Agenda

- Thanks for making RACTrac a Success!!
- RAC Update
- RACTrac Results, August 2010
  - RACTrac Participation
  - RAC Activity
  - RAC Reviews
  - RAC Denials
    - Automated vs. Complex
  - RAC Appeals
  - Administrative Burden
- Making RACTrac Results Work For You
- RACTrac Data Collection Period, October 2010
- Questions and Answers
THANK YOU
for Making RACTrac a Success!!!!

1389 Responding Hospitals (up from 653 last quarter)
972 with RAC Activity, 417 without
American Hospital Association

RAC Update
RAC Update

• As of September 16, 590 total audit requests, 536 approved
  – 407 complex audits, including 374 DRG validations

• Medical Necessity Review in all 4 RAC regions

• Ongoing problems with RACs
  – Delayed RAC audit findings;
  – Delayed demand letters due to problems with MAC-RAC communication;
  – Recoupments without demand letters;
  – MACs unable to use RAC N432 code on remittance advice (causes reconciliation problems for hospitals);
  – Lack of guidance on explanation of denied claims to patients; and
  – Problems with RAC websites

• Medicaid RAC expansion

• CMS issues newsletter and MLN articles on payment errors:
  www.aha.org/rac
AHA RAC & RACTrac Resources

- **AHA RAC Resources**
  - [www.aha.org/rac](http://www.aha.org/rac)
- **CMS and RAC Contact Information**
- **Education Series & Advisories**
  - RAC Program Basics
  - Medicare Appeals Process
  - Coding & Documentation Strategies
  - Preparing for RAC Audits
  - RACTrac Advisories & Webinar
RACTrac Results, August 2010
AHA created RACTrac—a free, web-based survey—in response to a lack of data and information provided by the Centers for Medicare & Medicaid Services (CMS) on the impact of the Recovery Audit Contractor (RAC) program on America's hospitals.

- Data are collected on a quarterly basis, capturing cumulative RAC activity in participating hospitals.
- Survey questions are designed to assess hospitals’ activity and administrative burden in response to the RAC program.
- Respondents use AHA’s online survey application, RACTrac (accessed at www.aharactrac.com), to submit their data regarding the impact of the RAC program.

Since RACTrac began collecting data in January, 2010, 1,389 hospitals have responded: 972 hospitals reporting RAC activity, 417 hospitals reporting no RAC activity.
Sign-Up For RACTrac Today!

- Sign Up For RACTrac at: [www.aharactrac.com](http://www.aharactrac.com)
- All hospital leaders received an email with RACTrac registration information. If you need this information, contact the RACTrac Help Desk: [ractracsupport@providercs.com](mailto:ractracsupport@providercs.com) or 1-888-722-8712
RACTrac Results—Executive Summary

• Participation in RACTrac has more than doubled since the first quarter of 2010, with 1389 hospitals participating.
• RACs are primarily engaging in complex reviews
• RACTrac respondents reported complex reviews of medical records totaling over $432 million in Medicare payments nationwide, $214 million for Region C alone
• $19.2 million in denied claims have been reported since the first quarter of 2010, nearly $11 million in Region C alone
• 39% of hospitals reported appealing at least one RAC denial available for appeal
• Hospitals reported 13% of appealed denials were overturned, however 1,571 of claims are still in the appeals process and the overturn rate may increase as more appeals complete the appeals process.
• 76% of responding hospitals report that their RAC impacted their organization in the first quarter of 2010—whether they experienced RAC reviews or not
RACTrac Participation
Participation in RACTrac was generally consistent with hospital representation in each of the RAC regions.

Hospitals Participating in the RACTrac Survey by RAC Region, through 2nd Quarter, 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Percent of Hospitals Nationwide</th>
<th>Percent of Participating Hospitals by Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>Region B</td>
<td>19%</td>
<td>28%</td>
</tr>
<tr>
<td>Region C</td>
<td>39%</td>
<td>36%</td>
</tr>
<tr>
<td>Region D</td>
<td>26%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
RAC Activity
The majority of hospitals reporting RAC activity were general medical and surgical hospitals.

Number of Hospitals Reporting RAC Activity by Hospital Type, through 2nd Quarter 2010

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals. * Other includes: Cancer, Chronic Disease, Health Care Management, Alcohol and Other Chemical Dep., Heart, Obstetrics & Gynecology, Orthopedic and Surgical hospitals.
Different types and sizes of hospitals reported that they were subject to RAC review.

Types of Hospitals Reporting RAC Activity, through 2nd Quarter 2010

- Rural (41%)
- Urban (59%)
- Non-Teaching (91%)
- Teaching (9%)

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
RAC Region C had the highest number of hospitals reporting RAC activity…

Number of Responding Hospitals Reporting RAC Activity by Region, through 2nd Quarter 2010

Region A: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont

Region B: Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio, and Wisconsin

Region C: Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, Puerto Rico, and U.S. Virgin Islands

Region D: Alaska, Arizona, California, Hawaii, Idaho, Iowa, Kansas, Missouri, Montana, North Dakota, Nebraska, Nevada, Oregon, South Dakota, Utah, Washington, Wyoming, Guam, American Samoa, and Northern Marianas

Participation in RACTrac has more than doubled since Quarter 1, 2010.

Source: AHA. (August 2010). RACTrac Survey

AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
...but RAC Region D had a higher percentage of participating hospitals reporting RAC activity.

Percent of Participating Hospitals Reporting RAC Activity, by Region, through 2nd Quarter, 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Quarter 1, 2010</th>
<th>Quarter 2, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>52%</td>
<td>46%</td>
</tr>
<tr>
<td>Region B</td>
<td>75%</td>
<td>69%</td>
</tr>
<tr>
<td>Region C</td>
<td>74%</td>
<td>74%</td>
</tr>
<tr>
<td>Region D</td>
<td>77%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
A higher percentage of hospitals reported automated reviews than the previous quarter, but RACs continue to focus their efforts on complex reviews.

### Percent of Responding Hospitals with RAC Activity Experiencing Automated and/or Complex RAC Review, through 2nd Quarter 2010

**Automated Activity:** includes all automated reviews, which is a claim determination without a human review of the medical record. RACs use proprietary software that is designed to detect certain types of errors including but not limited to duplicate payments, billing or coding errors. The RAC notifies the provider via a demand letter when an overpayment has been identified through automated review.

**Complex Activity:** includes all complex reviews, which is a human review and determination of whether or not an improper payment has been identified once the medical record has been received. Upon that determination, a hospital will be notified via a review results letter if an improper payment was found and therefore the associated claim has been “denied”.

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
The majority of RAC activity through the 2nd quarter of 2010 has been medical record requests.

Total Reported Automated Denials, Complex Denials and Complex Medical Records Requests, through 2nd Quarter 2010

- Automated Denials: 9,292
- Complex Denials: 3,213
- Complex Medical Record Requests: 32,926

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region C had the highest number of medical records requested, but Regions A and B had more medical records requested per reporting hospital.

Number of Medical Records Requested from Responding Hospitals With Complex Medical Record RAC Activity, through 2nd Quarter 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Number of Medical Record Requests per Reporting Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>63</td>
</tr>
<tr>
<td>Region B</td>
<td>62</td>
</tr>
<tr>
<td>Region C</td>
<td>49</td>
</tr>
<tr>
<td>Region D</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region C had the highest amount of Medicare payments targeted in medical record requests, over $214 million.

Medicare Payments Associated with Medical Records Requested from Responding Hospitals, through 2nd Quarter 2010, in Millions

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
The average value of a medical record requested in a complex review varied slightly across RAC Regions.

Average Value of a Medical Record Requested in a Complex Review Among Hospitals Reporting RAC Activity, through 2nd Quarter 2010

Source: AHA. (August 2010). RACTract Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
RAC Denials
$19.2 million in denied claims have been reported since the first quarter of 2010, nearly $11 million in Region C alone.

Dollar Value of Automated and Complex Denials by RAC Region, through 2nd Quarter 2010, Millions

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
85% of denied dollars were complex denials totaling over $15.5 million dollars.

Percent and Dollar Amounts of Automated Denials Versus Complex Denials, through 2nd Quarter 2010

- **Automated Denials, $2,805,247 (15%)**
- **Complex Medical Record Denials, $15,535,902 (85%)**

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
By the second quarter of 2010, Region B had nearly half of all reported denials.

Percent of Automated and Complex Denials by RAC Region, through 2nd Quarter 2010

- Region B: 49%
- Region C: 37%
- Region A: 13%
- Region D: 1%

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
The average dollar value of an automated denial was $311 and the average dollar value of a complex denial was $5,598.

### Average Dollar Amount of Automated and Complex Denials Among Reporting Hospitals, by Region

<table>
<thead>
<tr>
<th>RAC Region</th>
<th>Automated Denial</th>
<th>Complex Denial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>Insufficient data</td>
<td>$6,227</td>
</tr>
<tr>
<td>Region B</td>
<td>$242</td>
<td>$5,576</td>
</tr>
<tr>
<td>Region C</td>
<td>$397</td>
<td>$5,717</td>
</tr>
<tr>
<td>Region D</td>
<td>$389</td>
<td>$4,868</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey

AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Hospitals reporting automated denials in the outpatient service area had the largest financial impact while complex denials in the inpatient service area had the largest financial impact.

Top Service Area for Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010

Survey participants were asked to rank denials by service, according to dollars impacted.

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Automated RAC Denials
Automated denials for outpatient billing errors had the largest financial impact on reporting hospitals.

Top Reason for Automated Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010

Survey participants were asked to rank denials by reason, according to dollars impacted.

- Outpatient Billing Error: 15%
- Inpatient Coding Error (MSDRG): 5%
- Duplicate Payment: 9%
- Outpatient Coding Error: 15%
- Incorrect Discharge Status: 4%
- All Other: 51%

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
To date, Region B reporting hospitals have experienced 57% of all reported automated denials.

Percent and Number of Reported Automated Denials, by Region, through 2nd Quarter 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Number of Automated Denials by RAC Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>9</td>
</tr>
<tr>
<td>Region B</td>
<td>5,336</td>
</tr>
<tr>
<td>Region C</td>
<td>2,667</td>
</tr>
<tr>
<td>Region D</td>
<td>1,280</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region A: No Region A hospitals reported outpatient billing errors as the top reason for automated denials.

Top Reason for Automated Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010, Region A

Survey participants were asked to rank denials by reason, according to dollars impacted.

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region B: With nearly half of all automated denial activity, top denial reasons were consistent with national trend.

Top Reason for Automated Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010, Region B

Survey participants were asked to rank denials by reason, according to dollars impacted.

- Outpatient Billing Error: 21%
- Inpatient Coding Error (MSDRG): 14%
- Duplicate Payment: 9%
- Outpatient Coding Error: 3%
- Incorrect Discharge Status: 3%
- All Other: 50%

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region C: Top denial reasons by dollars were more likely to be inpatient coding and outpatient billing errors.

Top Reason for Automated Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010, Region C

Survey participants were asked to rank denials by reason, according to dollars impacted.

Outpatient Billing Error: 17%
Inpatient Coding Error (MSDRG): 10%
Duplicate Payment: 9%
Outpatient Coding Error: 8%
All Other: 56%

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region D: Incorrect discharge status was more likely to be cited as a top reason for automated denials.

Top Reason for Automated Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010, Region D

Survey participants were asked to rank denials by reason, according to dollars impacted.

- Outpatient Billing Error: 9%
- Inpatient Coding Error (MSDRG): 14%
- Duplicate Payment: 11%
- Outpatient Coding Error: 13%
- Incorrect Discharge Status: 13%
- All Other: 52%

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Complex RAC Denials
Incorrect coding of MS-DRGs or other coding errors represented the top reason by dollars for complex denials for 86% of hospitals.

Top Reason for Complex Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010

Survey participants were asked to rank denials by reason, according to dollars impacted.

- Incorrect MS-DRG or Other Coding Error: 86%
- Incorrect APC or Other Outpatient Coding Error: 4%
- No or Insufficient Documentation in the Medical Record: 3%
- Medical Necessity - No Activity (0%)
- All Other (6%)

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Percent and Number of Reported RAC Complex Denials, by Region, through 2nd Quarter 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Number of Claims with Overpayment Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>84</td>
</tr>
<tr>
<td>Region B</td>
<td>745</td>
</tr>
<tr>
<td>Region C</td>
<td>1,605</td>
</tr>
<tr>
<td>Region D</td>
<td>364</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region A: By far, the top reason for complex denials was incorrect MS-DRG or other coding errors.

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region B: Incorrect MS-DRG or other coding error was ranked the top reason for complex denial 80% of the time.

Top Reason for Complex Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010, Region B

Survey participants were asked to rank denials by reason, according to dollars impacted.

- Incorrect MS-DRG or Other Coding Error: 80%
- Incorrect APC or Other Outpatient Coding Error: 10%
- No or Insufficient Documentation in the Medical Record: 6%
- All Other: 4%

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region C: Incorrect MS-DRG or other coding error was ranked the top reason for complex denial 91% of the time.

Top Reason for Complex Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010, Region C

Survey participants were asked to rank denials by reason, according to dollars impacted.

- Incorrect MS-DRG or Other Coding Error: 91%
- Incorrect APC or Other Outpatient Coding Error: 3%
- No or Insufficient Documentation in the Medical Record: 4%
- All Other: 2%

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Region D: Incorrect MS-DRG or other coding error was again the top reason for denials with no hospitals reporting lack of documentation as a top reason.

Top Reason for Complex Denials by Dollar Amount for Hospitals with RAC Activity, 2nd Quarter 2010, Region D

Survey participants were asked to rank denials by reason, according to dollars impacted.

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity from April to June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Hospitals reported appealing 16% of RAC denials available for appeal.

Total Number of Automated and Complex Denials Appealed by Hospitals with RAC Activity, by Region, through 2nd Quarter 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Number of Denials Available for Appeal</th>
<th>Total Number of Appealed Denials</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONWIDE</td>
<td>12,090</td>
<td>1,892</td>
</tr>
<tr>
<td>Region A</td>
<td>93</td>
<td>27</td>
</tr>
<tr>
<td>Region B</td>
<td>6,081</td>
<td>1,261</td>
</tr>
<tr>
<td>Region C</td>
<td>4,272</td>
<td>412</td>
</tr>
<tr>
<td>Region D</td>
<td>1,644</td>
<td>192</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

*Available for appeal means that the hospital received a demand letter for this claim, either as a result of automated or complex review.
Hospitals reported appealing denials totaling over $5 million in value and 39% of hospitals reported appealing at least one RAC denial.

**Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 2nd Quarter 2010, Millions**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percent of Hospitals with Any Appealed Denials</th>
<th>Average Number of Appealed Denials per Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONWIDE</td>
<td>39%</td>
<td>8.4</td>
</tr>
<tr>
<td>Region A</td>
<td>29%</td>
<td>3.9</td>
</tr>
<tr>
<td>Region B</td>
<td>54%</td>
<td>14.0</td>
</tr>
<tr>
<td>Region C</td>
<td>37%</td>
<td>5.6</td>
</tr>
<tr>
<td>Region D</td>
<td>29%</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey

AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Of the claims that have completed the appeals process, 13% were overturned in favor of the provider. 1,571 of claims are still in the appeals process.

Summary of Appeal Rate and Determinations in Favor of the Provider, for Hospitals with RAC Activity, through 2nd Quarter 2010

<table>
<thead>
<tr>
<th></th>
<th>Appealed</th>
<th>Percent of Denials Appealed</th>
<th>Number of Claims Pending Appeals Determination</th>
<th>Number of Claims Withdrawn from Appeals Process</th>
<th>Number of Denials Overturned in the Appeals Process</th>
<th>Percent of Appealed Denials Overturned</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONWIDE*</td>
<td>1,892</td>
<td>16%</td>
<td>1,571</td>
<td>61</td>
<td>238</td>
<td>13%</td>
</tr>
<tr>
<td>Region A</td>
<td>27</td>
<td>29%</td>
<td>21</td>
<td>3</td>
<td>3</td>
<td>11%</td>
</tr>
<tr>
<td>Region B</td>
<td>1261</td>
<td>21%</td>
<td>1,082</td>
<td>15</td>
<td>150</td>
<td>12%</td>
</tr>
<tr>
<td>Region C</td>
<td>412</td>
<td>10%</td>
<td>319</td>
<td>40</td>
<td>49</td>
<td>12%</td>
</tr>
<tr>
<td>Region D</td>
<td>192</td>
<td>12%</td>
<td>149</td>
<td>3</td>
<td>36</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals. Note: the data does not reflect the outcome of appeals currently still in the appeals process, therefore the overturn rate may increase as more appeals complete the appeals process. *Hospitals did not specify the status of 22 of the appealed claims.
Of the claims that have completed the appeals process, two-thirds of the overturned denials were reported in Region D.

Percent of Overturned Denials by Region, through 2nd Quarter 2010

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
*Note: the data does not reflect the outcome of appeals currently still in the appeals process, therefore the overturn rate may increase as more appeals complete the appeals process.
Hospitals reported a total of $420,870 in overturned denials, with $273,113 in Region C alone.

Total Value of Appeal Determinations in Favor of the Provider, for Hospitals with RAC Activity, through 2nd Quarter 2010

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
Administrative Burden
76% of responding hospitals reported that RACs impacted their organization during the second quarter of 2010 and 51% reported increased administrative costs.

Impact of RAC on Responding Hospitals* by Type, through 2nd Quarter 2010

- Increased administrative costs: 51%
- Initiated a new internal task force: 38%
- No impact: 24%
- Employed additional staff/Hiring: 19%
- Modified admission criteria: 13%
- Additional administrative role of clinical staff: 12%
- Had to make cutbacks: 1%
- Other: 9%

*Includes responding hospitals with and without RAC activity

Source: AHA, (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
The administrative burden of RAC is spread across all types of hospital staff. Medical records staff spent the most time responding to RAC activity.

Average Hours of Staff Time Spent Per Responding Hospital* on RAC by Staff Type, 2nd Quarter 2010

- Medical Records Staff: 51 hours
- Clerical: 37 hours
- Coders/Health Information Management (HIM): 35 hours
- Utilization Management: 35 hours
- PFS Staff: 28 hours
- Medical Director: 24 hours
- Case Manager: 22 hours
- Compliance Officer: 22 hours
- Medical Records Director: 20 hours
- Vice President: 19 hours
- Patient Financial Services (PFS) Director: 14 hours
- Chief Financial Officer: 11 hours
- Lawyer: 8 hours
- Other*: 45 hours

*Includes responding hospitals with and without RAC activity
Source: AHA. (August 2010), RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
*Other includes other types of hospital staff, including RAC Coordinator and IT Department.
Those hospitals (11%) using external resources reported spending an average of $48,770 to hire an external utilization management consultant.

### Percent of Hospitals Using External Resources by Type and Average Dollars*

**Spent this quarter, 2nd Quarter 2010**

<table>
<thead>
<tr>
<th>Administrative Burden</th>
<th>Average Dollar Amount This Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Record Copying Service</td>
<td>$2,088</td>
</tr>
<tr>
<td>Other Consultant</td>
<td>$12,902</td>
</tr>
<tr>
<td>Utilization Management Consultant</td>
<td>$48,770</td>
</tr>
<tr>
<td>External Legal Counsel</td>
<td>$2,480</td>
</tr>
<tr>
<td>Other</td>
<td>$6,119</td>
</tr>
</tbody>
</table>

Source: AHA. (August 2010). RACTrac Survey
AHA analysis of survey data collected from 1,389 hospitals: 972 reporting activity, 417 reporting no activity through June 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

*Average dollars spent for hospitals indicating that type of expense.
Making RACTrac Results Work For You
RACTrac Hospital(s) Report

- Hospitals and health systems can run reports of their own data to understand RAC impact on hospital/health system
- Compare individual hospital/system to state, regional or national norm
- State hospital associations can run reports analyzing state-specific trends across individual hospitals and health systems
Using RACTrac Results in Your Hospital

- Identify RAC trends in hospital, your state, RAC region and nationwide
- Use RACTrac data to implement preventative measures to avoid future RAC recoupments
- Learn what’s going on in other RAC regions to identify potential future RAC issues in your state
- Learn more about the administrative burden associated with RACs
RACTrac Supports Critical Advocacy Efforts

✓ Currently only tool available to gather RAC experience data
✓ No more anecdotal evidence—RACTrac provides real data on hospital RAC experience nationwide
✓ AHA and state hospital associations can use RACTrac data to advocate for needed improvements in the RAC program
✓ RACTrac allows state hospital associations to put their finger on the pulse of RAC activity in their state
✓ State hospital associations can conduct their own analysis and pull out relevant points
Fall 2010 RACTrac Data Collection Period

- On September 23, hospital leaders nationwide received RACTrac registration info
- RACTrac is collecting data **NOW** through October 15
- Sign Up For RACTrac at: [www.aharactrac.com](http://www.aharactrac.com)
- Contact the RACTrac Help Desk if you need your hospital’s RACTrac **registration information**: [ractracsupport@providercs.com](mailto:ractracsupport@providercs.com) or 1-888-722-8712
- Please participate even if no RAC activity. The lack of activity across a given population is sometimes the most important information of all.
QUESTIONS?

For more information visit AHA’s RACTrac Website:

www.aha.org/aha/issues/RAC/ractrac.html