



**COLORADO**

Department of Health Care  
Policy & Financing

303 E. 17th Avenue  
Denver, CO 80203

# Colorado Recovery Audit Contract (RAC) Inpatient Audit Updates

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*RAC-0007 August 2024*

## Timeline for Resuming of Inpatient Audits

- In June of 2024 HCPF communicated to providers, stakeholders, and associations a Recovery Audit Contract (RAC) program update for providers to prepare for a [relaunch of the Inpatient audits](#).
- Also in June of 2024 HCPF communicated to providers, stakeholders, and associations a [RAC program update regarding claims limits](#) which gives transparency into the history, methodology, and gives providers information about the upcoming future trainings related to claims limits for RAC audits.
- In July of 2024 HCPF communicated to providers, stakeholders, and associations a RAC program update regarding [HMS and HCPF re-starting the mailing of medical records requests](#) for inpatient reviews.
- In July-August of 2024 HCPF finalized the programming of the re-billing process. We updated all notices (letters) to give instructions of how to rebill inpatient claims. We created training documentation with Health Management System Inc. (HMS), who is our RAC vendor, and with the help of the rebilling pilot program provider participants who gave us feedback on the process. We have completed the testing of the claims system programming to ensure all parts of the process are complete and documented. We wanted to ensure that there are safeguards and reporting in place as part of the process to ensure the rebilling is working and is being effectively utilized.
- In August-September of 2024 HCPF will resume mailing of initial overpayment notices (letters) for cases that were on hold, pending the re-billing programming in the claims system.

- As a reminder, this hold was initiated as part of the preparation to allow re-billing of inpatient claims that were identified as more appropriate under the outpatient level of care.

## Mailing Schedule

We have finalized the mailing schedule which includes approximately 10% of the claims identified as overpayments within the notices (cases/letters) that were on hold to be mailed each week. We will be working through a slower mailing schedule for the next 10 weeks in order to ensure we are being fair and balanced. We are being very cautious about this relaunch because we all have finite resources and want to balance accountability with the need to serve our clients.

HCPF has built in timelines for new records requests, informal reconsiderations and the overpayment notices (letters) for future mailings in order to not overwhelm providers. Our 10-week mailing schedule is from August 2024 till October 2024 and the timeline for new audits is as follows:

- From the end of July 2024 to the beginning of August 2024, new medical records were requested. Providers have 45 days after that request was sent to them to send in medical documentation.
- From July 2024 to September 2024 providers will be sending in the medical documentation to HMS who will then have the requested records to start the inpatient reviews.
- By November the reviews for new records and the mailing schedule of notices of overpayments will be completed, thus we will have very limited instances where the paused backlog of overpayment notices will overlap with any new findings.

## Recap of Claims Limits and Tiers for Inpatient Audits

Providers can expect to see the medical records requests in alignment with the [claims limits](#), which we provided clarification about in June of 2024. As a reminder for smaller, rural, independent hospitals the tiers are built to have much lower claims limits. Most of these kinds of facilities are in the “Kappa” provider tier (20 medical records can be

requested each month) or the “Zeta” provider tier (25 medical records can be requested each month).

The inpatient tiers have the following methodology:

- Claim limits are based on the previous state fiscal year’s reimbursements (from Colorado Medicaid only) for each specific provider billing Medicaid ID (service location), ensuring providers are treated equitably
- Claims limits are applied and then based on the total reimbursement to the provider’s service location and then the location is placed in a tier with “like” providers, which would have similar billing patterns, services and reimbursements
- Inpatient audits are mailed each month

***Current Inpatient Claims Limits Table***

Tier Name	Hospital Reimbursement (SFY 2021-2022)	Monthly Maximum Claims Limit
Alpha	\$250 Million+	600
Beta	\$69 Million - \$250 Million	400
Gamma	\$39 Million - \$69 Million	200
Delta	\$19 Million - \$39 Million	100
Epsilon	\$9 Million - \$19 Million	50
Zeta	\$1 Million - \$9 Million	25
Kappa	< \$1 Million	20
Sigma	Out of State Facilities	10

Any providers who have concerns about the volume, experienced delays, or need clarifications, please submit the information to our HCPF RAC Communications form as we are using a “ticket-system” to log and track communications from providers to ensure a quicker response times. [RAC Stakeholder Engagement Form](#)

We will be publishing claims limits training in the next quarter. As we update any communications, build new resources or training materials, we will be sending out updates. We also will be reviewing them in the RAC provider advisory board meetings and the RAC stakeholder engagement meetings.

## Re-billing Inpatient to Outpatient RAC Audit Findings

We have completed the programming to the Medicaid claims system to allow providers to request to rebill medical claims for inpatient findings where the inpatient claims were identified as more appropriate under the outpatient level of care.

### Next Steps:

- HCPF has worked with our RAC vendor, HMS, who has reprogrammed the notices (letters) to give instructions to providers for rebilling directly on the overpayment letter.
- Providers will have a chance in the next 30 days to review training materials live, but will also have recorded training for rebilling and instructions, step by step, on how the rebilling process works. We will be covering this topic at stakeholder engagement in the following week.
- HCPF will be sending out communications related to the training schedule and posting of training videos, links, instructions and documents related to inpatient rebilling.
- HCPF will ensure that any requests for information are addressed if there are any issues with the rebilling process and instructions.
  - Providers should reach out to HMS first, but can also submit requests to the [RAC Stakeholder Engagement Form](#) for HCPF to route to the appropriate party.

HMS Contact Information: HMS Provider Services (available M-F 8:00 a.m. to 5 p.m. MST): (877) 640-3419 or the [HMS Colorado RAC Provider Email](#)

### Colorado RAC audit information & training materials:

[HMS Colorado RAC website](#)

[HCPF RAC Website](#)

[HMS Colorado RAC Portal Guide](#)

To receive RAC communications via email, please refer to the Colorado RAC Stakeholder [Contact List Request Form](#)