



# Client Alert



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## **CMS Publishes Revised Limits On ADRs Sent to Providers by RACs**

The Centers for Medicare & Medicaid Services (CMS) has posted on its website revised limits on the additional documentation requests (ADRs) that recovery audit contractors (RACs) may send to providers, with a cap of 300 ADRs per 45 days. The limits and the cap apply to campus units, which may be composed of one or more separate facilities/practices that are under a single organizational umbrella. A significant feature of these limits is that for purposes of RAC ADRs, CMS defines “campus” differently than it does for determining eligibility for provider-based billing under 42 C.F.R. § 413.65(a)(2).

### **Definition of “Campus”**

Under the revised limits, the CMS determines “campus” through a combination of a tax identification number (TIN) and the postal zip code of the facility’s/practice’s locations. To qualify as being part of a single “campus,” separate locations of a provider must be operating under the same TIN, and they also must have the same first three numbers in the zip codes of their actual physical locations.

The CMS gives two examples of the application of this definition involving providers who use the same TIN for their locations. In the first example, provider “A” has two locations, one with zip code 12345 and the other 12356. The CMS considers them located on one campus. In the other example, the provider also has two locations, one in zip code 12345 and the other in 21345, but the CMS does not consider them to be on the same “campus” for purposes of the RAC ADR limits.

Not only is this definition of “campus” different than the one for provider-based billing in 42 C.F.R. § 413.65(a)(2), but it also differs from the criteria used in previous RAC ADR limits, which used national provider identification numbers (PINs) instead of TINs. This change is expected to increase the number of facilities/practices that can be included in a “campus” with other facilities/practices.

### **The ADR Limits**

The limit for providers is set at 1 percent of all claims submitted for the previous calendar year, divided into eight periods of 45 days each. A RAC is not required to issue an ADR to a provider every 45 days, but in no event may an ADR be issued when less than 45 days has elapsed since the provider’s last ADR was issued.

Furthermore, the limit encompasses the total number of all claim types the provider submitted, and regardless of whether the claims subsequently were paid or denied. Even though the limit is calculated based on all claims a provider submitted, the RAC is not required to construct its ADR so as to proportionately cover the provider's different claim types, e.g., outpatient claims, inpatient claims or hospice claims. The RAC may, for example, request inpatient records up to the full cap number even though, among the provider's total number of submitted claims, inpatient claims were the claim type with the smallest number.

## **Permission to Exceed Cap**

The CMS has the discretion to grant a RAC permission to exceed the cap of 300 ADRs for a particular provider, either at the request of the RAC or on CMS's own initiative. The provider will be notified in writing if the RAC has been given permission to exceed the cap.

The calculated limitation on the number of ADRs that can be issued to a provider, as well as the cap, are applicable only to providers and not to suppliers or physicians. The calculated limitation became effective on November 10, 2010, and the cap of 300 ADRs per 45 days was effective on November 2, 2010.

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