments collected.

CMS actively monitors the national Recovery Audit program and makes necessary adjustments to maintain a balance between provider burden (both financial and administrative) and increasing recoveries. CMS is committed to working with the Recovery Auditors, the provider community, and others to continuously improve the program and refine ongoing operations.

Regarding the appeals process, CMS has received successful feedback. During the Recovery Audit demonstration 8.2% of overpayment determinations were both challenged and overturned on appeal. Preliminary experience from the national program indicates the percentage of claims appealed may be less.