



COLORADO

Department of Health Care
Policy & Financing

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Recovery Audit Contract (RAC) Program Automated Audit Updates

Program Update RAC-0003 May 2024

Automated Audit Updates

The Colorado Recovery Audit Contract (RAC) Program has identified audits that required reprogramming. There are updates for two separate scenarios.

1. We met with associations and providers and agreed to update the “initial hospital care codes” audit. This in no way changes policy/benefits or coding for Health First Colorado provider submitted medical claims. Providers must use the appropriate Evaluation & Management medical codes (E&M) that best represent the services rendered.
2. The automated audit “NCCI professional” is an audit where we review paid professional medical claims using federally mandated National Correct Coding Initiative (NCCI) edits. This audit is being updated to exclude specific Colorado Medicaid allowable benefits related to incontinence and wheelchair back-ups. These billed medical claims were caught in the audit by error due to unknown Colorado Medicaid NCCI deactivations. Providers who have RAC notices with erroneous findings can expect to get an updated notice with the allowable billed claims excluded. We will provide communication when we are mailing out the updated notices.

All audits identified below have already been halted while we reprogrammed the audit logic. Any notices that providers receive today or going forward will have the correct audit logic. We do want to assure providers and associations that once an issue is identified or suspected, both HMS and HCPF immediately halt these audits to do research and to exclude any billed medical claims that were allowable. We thank providers and associations for their patience and for working with us to identify any issues that arise. We will continue to make enhancements to the RAC program in Colorado and will strive to communicate swiftly about those enhancements so there is assurance that we are listening, updating items, and that we are working in partnership with providers.

Initial Hospital Care Codes

The RAC is updating the audit of initial hospital care codes and will no longer audit claims before 2023. On January 1st, 2023 the American Medical Association (AMA) made many changes to the [Evaluation and Management](#) (E&M) Current Procedural Terminology (CPT) medical billing codes. This includes the initial hospital care codes (99221-99223).



We have halted mailing on this audit and will ensure that no other notices are mailed for medical claims billed before 2023. Overpayments will only be identified for claims billed in 2023 when a physician from the same specialty and subspecialty who belongs to the same group practice billed the initial hospital care code (99221-99223) for the same patient during the same inpatient admission. This same criteria will be applied to all existing informal reconsideration requests and appeals identified through this audit. Going forward, we will use the E&M medical coding that was in place at the time the claim was billed, which is the normal process for any RAC audits.

NCCI Edits - Professional Claims

The RAC has halted this audit to reprogram the audit logic. Several NCCI deactivations were unknown until providers and associations reached out, sent in documentation, and gave us feedback. We immediately halted this audit because we needed to fully update our audit with the deactivations applied.

Two specific edits from NCCI were deactivated, which allowed providers to bill for incontinence products in multiple sizes and wheelchair back-ups. HCPF and HMS apologize for the miscommunication and any burden this may have placed on providers. We appreciate the feedback from providers and associations that has enabled us to make these corrections.

Providers can expect to get updated notices with corrected findings. Any overpayments which were processed in error will be returned to providers from HCPF.

Since we have now identified a large amount of documentation for NCCI deactivations, we are adding all previous deactivations to a repository and to a database. We also now have tracking to ensure that any changes in the claims system that allow specific billing due to deactivations are tracked so we do not run into this issue again.

RAC Program Enhancements Going Forward

We have upcoming enhancements and updates for complex audits, rebilling, and reporting, which will be communicated to stakeholders via email blast, posted on our website, and provided to associations. If stakeholders have any suggestions or comments for how we can do a better job, please use our [communications form](#), which has been updated to work as a “ticket system.” The ticket system will enable us to provide feedback more efficiently, track communications as they come in, and provide response timelines. We thank all of the associations and providers for their patience as we update our processes at HCPF. We are very grateful for the partnerships and the feedback we receive.

For more information contact

[HCPF RAC Communications Team](#)

