



# RACTrac Quarterly Webinar

*Elizabeth Baskett, Senior Associate Director, Policy, AHA*

July 6, 2011

# Agenda

- Thanks for making *RAC*Trac a Success!!
- RAC Update & AHA Resources
  - Upcoming appeals webinar
- *RAC*Trac Results, May 2011
- *RAC*Trac Data Collection Period, July 2011
- Questions and Answers





## **American Hospital Association**

**THANKS**

for Making the Latest *RAC*Trac Data Collection  
a Success!!!!

1960 Responding Hospitals (up from 1850 last quarter)  
1580 with RAC Activity, 380 without



# **American Hospital Association**

RAC Update & AHA Resources

# RAC Update

- As of June 17, 1015 approved RAC issues
  - 198 automated audits; 804 complex audits, including 511 DRG validations
  - 13 semi-automated reviews
  - 293 Medical Necessity Review issues approved
- Semi-Automated Reviews
- CMS rebilling policy
- RAC process issues
  - Please provide specific examples of problems to your CMS RAC Project Officer. Contact information can be found on AHA's RAC Website:  
<http://www.aha.org/aha/issues/RAC/contractors.html>
- CMS provider education:  
[http://www.cms.gov/MLNProducts/45\\_ProviderCompliance.asp](http://www.cms.gov/MLNProducts/45_ProviderCompliance.asp)



- Medicare Parts C & D RACs and Medicaid RACs

# AHA RAC & RACTrac Resources

- **AHA RAC Resources**

- [www.aha.org/rac](http://www.aha.org/rac)

- CMS and RAC Contact Information
- AHA RAC News Now Listserv
- Education Series & Advisories
  - Medicare Appeals Process
  - Coding & Documentation Strategies
  - Preparing for RAC Audits
  - RACTrac Advisories & Webinar

**Member Advisory**  
REVISED April 29, 2009  
**MEDICARE RECOVERY AUDIT CONTRACTORS (RACs):  
PERMANENT PROGRAM BASICS**

**At A Glance**

**The Issue:**  
Initially established as a demonstration project in three states in 2005, the Medicare Recovery Audit Contractor (RAC) program is charged with identifying improper Medicare fee-for-service payments – both overpayments and underpayments. RACs are paid on a contingency fee basis, receiving a percentage of the improper payments they identify and collect. At the end of 2007, two additional states were added to the demonstration before it ended on March 27, 2008. Congress expanded the program to all states and made it permanent in Section 302 of the *Tax Relief and Health Care Act of 2006*.  
In October 2008, the Centers for Medicare & Medicaid Services (CMS) named four permanent RACs. However, one month later, CMS was required to impose an automatic stay on the rollout of the

**AHA RAC  
EDUCATION  
SERIES**

American Hospital Association

**Member Advisory**  
April 24, 2009  
**RACTrac:  
MONITORING MEDICARE RECOVERY AUDIT  
CONTRACTOR ACTIVITY**

**The Issue:**  
The Centers for Medicare & Medicaid Services (CMS) recently named four permanent Medicare Recovery Audit Contractors (RACs) as part of the nationwide program rollout, and has begun conducting education sessions across the country. RACs are authorized by Congress to identify improper Medicare payments – both overpayments and underpayments – and receive a contingency fee based on a percentage of the improper payments they identify and collect.

**RACTrac Webinars**

Note: To facilitate downloads of these files, right-click on the blue links below, select the "save" (Save Target As) option on your browser, and save the file to your computer.

[View the Quarterly RACTrac Webinar](#)  
Held on July 14, 2010

[Video Recording \(WMV\)](#)  
[RACTrac Presentation Slides \(PDF\)](#)

[View the RACTrac Launch Webinar](#)  
Held on April 6, 2010

[Video Recording \(WMV\)](#) - 1 hour, 18 minutes  
[RACTrac Presentation Slides \(PDF\)](#)  
[RACTrac Presentation Slides \(PPTX\)](#)



**AHA Solutions**  
An American Hospital Association Company™

*Signature Learning Series™*

## Free Webinar for AHA Members:

### ***Navigating the RAC Appeals Process***

**Wednesday, August 24, 2011**

*1:00-2:30pm EST*

#### **WHAT YOU WILL LEARN:**

- AHA RAC Activity & Resources
- How do you navigate the RAC Appeals process
- RAC Appeals: experiences to date
- Current success stories
- Helpful tips and pointers



Register at:

» <http://tinyurl.com/7-06AHARacTrac>



## RACTrac Results, May 2011





# RACTrac Background Information

- 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 RAC activity in hospitals and the administrative burden associated the RAC program
  - Respondents use AHA's online survey application, *RACTrac* (accessed at [www.aharactrac.com](http://www.aharactrac.com)), to submit their data regarding the impact of the RAC program
- Since *RACTrac* began collecting data in January, 2010, more than 1900 hospitals have participated
- *RACTrac* survey enhancements are made on a regular basis



# Executive Summary

- 1960 hospitals have participated in *RAC*Trac since data collection began in January of 2010.
- \$167 million in denied claims have been reported since the first quarter of 2010.
- 84% of participating hospitals with complex denials cited medically unnecessary as a reason for denial.
- The majority of medical necessity denials reported were for 1-day stays where the care was found to have been provided in the wrong setting, not because the care medically unnecessary. 
- Hospital respondents reported Syncope & Collapse as the top MS-DRG denied by RACs for both medical necessity denials and incorrect coding denials. 
- 57% of all participating hospitals with RAC activity reported receiving at least one underpayment determination.
- Hospitals reported appealing nearly one in four RAC denials, with a 71% success rate in the appeals process.



## Executive Summary (cont.)

- 75% of participating hospitals reported that RAC impacted their organization this quarter and 49% reported increased administrative costs.
- 55% of respondents indicated they have yet to receive any education related to avoiding payment errors from CMS or its contractors.
- 52% of hospital respondents reported problems with reconciling RAC recoupments and untimely RAC correspondence.
- Nearly one in four hospitals reported that RAC rescission of medical record requests and late demand letters are problems with the RAC process.
- The majority of hospital respondents indicated RAC responsiveness and overall communication was “fair” or “good.”
- The average wait time for a RAC response varied significantly, with 18% of hospitals reporting it took 14 days or more to receive a response from their RAC.



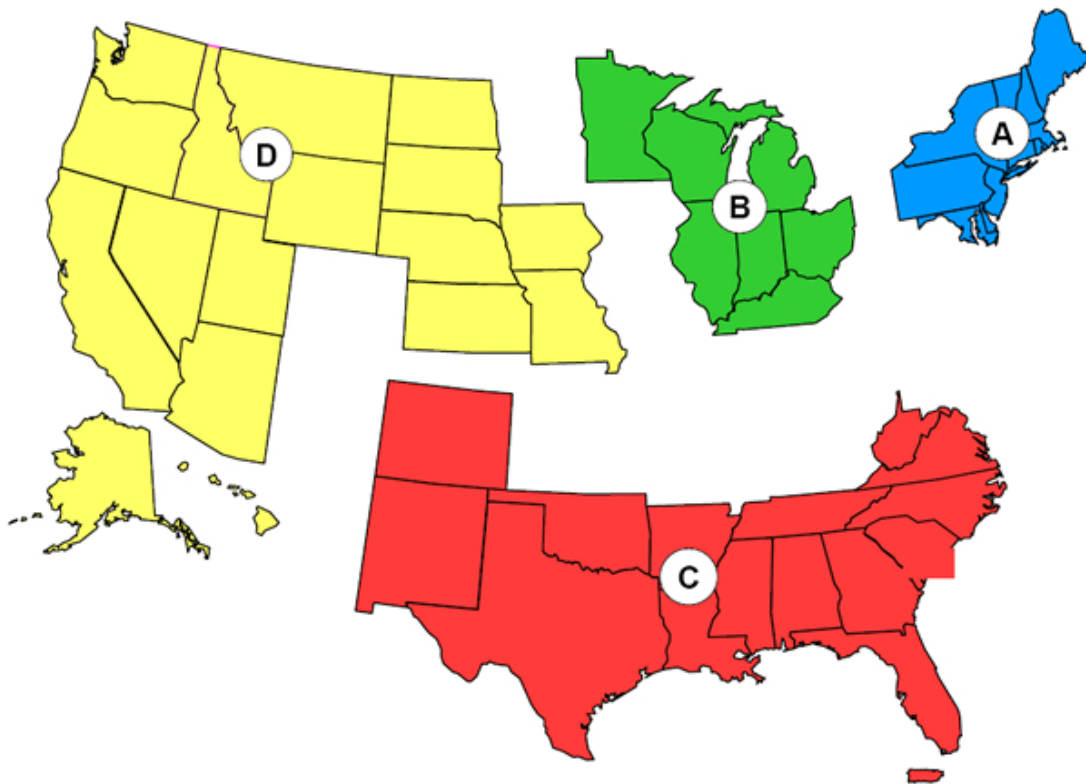


## *RACTrac* Participation

# There are four RAC regions nationwide. Participation in RACTrac is generally consistent with hospital representation in each of the RAC regions.

Distribution of Hospitals by RAC Region and Hospitals Participating in RACTrac by RAC Region, through 1<sup>st</sup> Quarter, 2011

	Percent of Hospitals Nationwide	Percent of Participating Hospitals by Region
Region A	15%	15%
Region B	19%	25%
Region C	40%	36%
Region D	26%	24%



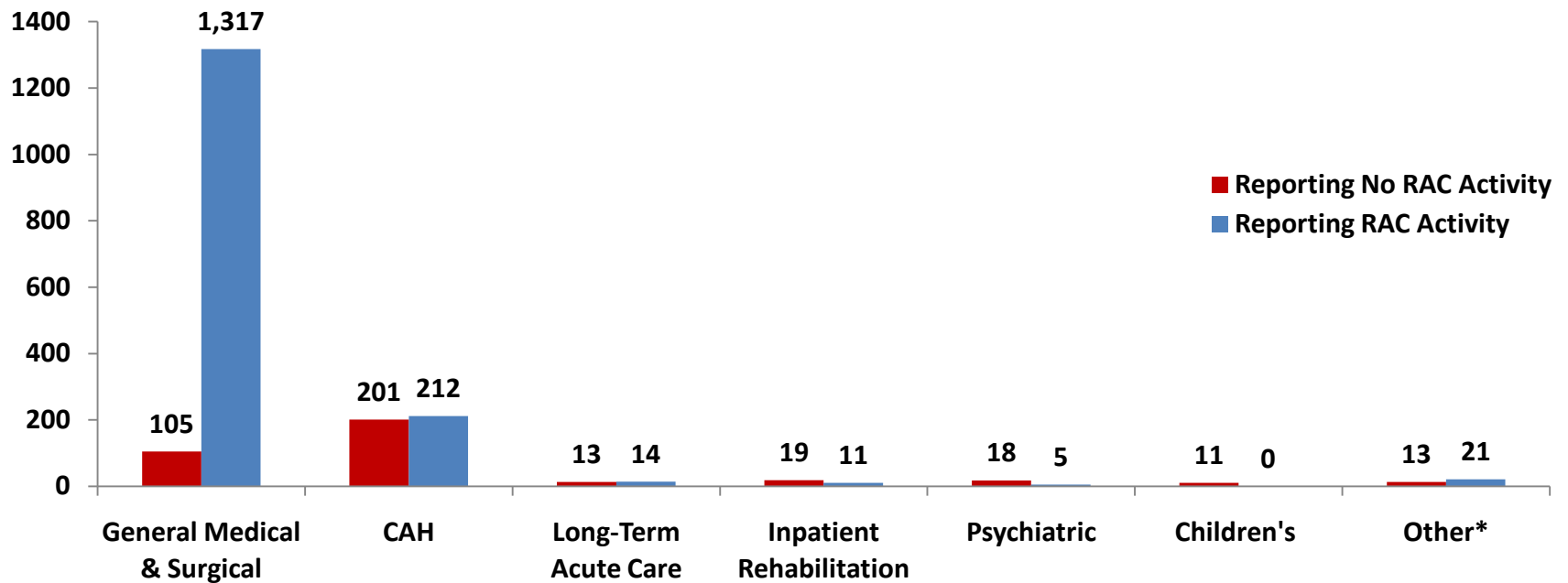
Source: Centers for Medicare and Medicaid Services



## 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 1<sup>st</sup> Quarter 2011



\*Other includes: Cancer, Chronic Disease, Alcohol and Other Chemical Dep., Heart, Obstetrics & Gynecology, Orthopedic and Surgical hospitals.

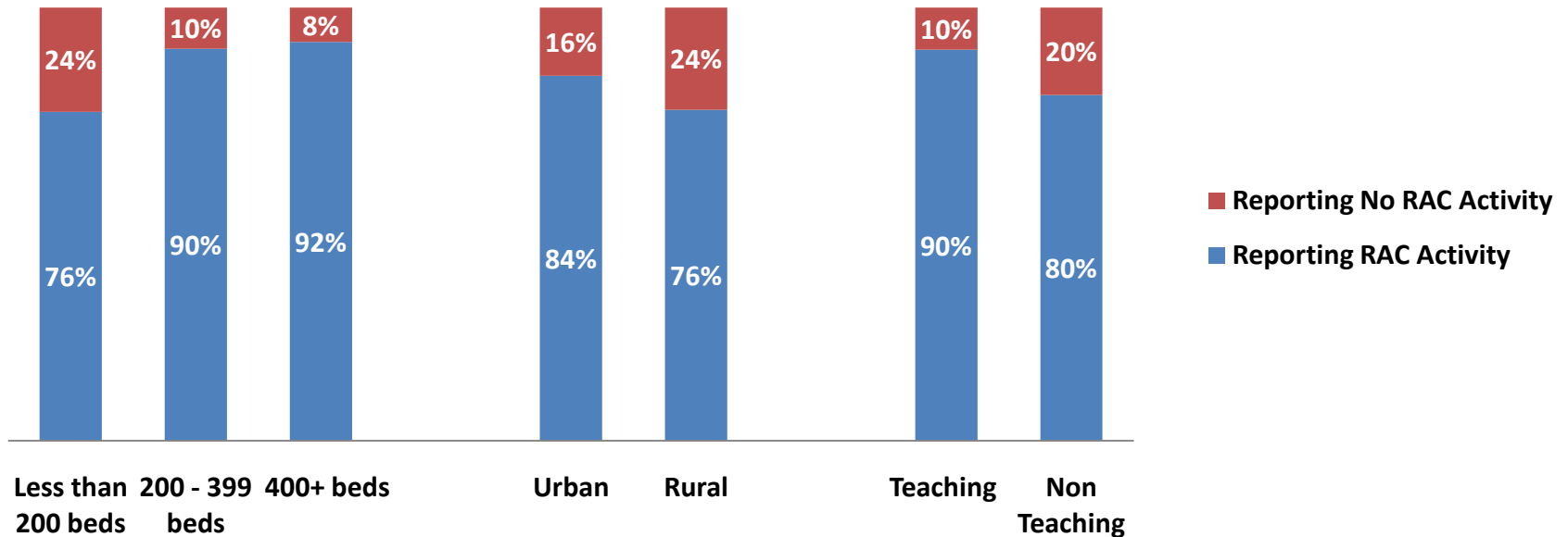
Source: AHA. (May 2011). RACTrac Survey

AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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.



# Different types and sizes of hospitals reported that they were subject to RAC review.

Percent Reporting RAC Activity vs. No RAC Activity by Type of Participating Hospital, through 1<sup>st</sup> Quarter 2011

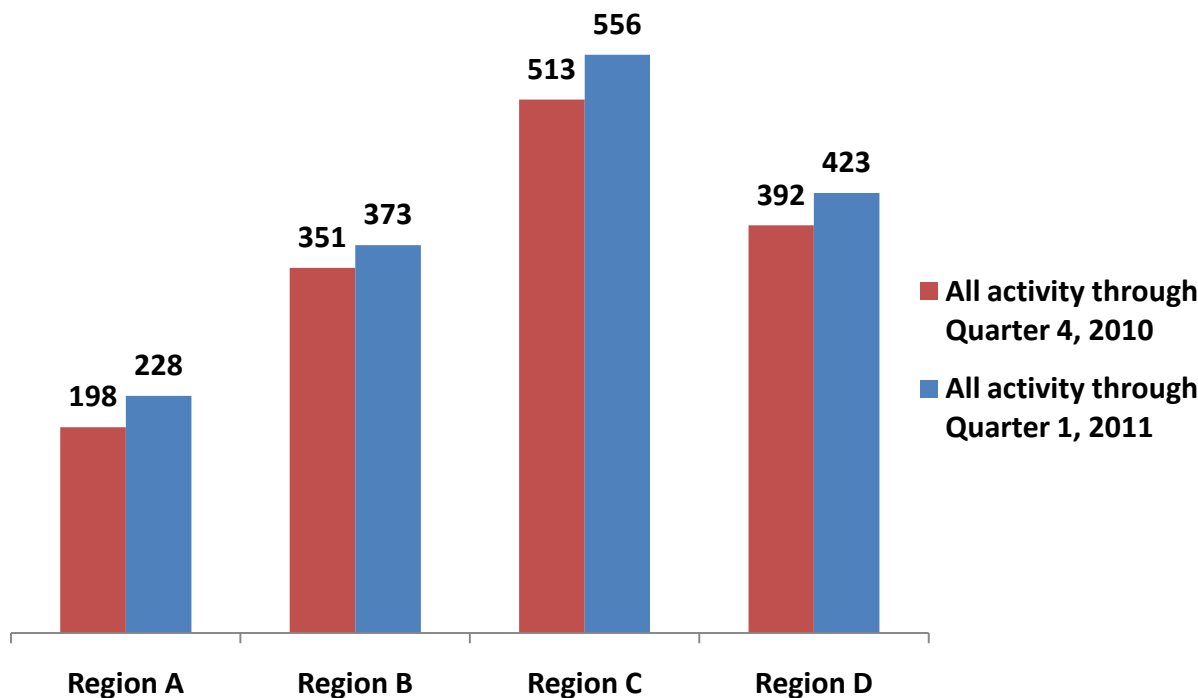


Source: AHA. (May 2011). *RACTrac Survey*  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



# RAC Region C has the highest number of hospitals reporting RAC activity.

Number of Participating Hospitals Reporting RAC Activity by Region, through 1<sup>st</sup> Quarter 2011



## States By RAC Region

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



Source: AHA. (May 2011). *RACTrac Survey*

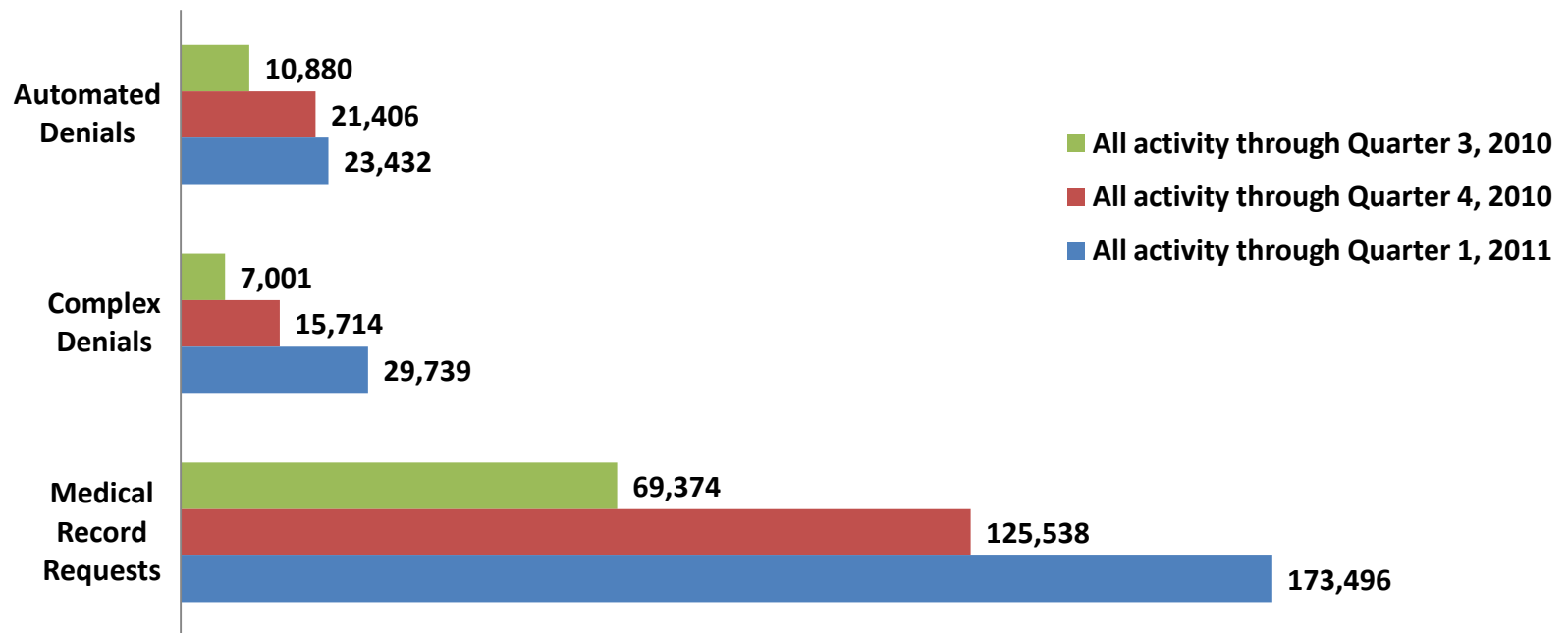
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



# RAC Reviews

# Participants continue to report significant increases in RAC denials and medical record requests.

## Reported Automated Denials, Complex Denials and Medical Records Requests by Participating Hospitals, through 1<sup>st</sup> Quarter 2011



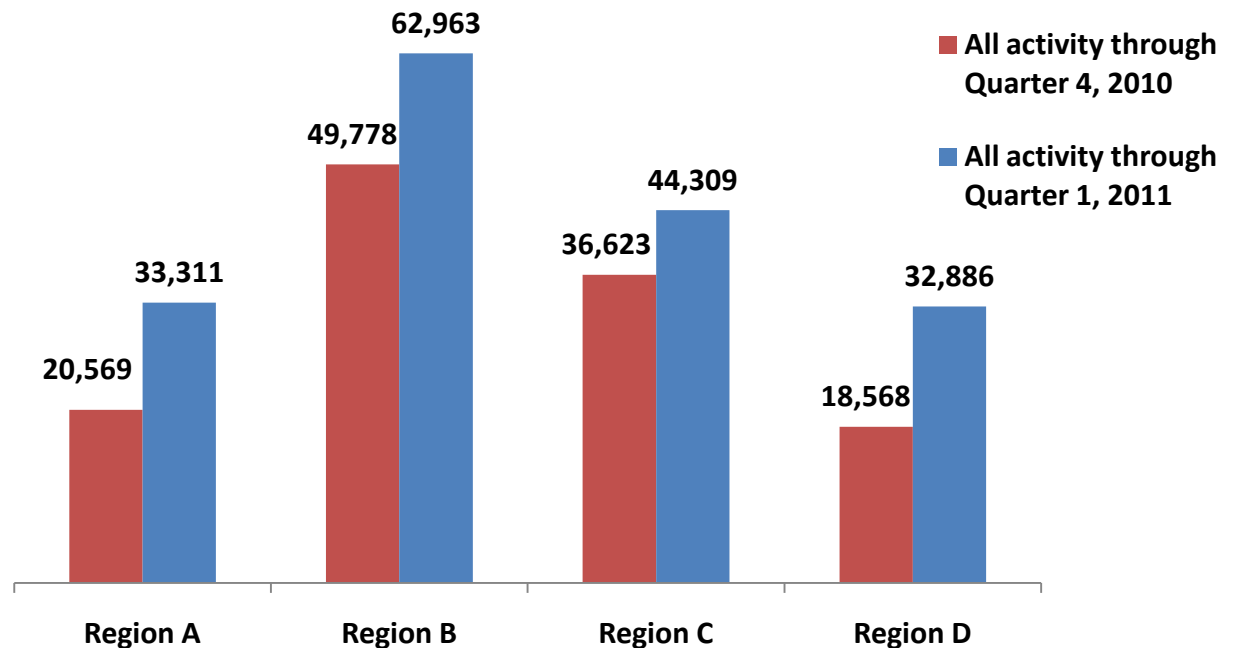
Source: AHA. (May 2011). *RACTrac Survey*

AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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 hospitals are experiencing the greatest volume of medical record requests overall, and per hospital.

Number of Medical Records Requested from Participating Hospitals With Complex Medical Record RAC Activity, through 1<sup>st</sup> Quarter 2011

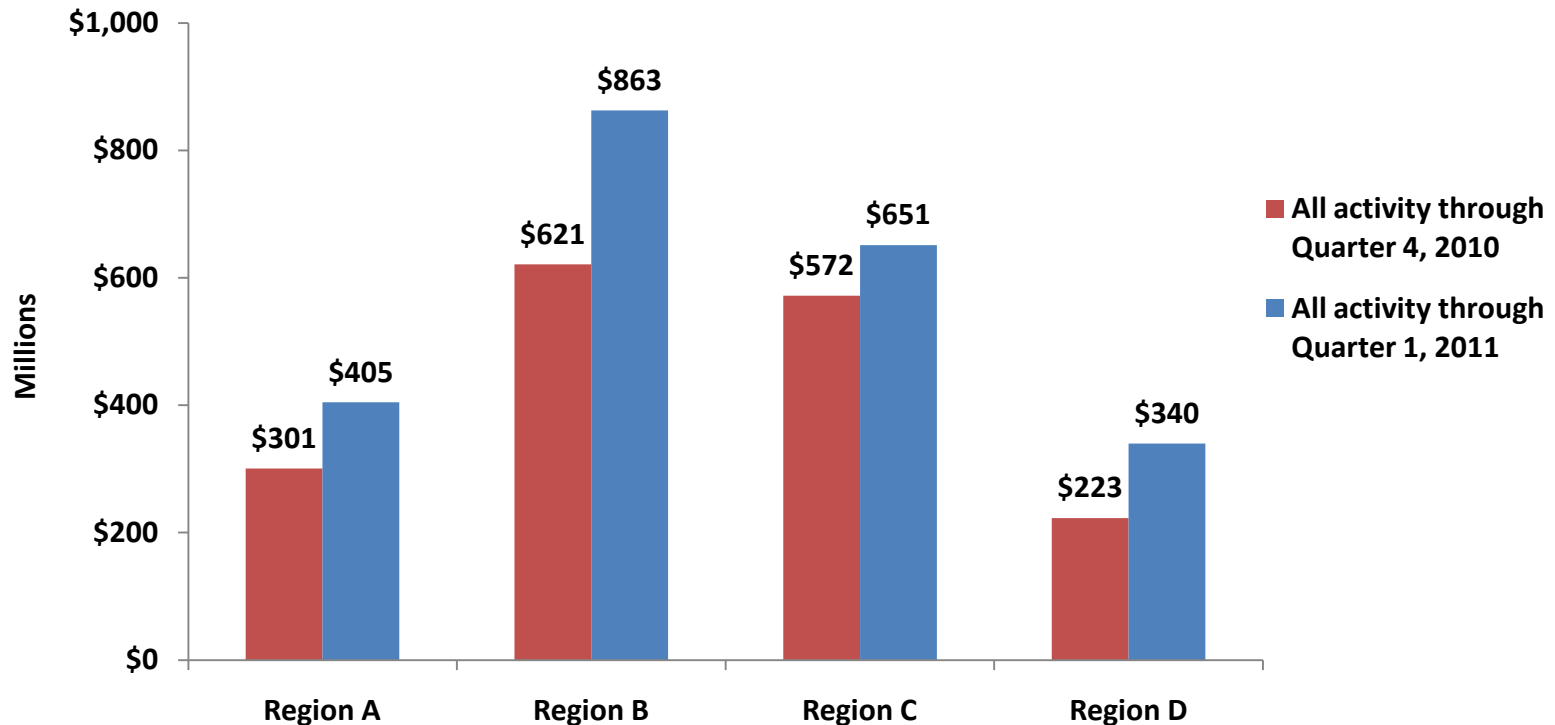
Average Number of Medical Record Requests per Reporting Hospital, through Q1, 2011	
Region A	224
Region B	251
Region C	131
Region D	182



Source: AHA. (May 2011). *RACTrac Survey*  
 AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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.

# Among participating hospitals, \$2.2 billion in Medicare payments were targeted for medical record requests through the 1<sup>st</sup> quarter of 2011.

Medicare Payments Associated with Medical Records Requested from Participating Hospitals, through 1<sup>st</sup> Quarter 2011, in Millions

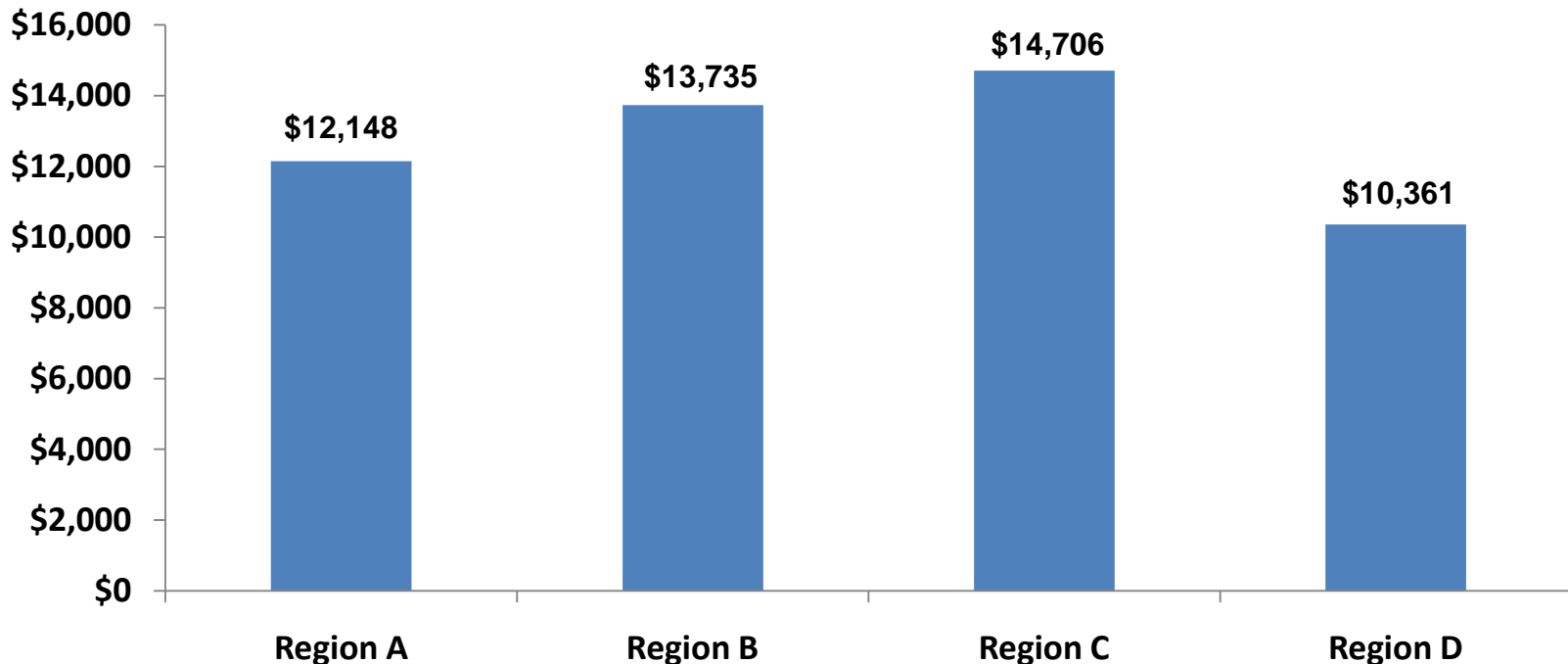


Source: AHA. (May 2011). RACTrac Survey

AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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 1<sup>st</sup> Quarter 2011

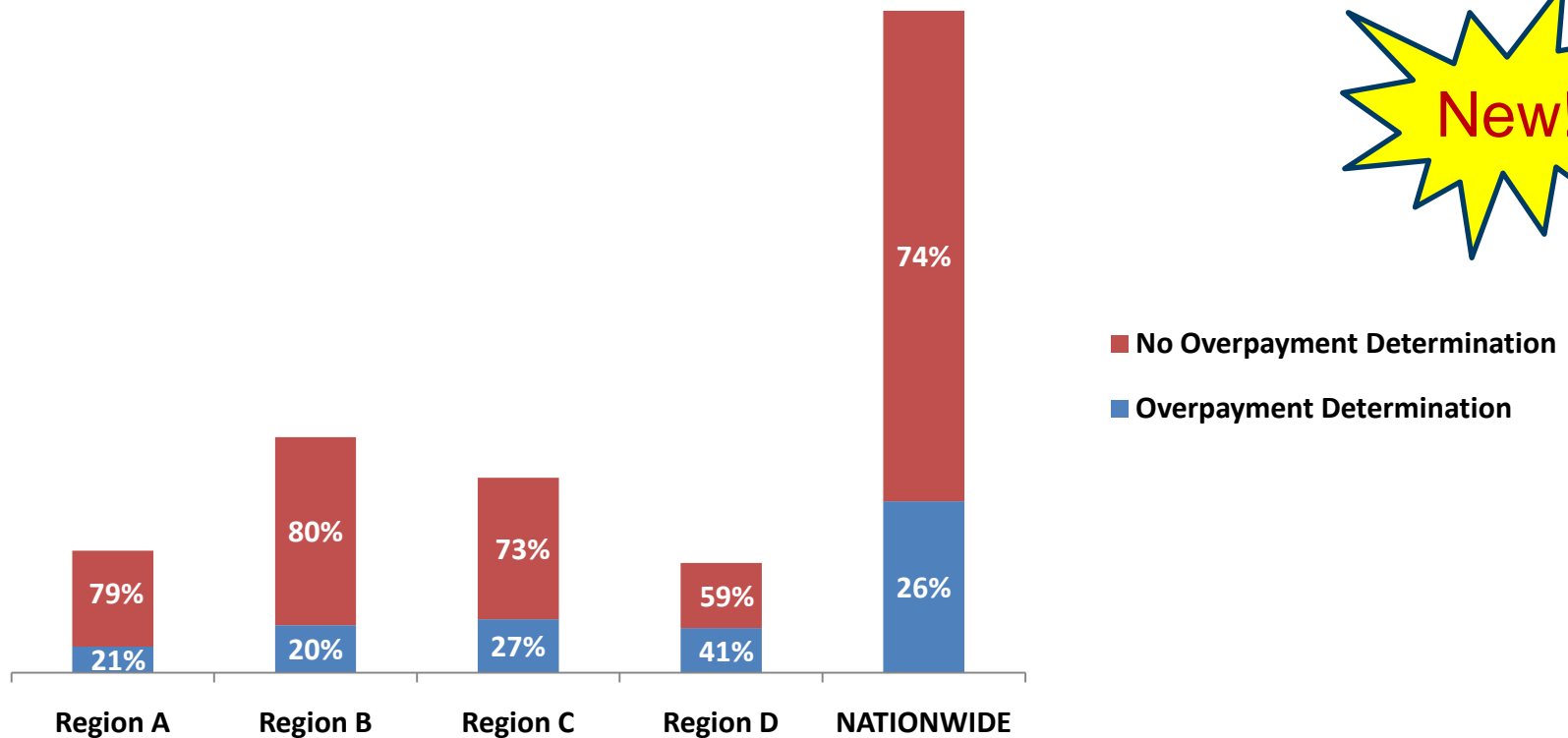


Source: AHA. (May 2011). *RACTrac Survey*

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# Nearly 3 out of every 4 medical records reviewed by RACs did not have an improper payment.

Total Number and Percent of Completed Complex Reviews with and without Overpayment Determinations for Participating Hospitals, by Region, through 1<sup>st</sup> Quarter 2011



Source: AHA. (May 2011). *RACTrac Survey*  
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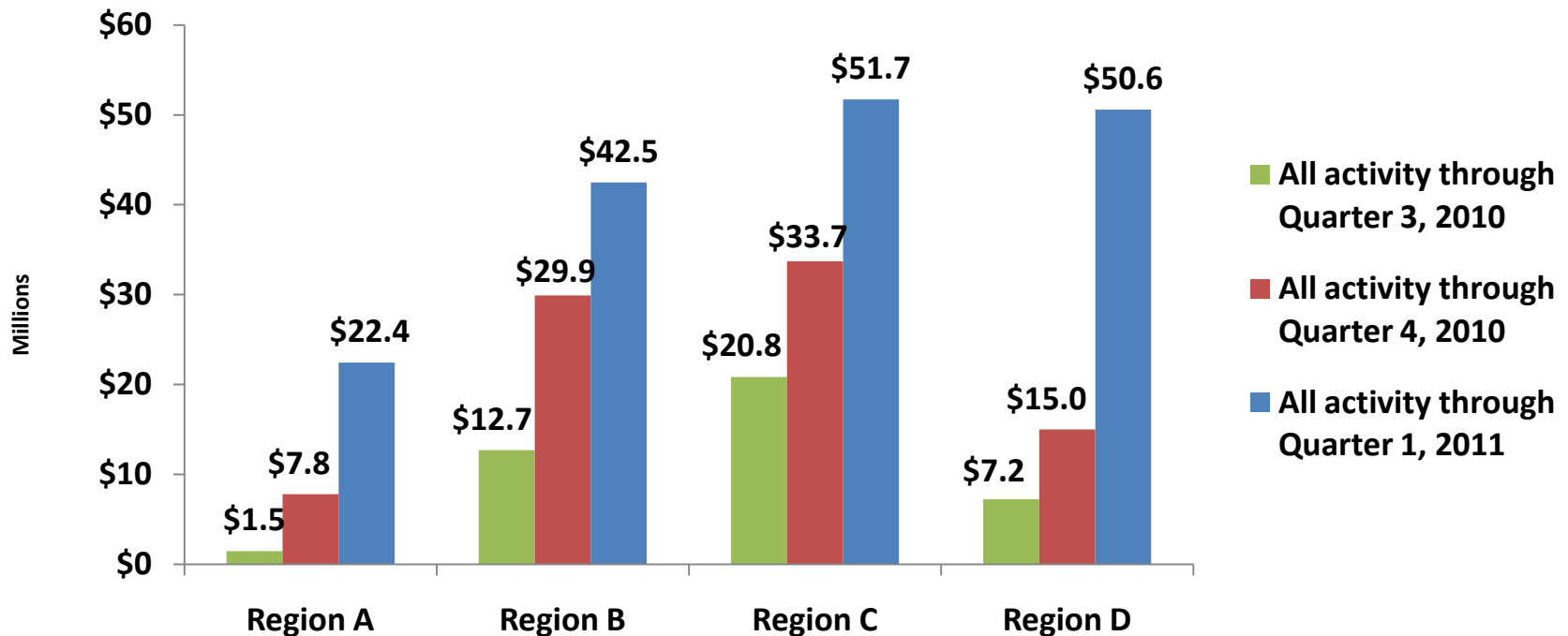


## RAC Denials



\$167 million in denials have been reported, nearly double the \$86 million reported last quarter.

### Dollar Value of Automated and Complex Denials by RAC Region for Participating Hospitals, through 1<sup>st</sup> Quarter 2011, Millions

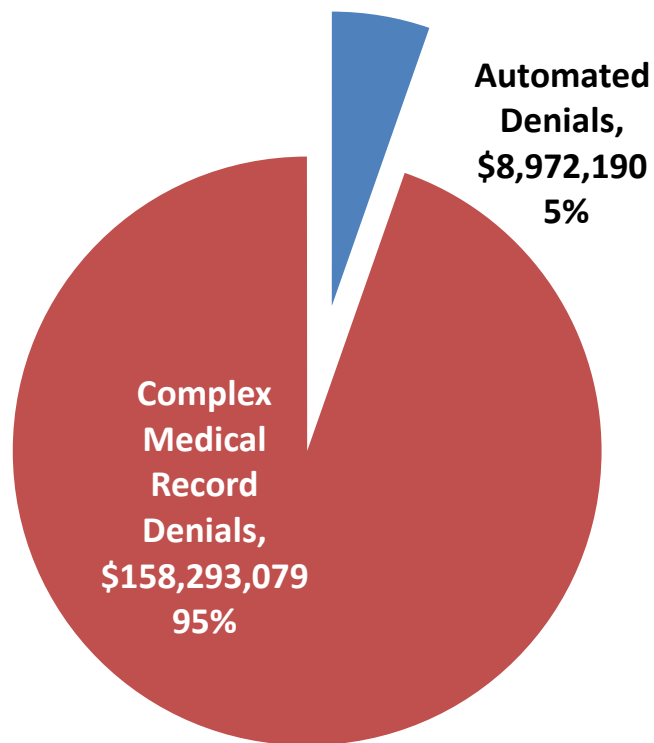


Source: AHA. (May 2011). RACTrac Survey

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95% of denied dollars were complex denials totaling over \$158 million dollars.

## Percent and Dollar Amounts of Automated Denials Versus Complex Denials for Participating Hospitals, through 1<sup>st</sup> Quarter 2011

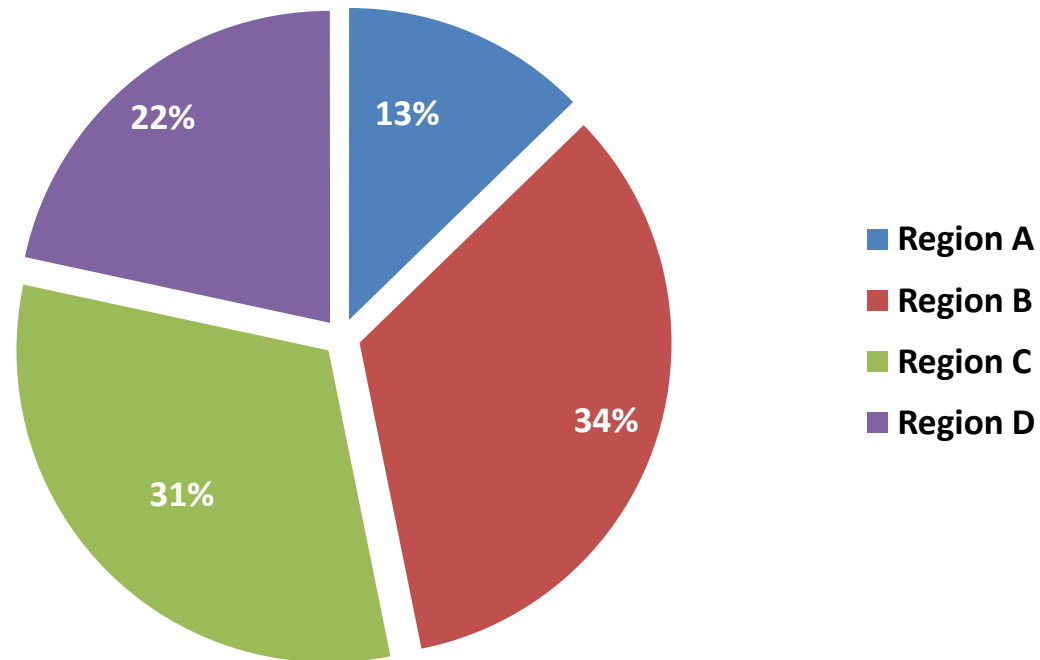


Source: AHA. (May 2011). *RACTrac Survey*

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# RAC denials are spread among all four RAC regions.

Percent of Automated and Complex Denials by RAC Region for Participating Hospitals, through 1<sup>st</sup> Quarter 2011

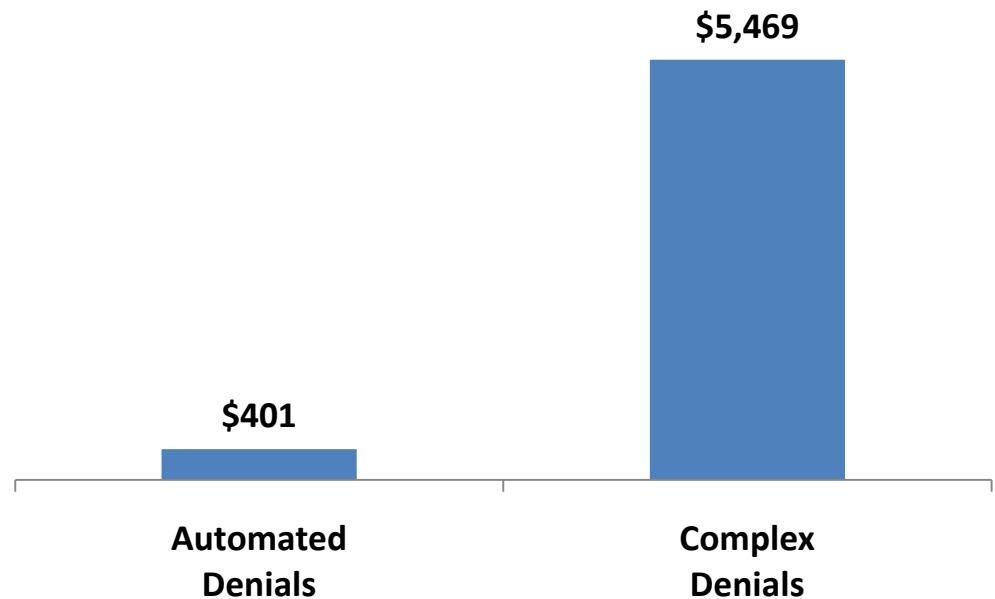


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The average dollar value of an automated denial was \$401 and the average dollar value of a complex denial was \$5,469.

## Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 1<sup>st</sup> Quarter 2011

Average Dollar Amount of Automated and Complex Denials Among Reporting Hospitals, by Region		
RAC Region	Automated Denial	Complex Denial
Region A	\$377	\$4,884
Region B	\$327	\$4,829
Region C	\$328	\$5,416
Region D	\$742	\$6,617

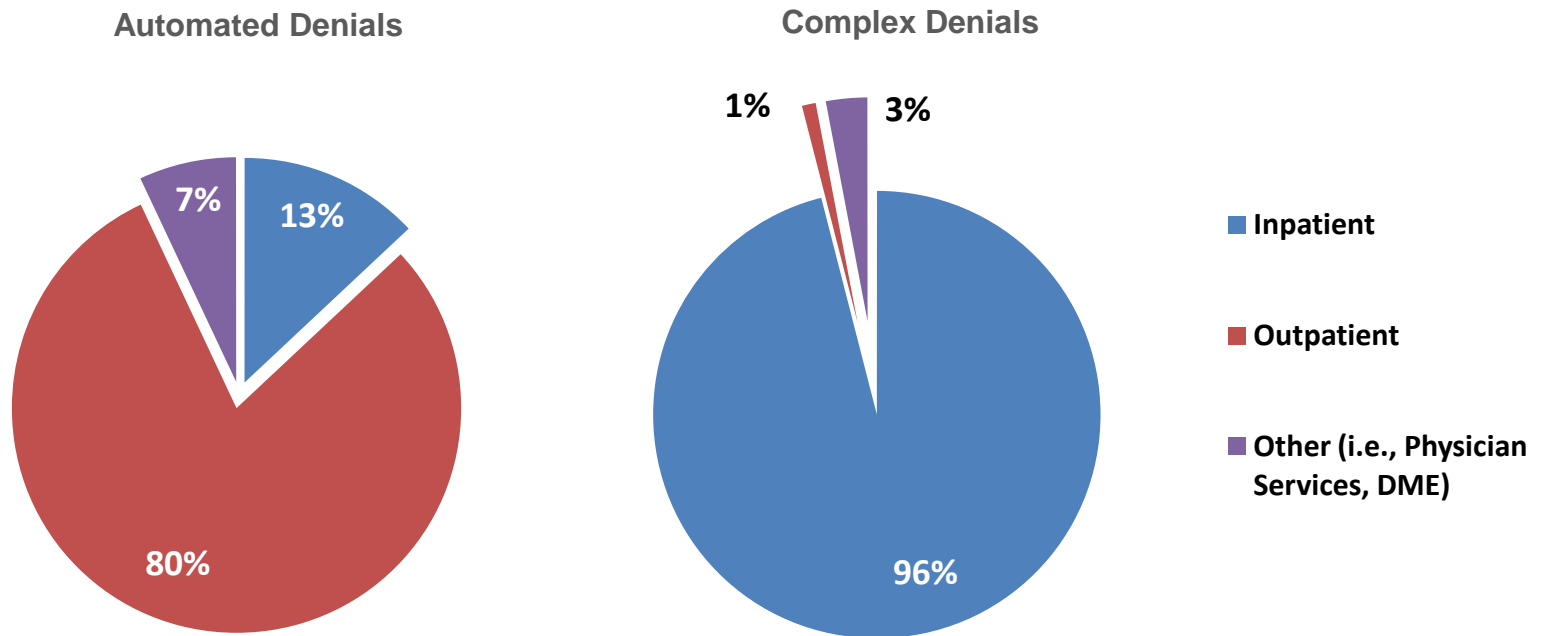


Source: AHA. (May 2011). *RACTrac Survey*  
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# Outpatient services had the largest financial impact through automated activity while inpatient services had the largest financial impact through complex denials.

## Percent of Participating Hospitals by Top Service Area for Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011

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



Source: AHA. (May 2011). RACTrac Survey  
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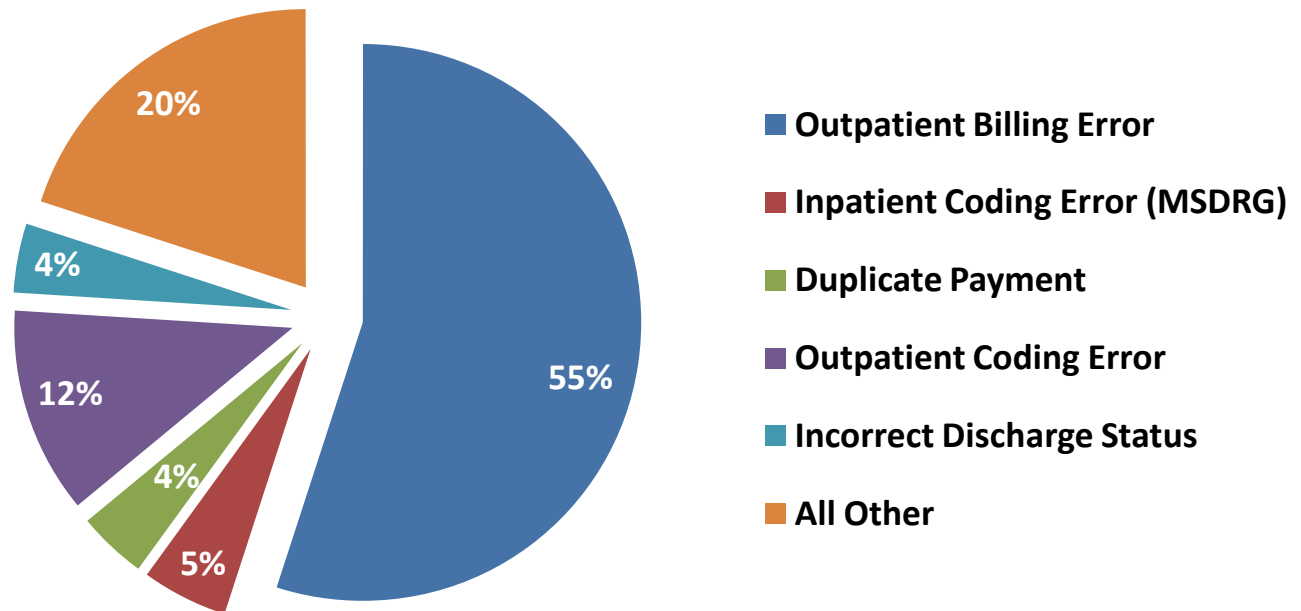


## Automated RAC Denials

# Automated denials for outpatient billing errors had the largest financial impact on reporting hospitals.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011

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

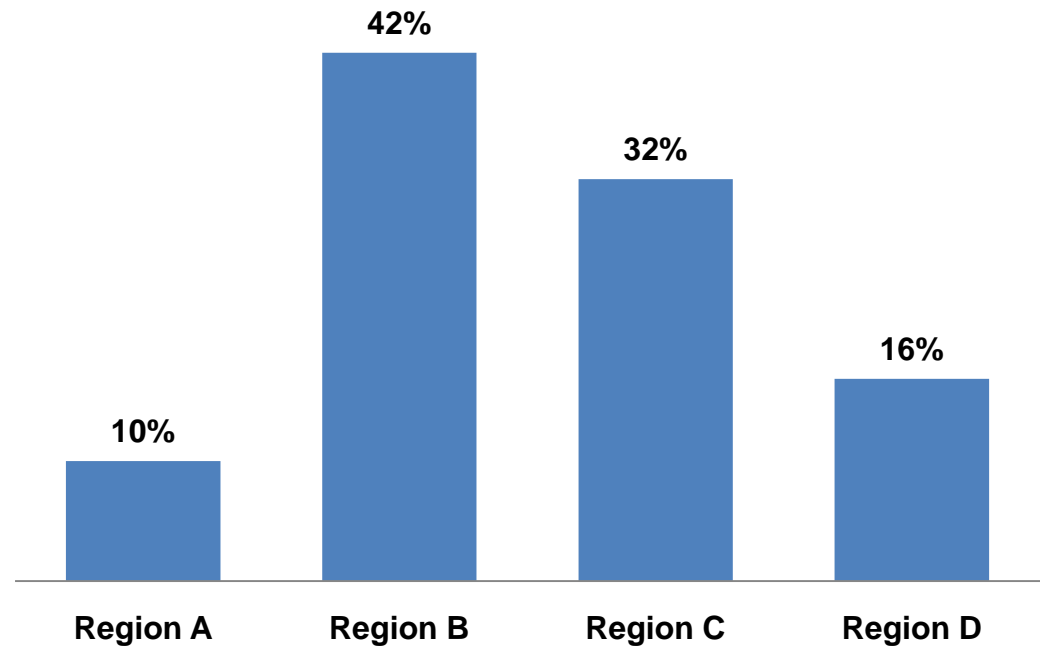


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# Region B has experienced 42% of all reported automated denials.

Percent and Number of Reported Automated Denials for Participating Hospitals, by Region, through 1<sup>st</sup> Quarter 2011

	Total Number of Automated Denials by RAC Region
Region A	2,246
Region B	9,883
Region C	7,521
Region D	3,782



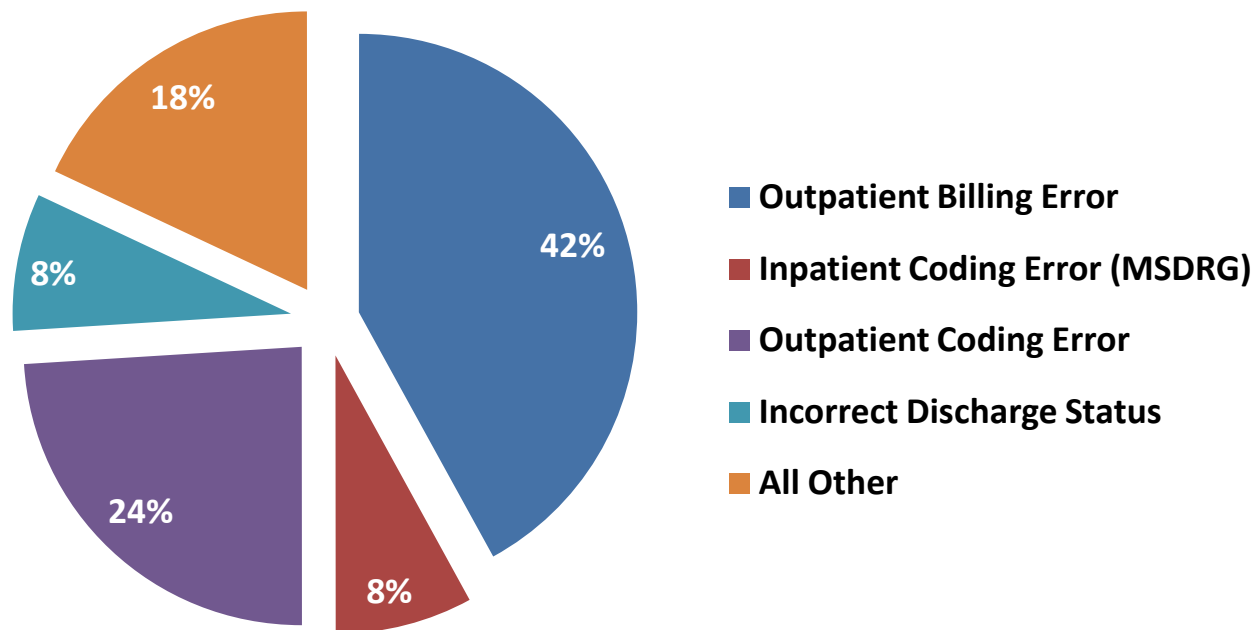
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# Region A: Consistent with the national trend, 42% of Region A hospitals ranked outpatient billing errors as the top reason for automated denials.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011, Region A

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

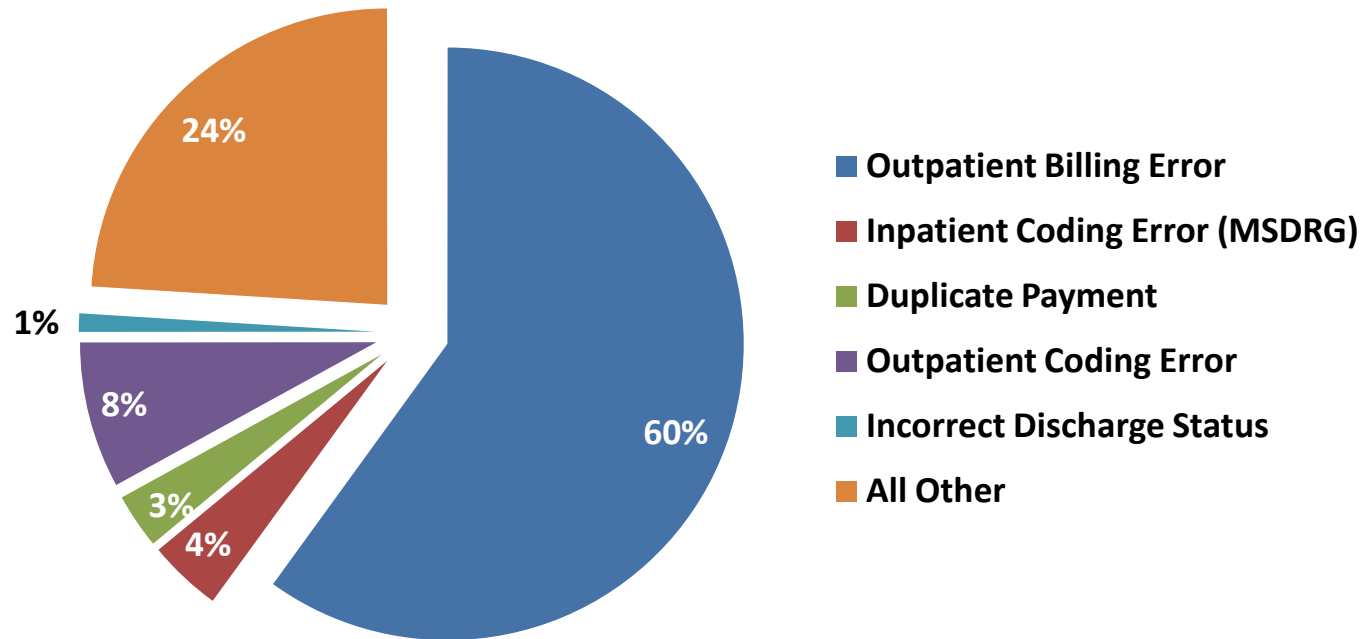


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# Region B: With more than half of all automated denial activity, top denial reasons were consistent with national trend.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011, Region B

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

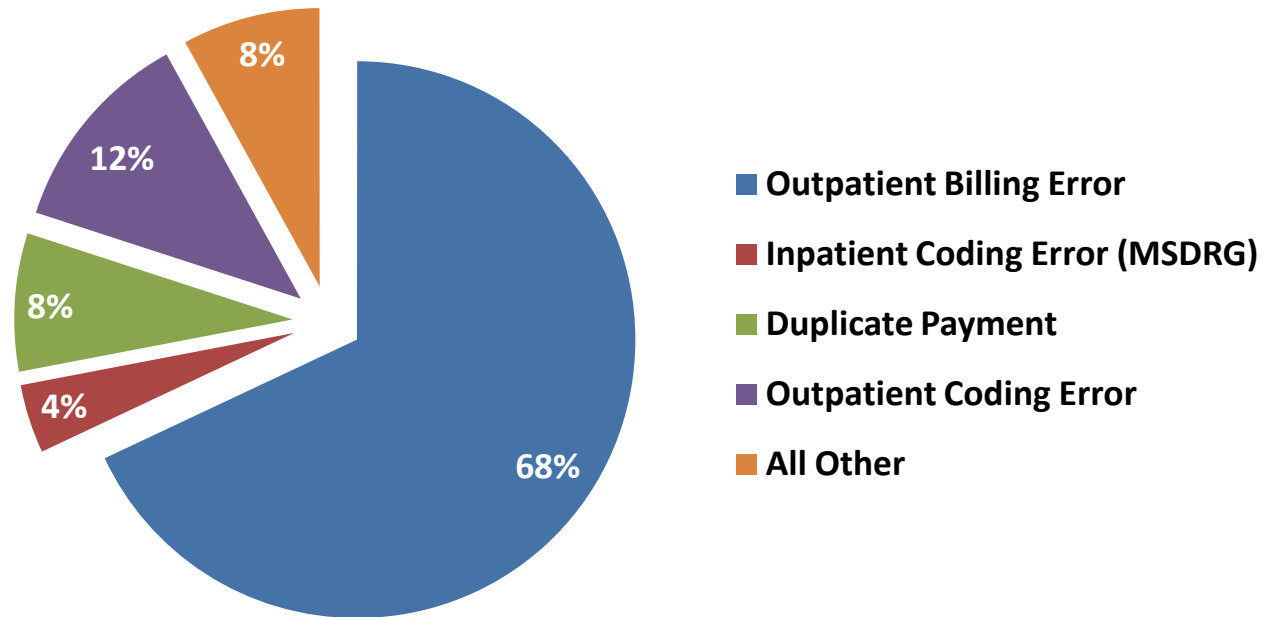


Source: AHA. (May 2011). RACTrac Survey  
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# Region C: 68% of hospitals reported outpatient billing error as the top reason for automated denials.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011, Region C

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

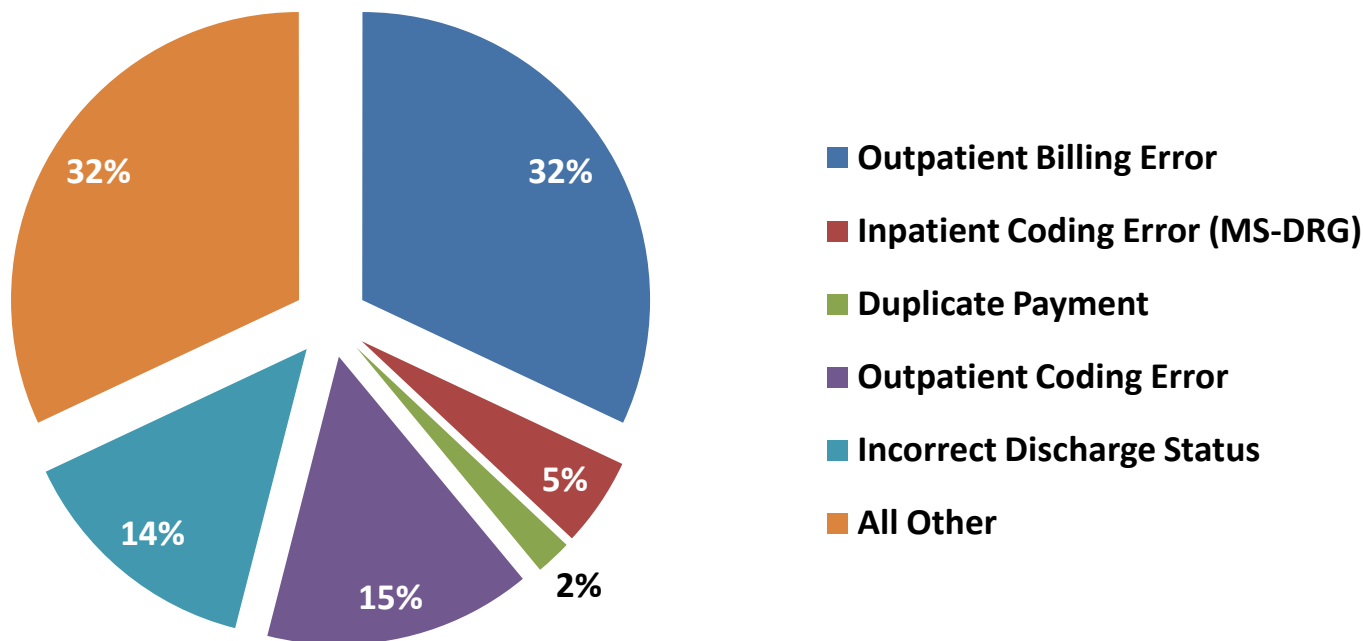


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# Region D: A significant portion of hospitals cited discharge status as the top reason for automated denial only in Region D.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011, Region D

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



Source: AHA. (May 2011). RACTrac Survey  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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.

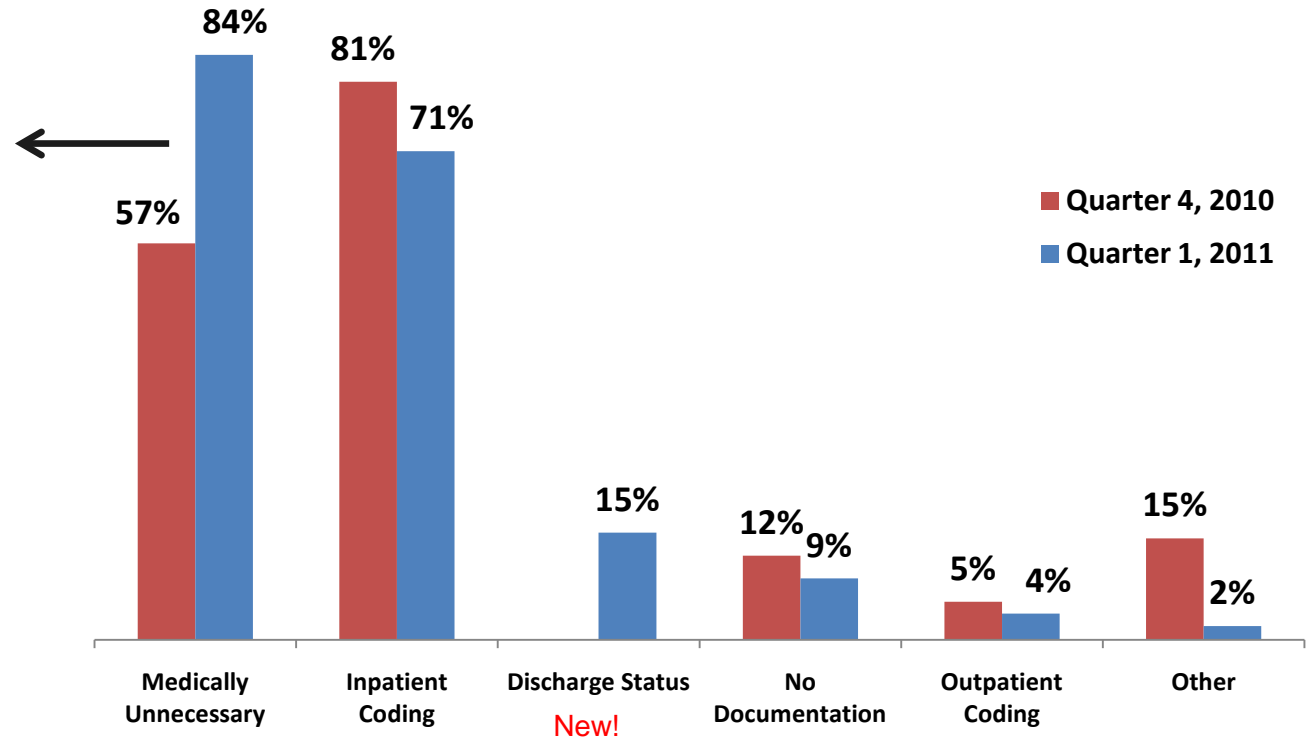
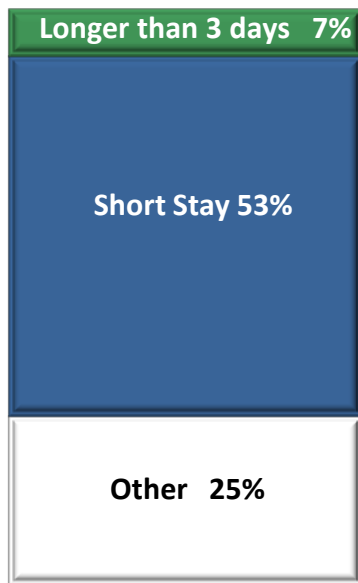


## Complex RAC Denials

# Medically unnecessary is now the top reason for complex denials.

## Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Complex Denials by Reason, 4<sup>th</sup> Quarter 2010 and 1<sup>st</sup> Quarter 2011

Survey participants were asked to select all reasons for denial.

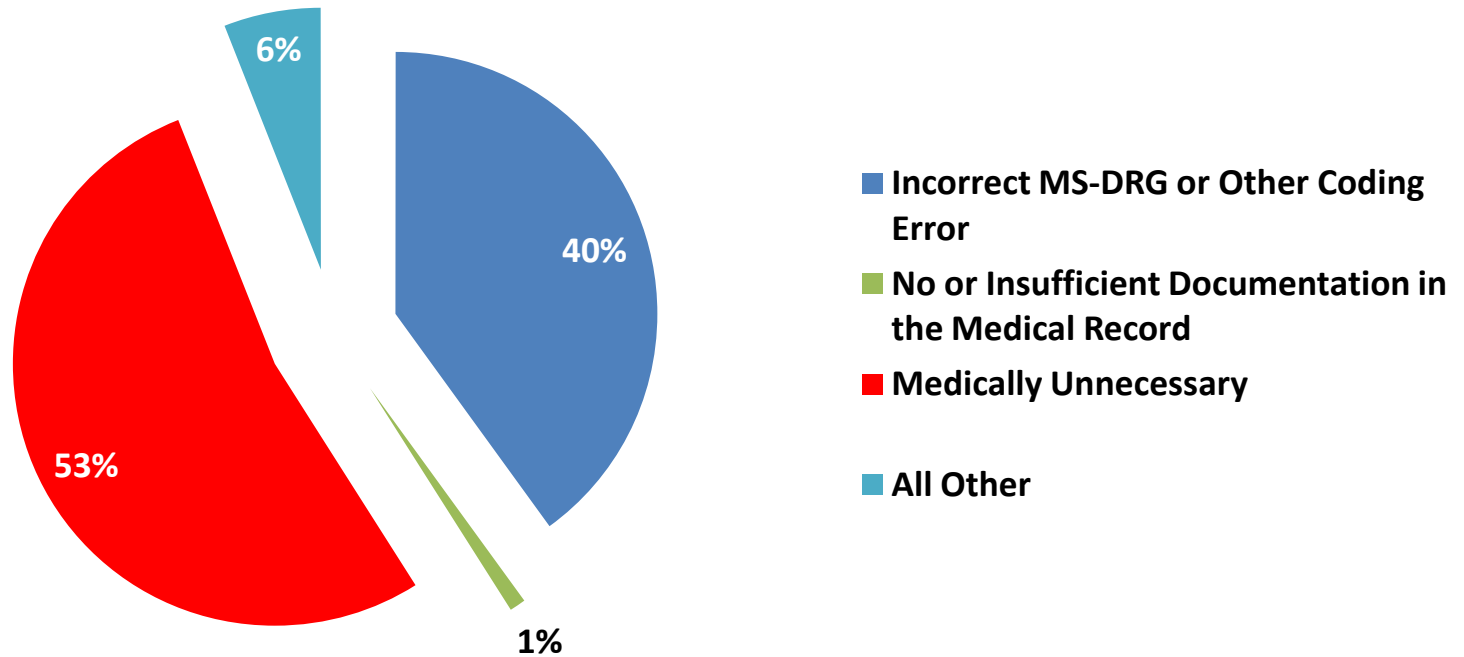


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# Medically necessity denials are now the denial reason with the largest financial impact.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011

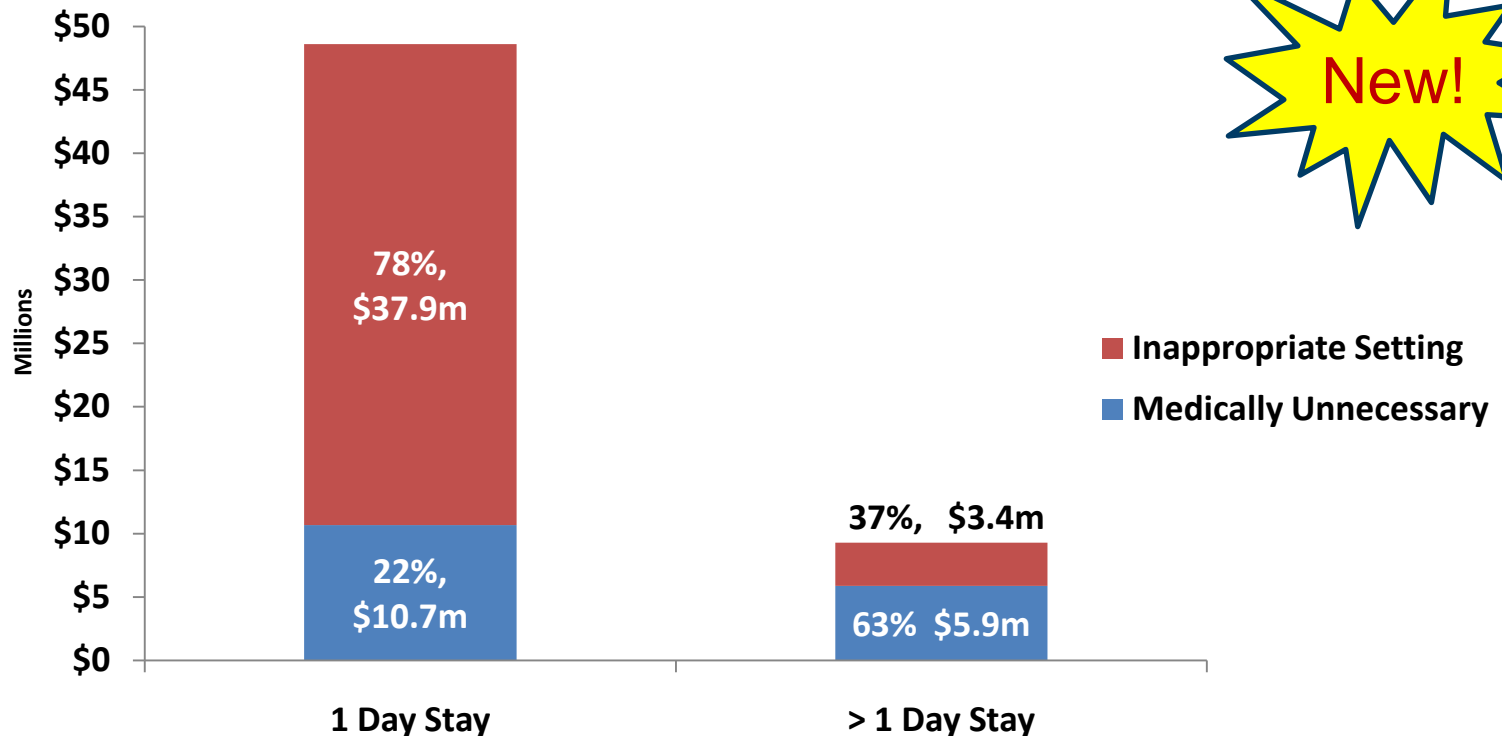
*Survey participants were asked to rank denials by reason, according to dollars impacted.*



Source: AHA. (May 2011). RACTrac Survey  
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The majority of medical necessity denials were for 1-day stays and were because the care was provided in the wrong setting, not because the care medically unnecessary.

## Reason for Medical Necessity Denials by Length of Stay Among Hospitals Reporting Medical Necessity Denials, 1<sup>st</sup> Quarter 2011



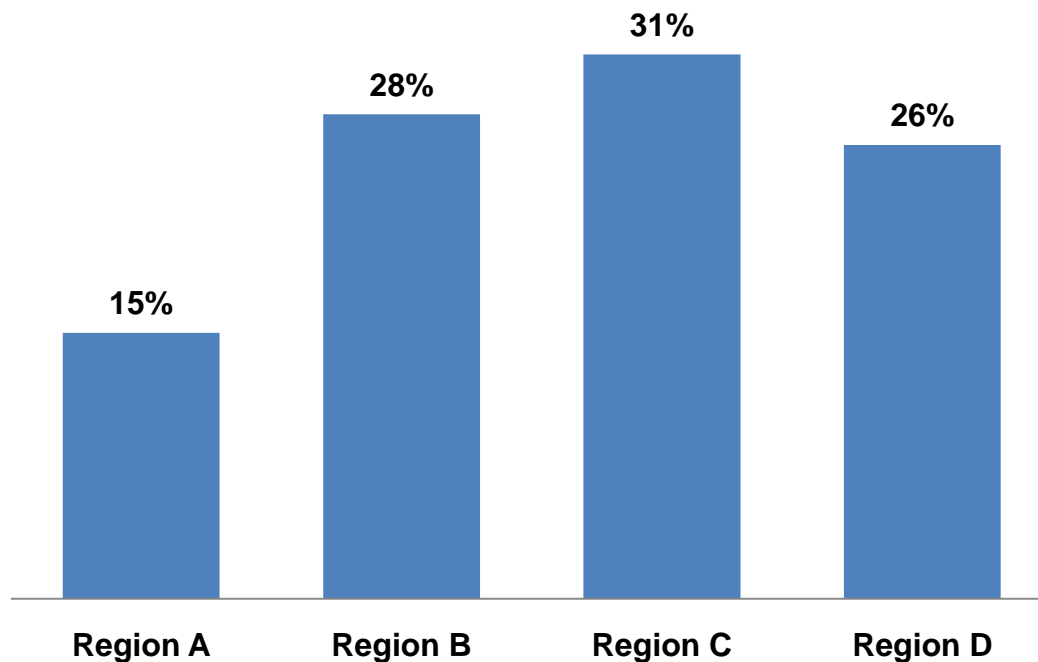
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All regions are now reporting a significant number of complex denials; Region C hospitals reported the most with 31% of all complex denials.

Percent and Number of Reported RAC Complex Denials for Participating Hospitals, by Region, through 1<sup>st</sup> Quarter 2011

	Total Number of Claims with Overpayment Determination
Region A	4,521
Region B	8,240
Region C	9,257
Region D	7,716

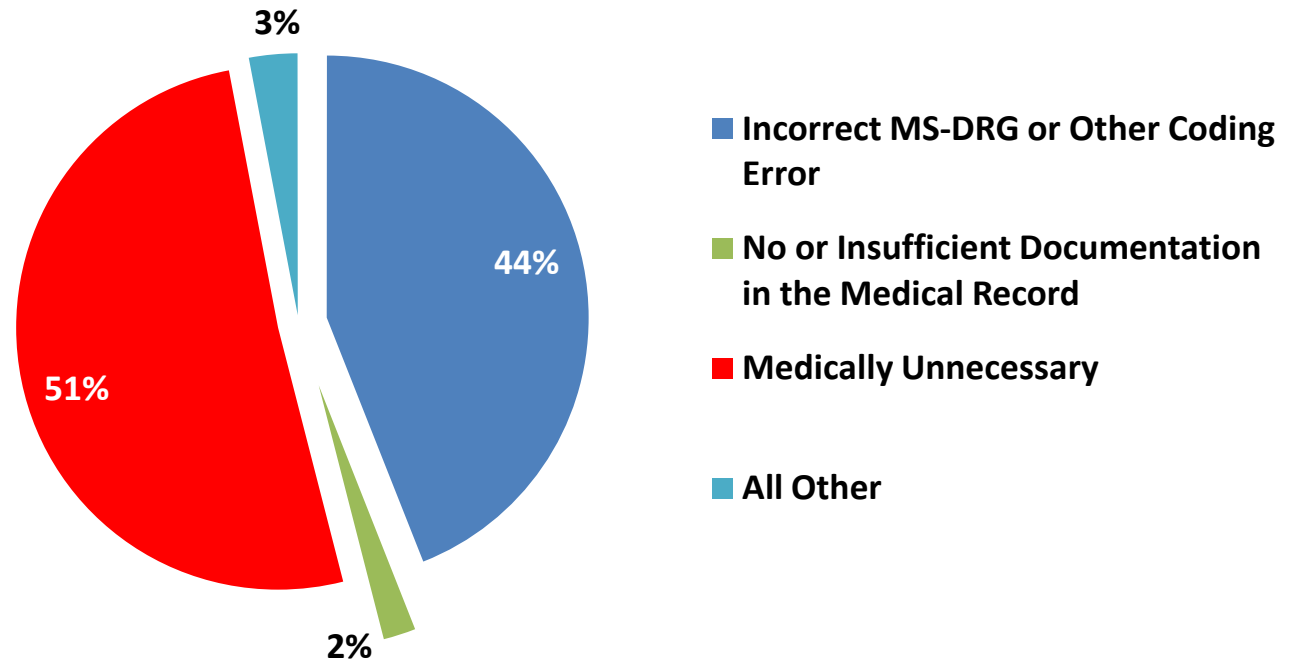


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# Region A: Medically unnecessary was identified by 51% of hospitals as the top reason for complex denials.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011, Region A

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

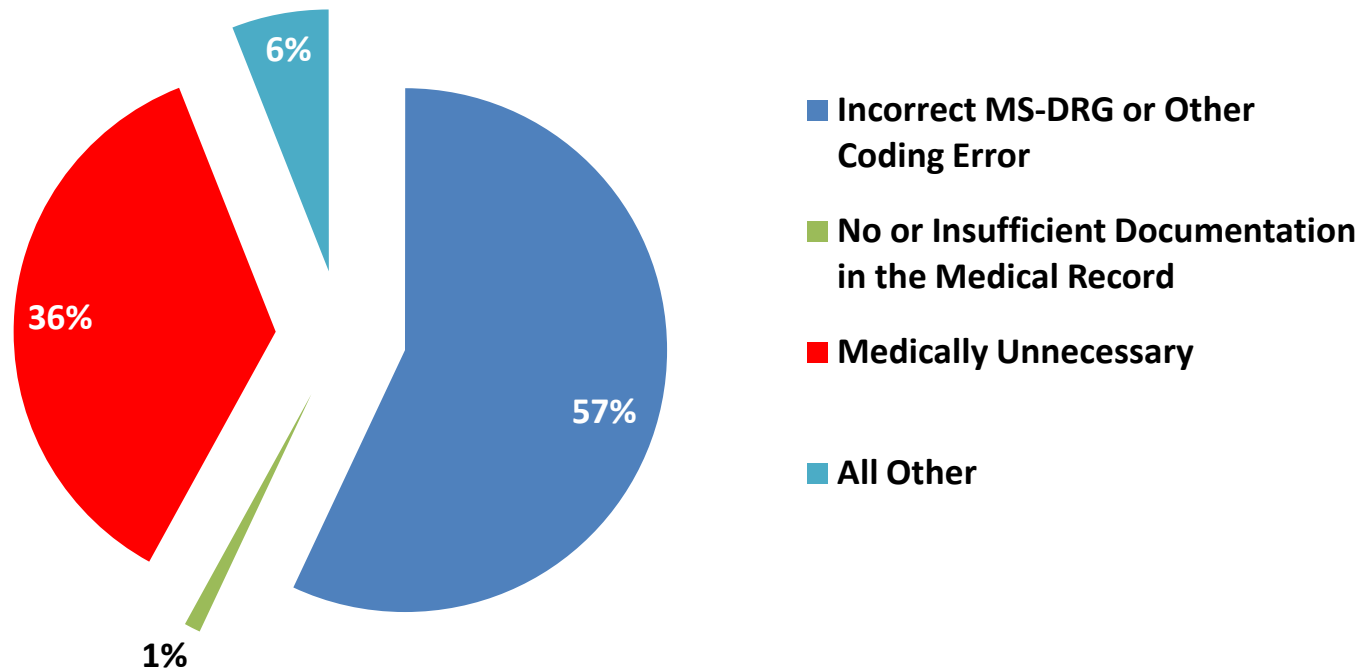


Source: AHA. (May 2011). RACTrac Survey  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

# Region B: Incorrect MS-DRG is still the top reason for complex denials.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011, Region B

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

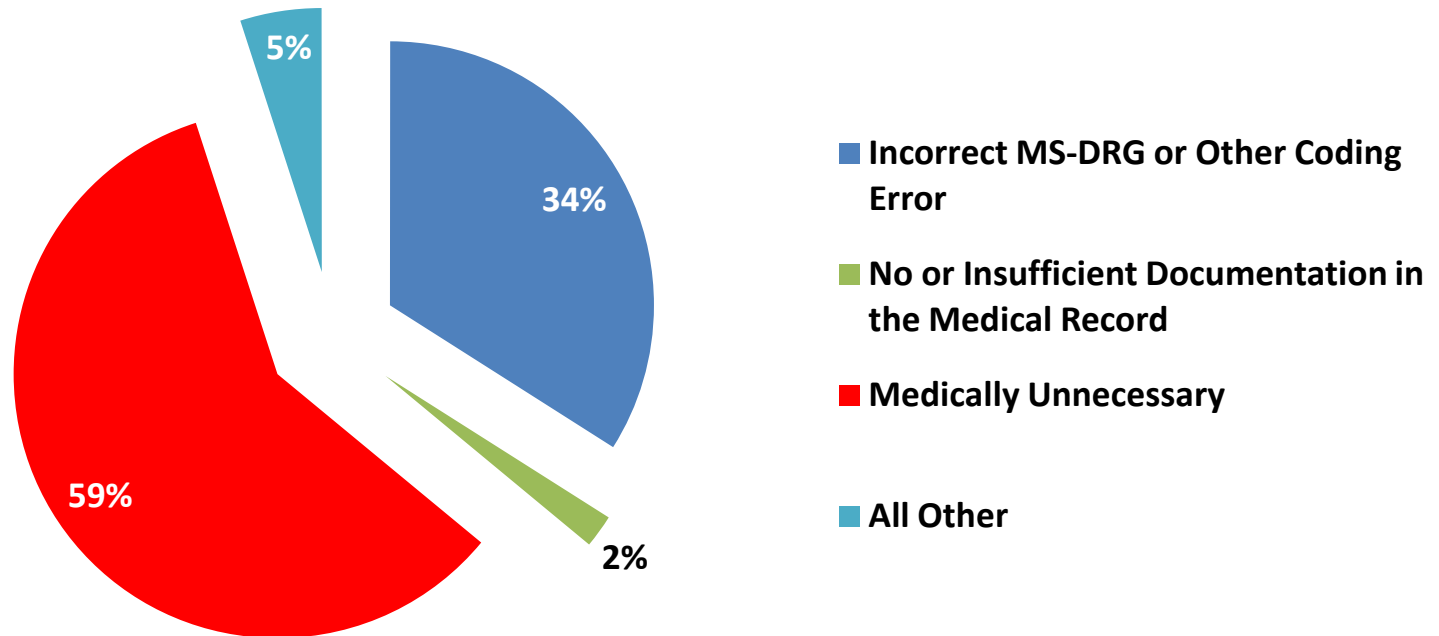


Source: AHA. (May 2011). RACTrac Survey  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

# Region C: Medically unnecessary was identified by 59% of hospitals as the top reason for complex denials.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011, Region C

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

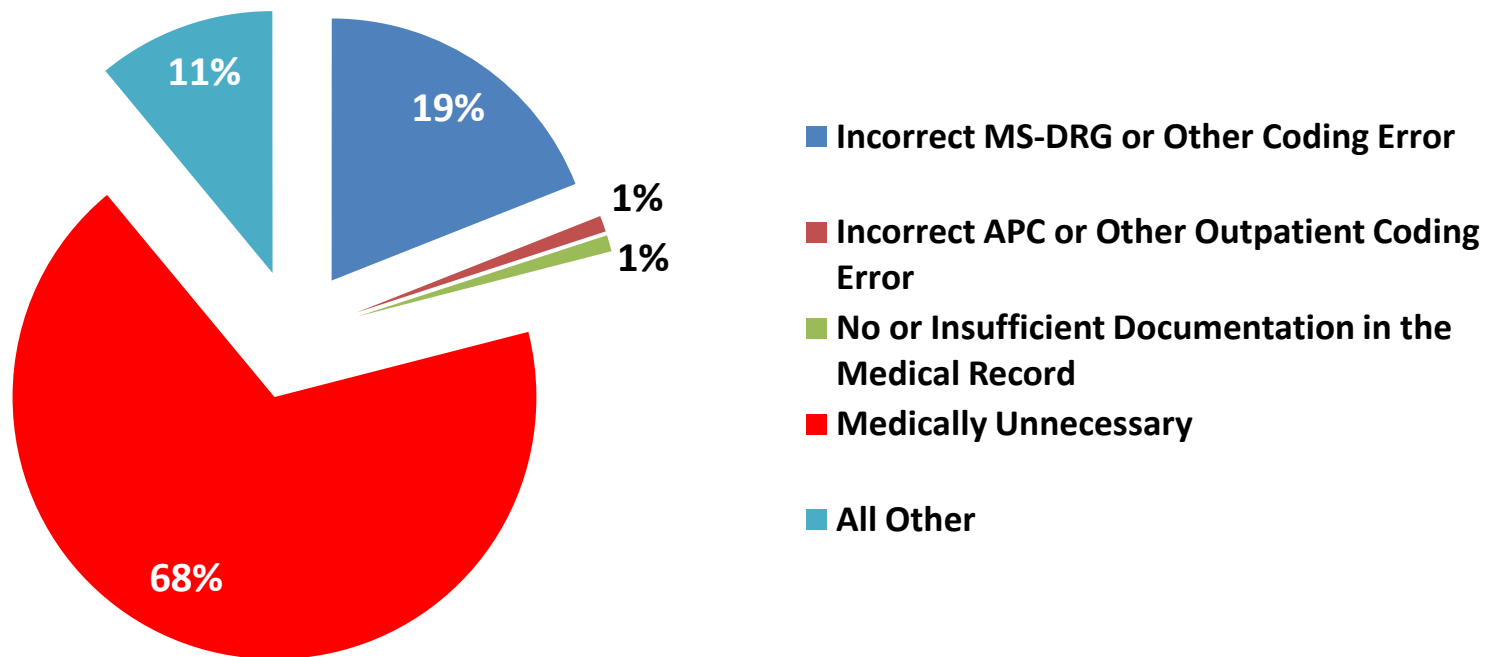


Source: AHA. (May 2011). *RACTrac Survey*  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

# Region D: Medically unnecessary was identified by 68% of hospitals as the top reason for complex denials.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1<sup>st</sup> Quarter 2011, Region D

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



Source: AHA. (May 2011). RACTrac Survey  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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 Syncope & Collapse as the top MS-DRG denied by RACs. Other top denied MS-DRG codes varied significantly among reporting hospitals.

Percent of Overpayment Determinations by Top MS-DRG for Medically Unnecessary and all other Complex Denials for Medical/Surgical Acute Participating Hospitals, 1<sup>st</sup> Quarter 2011



*Survey participants were asked to identify top MS-DRGs, according to dollars impacted.*

## Medically Necessity Denials

MS-DRG	Description	% of Total Denials
312	SYNCOPE & COLLAPSE	16%
313	CHEST PAIN	8%
69	TRANSIENT ISCHEMIA	6%
249	PERC CARDIOVASC PROC W NON-DRUG-ELUTING STENT W/O MCC	5%
192	CHRONIC OBSTRUCTIVE PULMONARY DISEASE W/O CC/MCC	5%

## All Other Complex Denials

MS-DRG	Description	% of Total Denials
312	SYNCOPE & COLLAPSE	6%
166	OTHER RESP SYSTEM O.R. PROCEDURES W MCC	5%
981	EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS W MCC	4%
189	PULMONARY EDEMA & RESPIRATORY FAILURE	4%
813	COAGULATION DISORDERS	3%



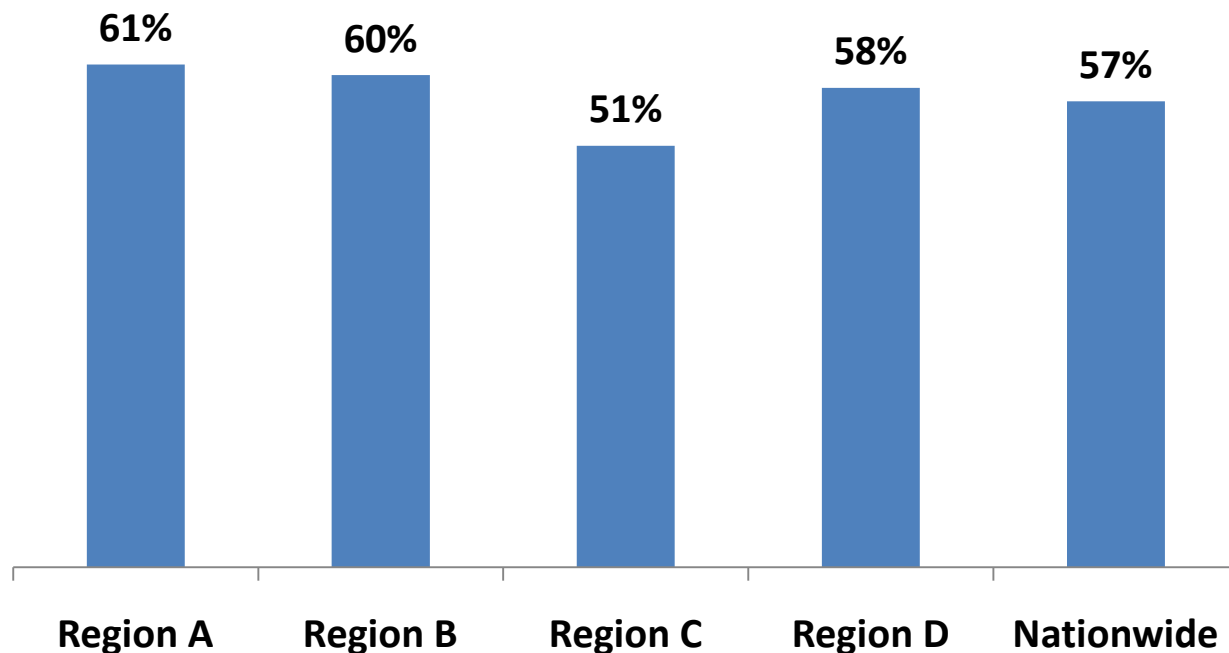
Source: AHA. (May 2011). RACTrac Survey  
 AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



Underpayments

In every region, more than half of all hospitals with RAC activity reported receiving at least one underpayment determination.

Percent of Hospitals Reporting Underpayment Determinations, By Region, through 1<sup>st</sup> Quarter 2011



Source: AHA. (May 2011). *RACTrac Survey*

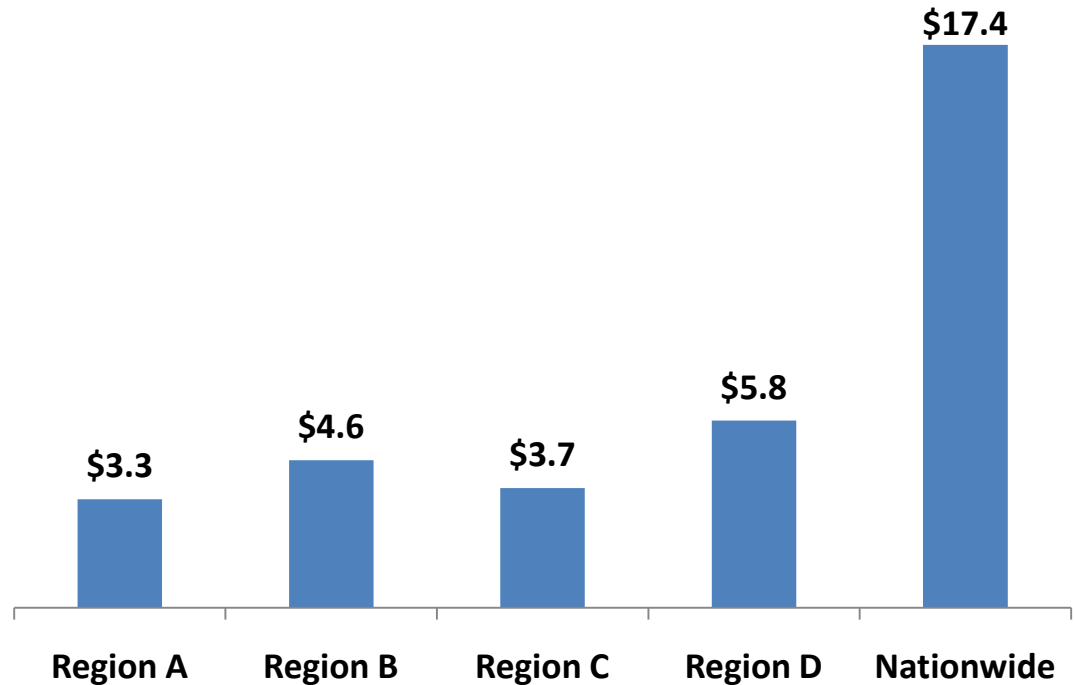
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



# Hospitals reported RAC identified underpayments totaling \$17.4 million dollars.

Total Dollar Value of Underpayment Determinations for Participating Hospitals, By Region, through 1<sup>st</sup> Quarter 2011, Millions

	Number of RAC Underpayment Determinations
NATIONWIDE	4,112
Region A	758
Region B	952
Region C	607
Region D	1,795



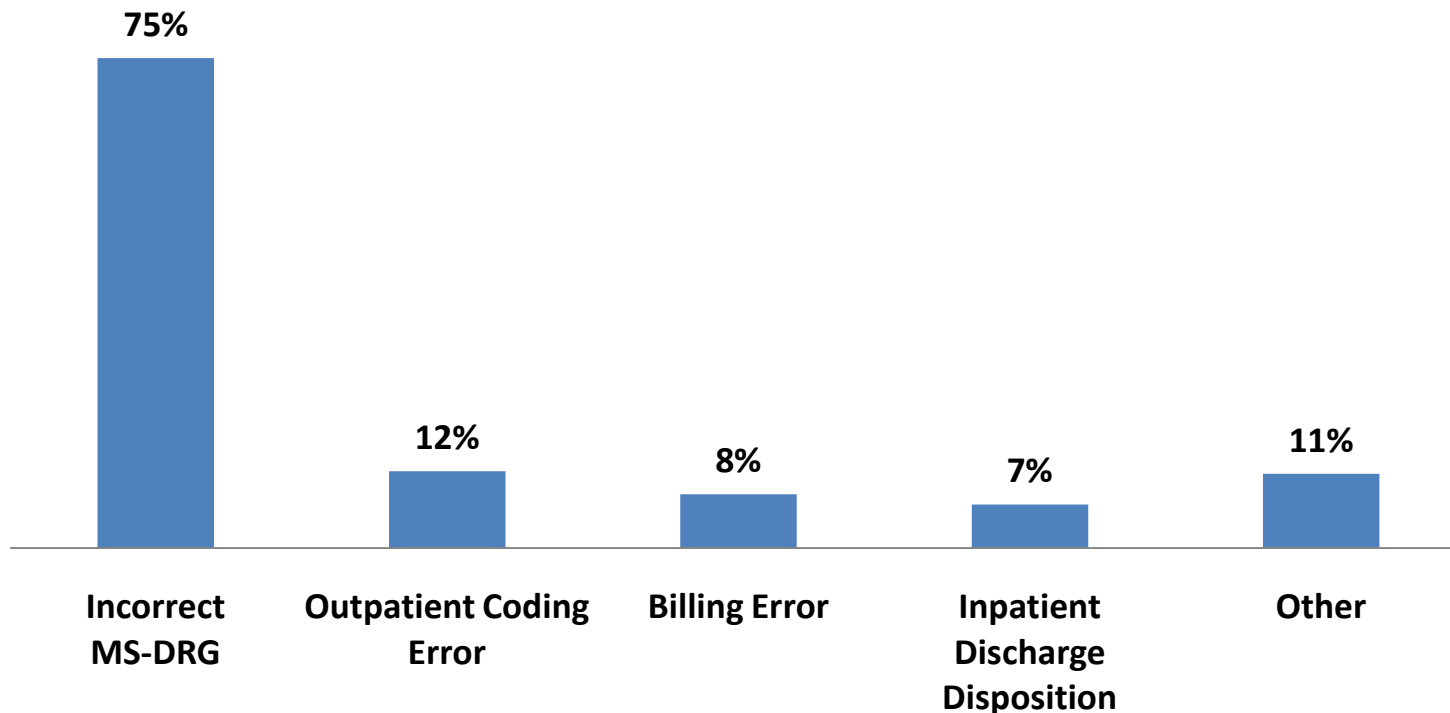
Source: AHA. (May 2011). RACTrac Survey

AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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.

# 75% of hospitals with underpayment determinations cited incorrect MS-DRG as a reason for the underpayment.

## Percent of Participating Hospitals with RAC Activity Experiencing Underpayments by Reason, 1<sup>st</sup> Quarter 2011

Survey participants were asked to select all reasons for underpayment.



Source: AHA. (May 2011). RACTrac Survey  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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.



Appeals

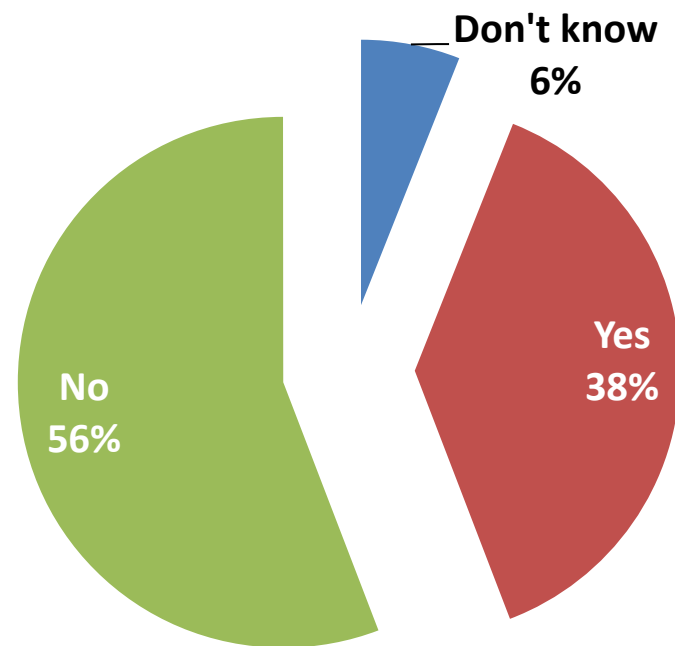
# More than one-third of participating hospitals report having a denial reversed during the discussion period.



Percent of Participating Hospitals With Denials Reversed During the Discussion Period, National and By Region, 1<sup>st</sup> Quarter 2011

## Overtured Denials by RAC Region

	Yes	No	Don't Know
Region A	34%	54%	12%
Region B	39%	54%	7%
Region C	43%	52%	5%
Region D	32%	66%	2%



All RACs are required to allow a **discussion period** in which a hospital may share additional information and discuss the denial with the RAC. During the discussion period a hospital may gain more information from the RAC to better understand the cause for the denial and the RAC may receive additional information from the hospital that could potentially result in the RAC reversing its denial. The discussion period happens before the appeals process and is not a formal part of the Medicare appeals process.

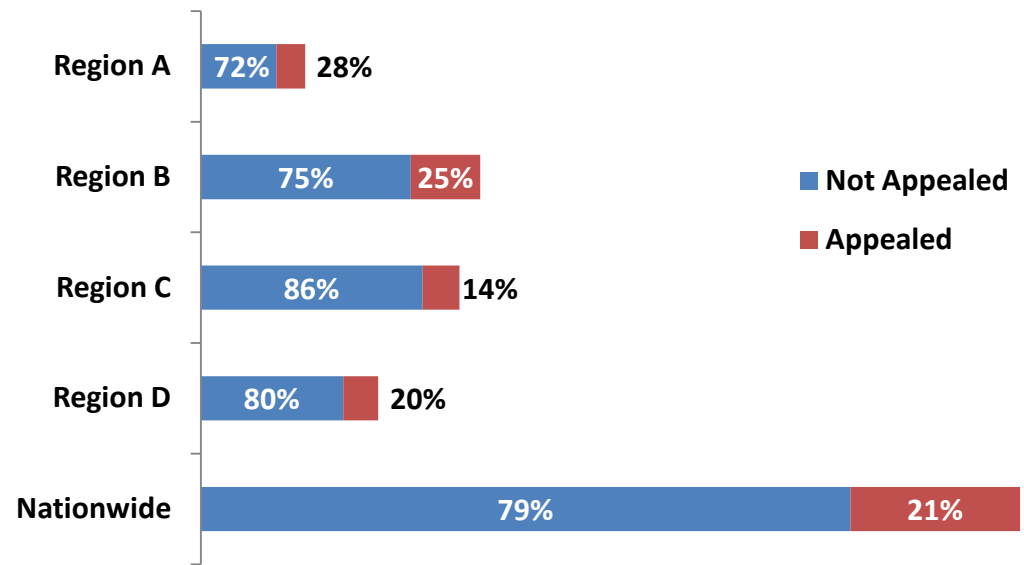


Source: AHA. (May 2011). RACTrac Survey  
 AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

# The average appeal rate varied from 14% to 27% by RAC region, the national average was 21%.

## Total Number and Percent of Automated and Complex Denials Appealed by Hospitals with RAC Activity, by Region, through 1<sup>st</sup> Quarter 2011

	Total Number of Denials Available* for Appeal	Percent of Denials Appealed
NATIONWIDE	53,166	21%
Region A	6,767	28%
Region B	18,123	25%
Region C	16,778	14%
Region D	11,498	20%



\* Available for appeal means that the hospital received a demand letter for this claim, either as a result of automated or complex review.

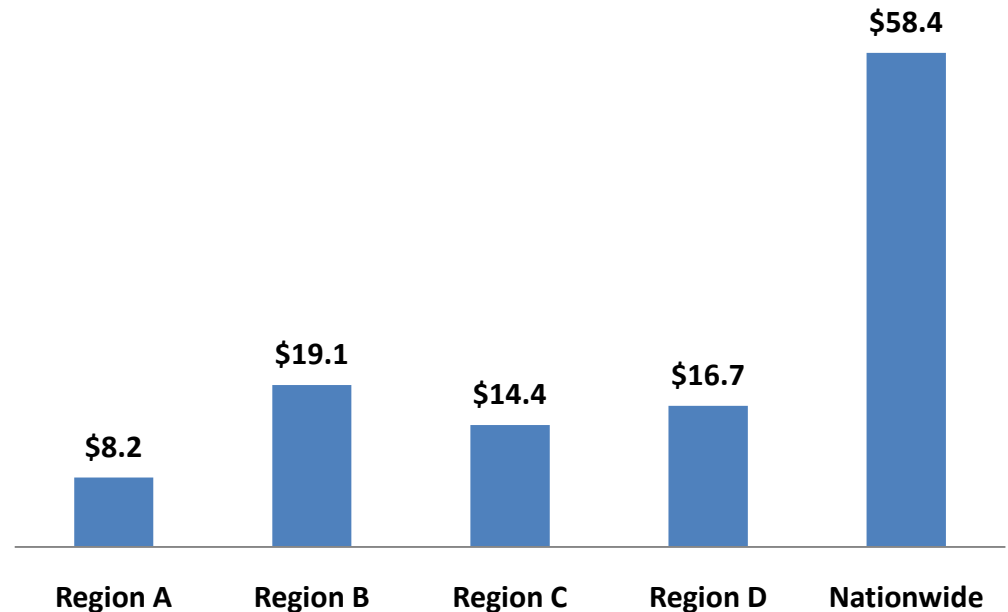
Source: AHA. (May 2011). RACTrac Survey  
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# 68% of hospitals reported appealing at least one RAC denial. Hospitals reported appealing denials totaling \$58.4 million.

Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 1<sup>st</sup> Quarter 2011, Millions

	Percent of Hospitals with Any Appealed Denials	Average Number of Appealed Denials per Hospital
NATIONWIDE	68%	16.8
Region A	65%	18.2
Region B	80%	22.1
Region C	65%	11.0
Region D	59%	17.2



Source: AHA. (May 2011). RACTrac Survey  
 AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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, 71% were overturned in favor of the provider. 60% 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 1<sup>st</sup> Quarter 2011

	Appealed	Percent of Denials Appealed	Number of Claims Pending Appeals Determination	Number of Claims Withdrawn from Appeals Process	Number of Denials Overturned in the Appeals Process	Percent of Appealed Denials Overturned
NATIONWIDE	11,011	21%	6,569	784	3,156	71%
Region A	1,875	28%	1,051	275	423	51%
Region B	4,491	25%	2,290	128	1,855	84%
Region C	2,387	14%	1,508	251	505	57%
Region D	2,258	20%	1,720	130	373	69%

*Due to survey submission marginal error, total appeals may be slightly greater than the sum of pending/withdrawn/overturned appeals.*

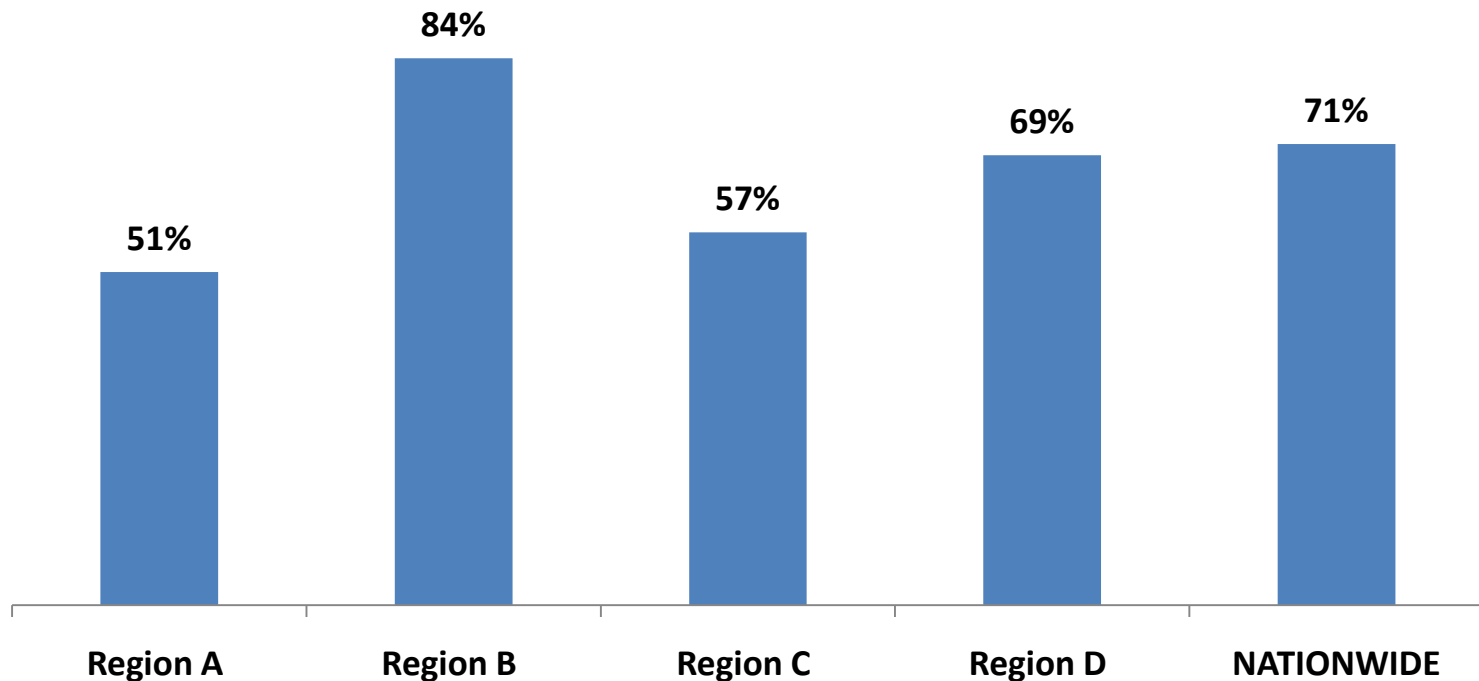


Source: AHA. (May 2011). RACTrac Survey

AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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 has the highest overturn rate upon appeal at 84%.

Percent of Completed Appeals with Denials Overturned for Participating Hospitals, by Region, through 1<sup>st</sup> Quarter 2011



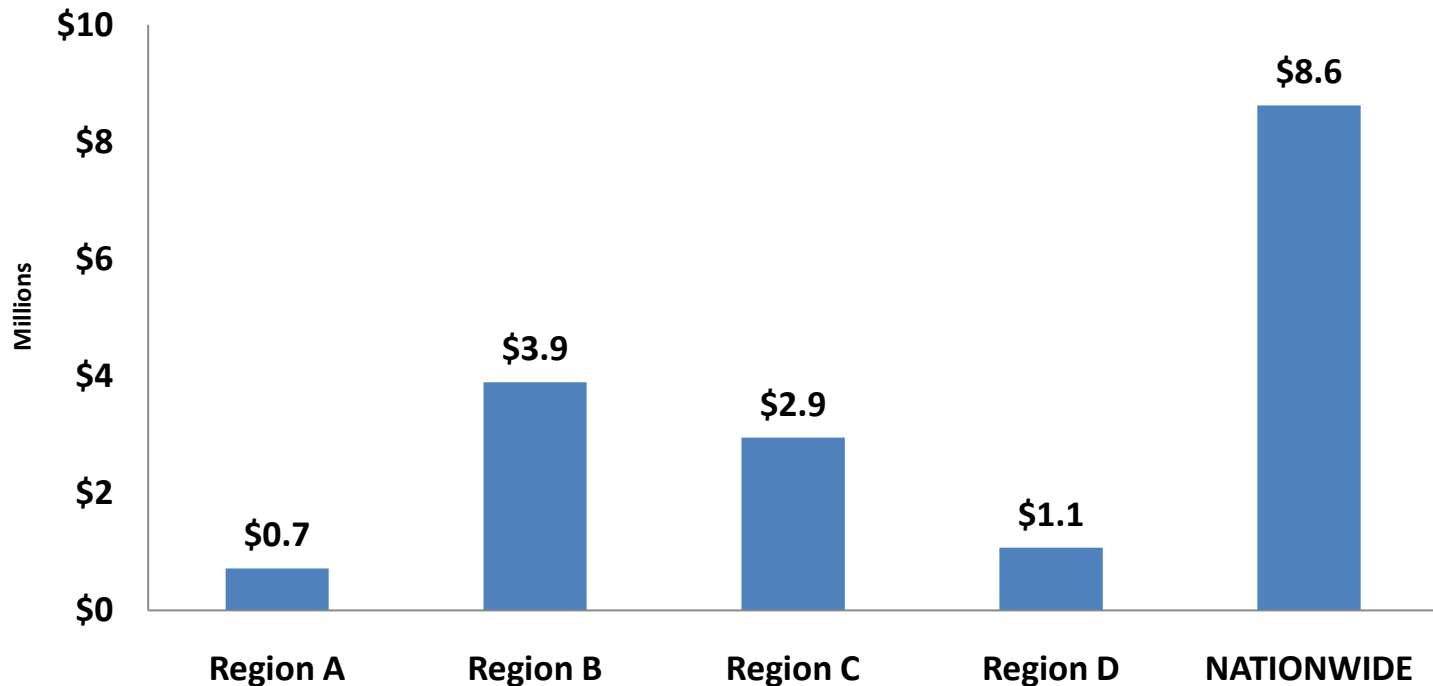
Source: AHA. (May 2011). *RACTrac* Survey

AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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 a total of \$8.6 million in overturned denials, with \$3.9 million in Region B alone.

Value of Denials Overturned in the Appeals Process, by Region, through 1<sup>st</sup> Quarter 2011, Millions



*Region B appeal activity represents several high volume hospitals whose survey entries have been verified.*



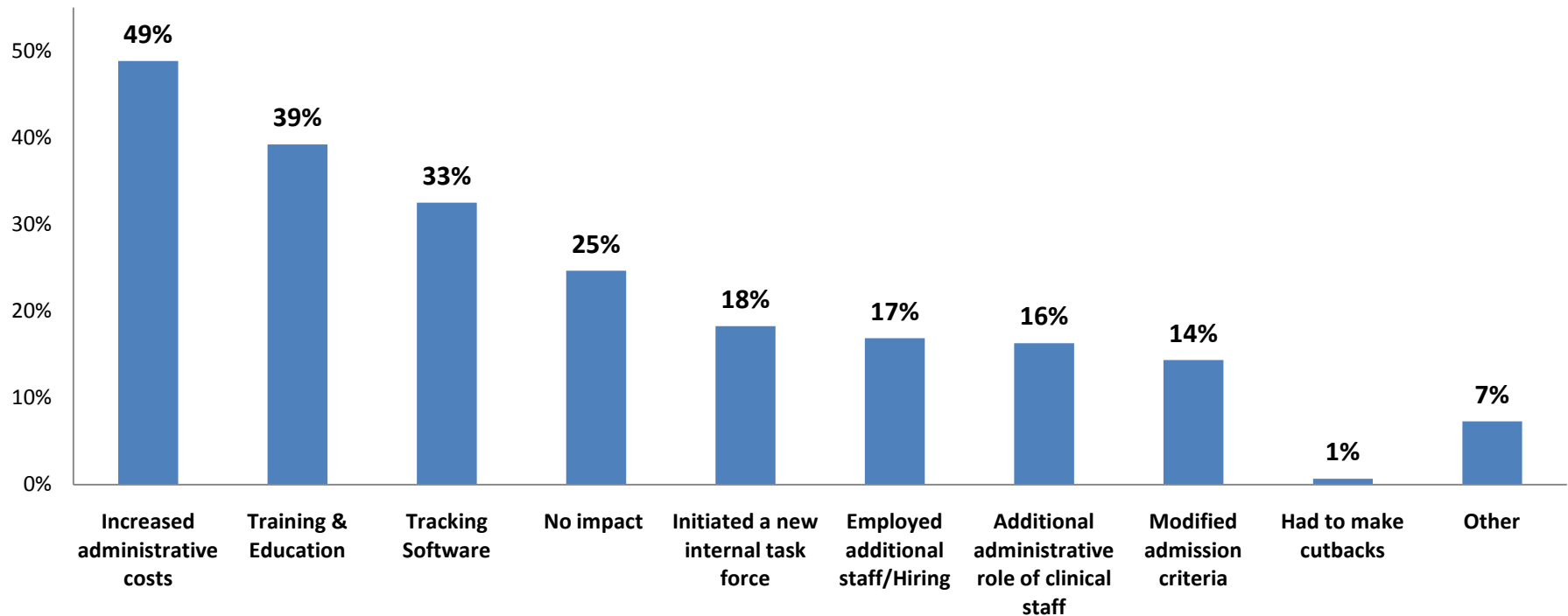
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AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



# Administrative Burden

# 75% of participating hospitals reported that RAC impacted their organization this quarter and 49% reported increased administrative costs.

## Impact of RAC on Participating Hospitals\* by Type of Impact, 1<sup>st</sup> Quarter 2011



\* Includes participating hospitals with and without RAC activity

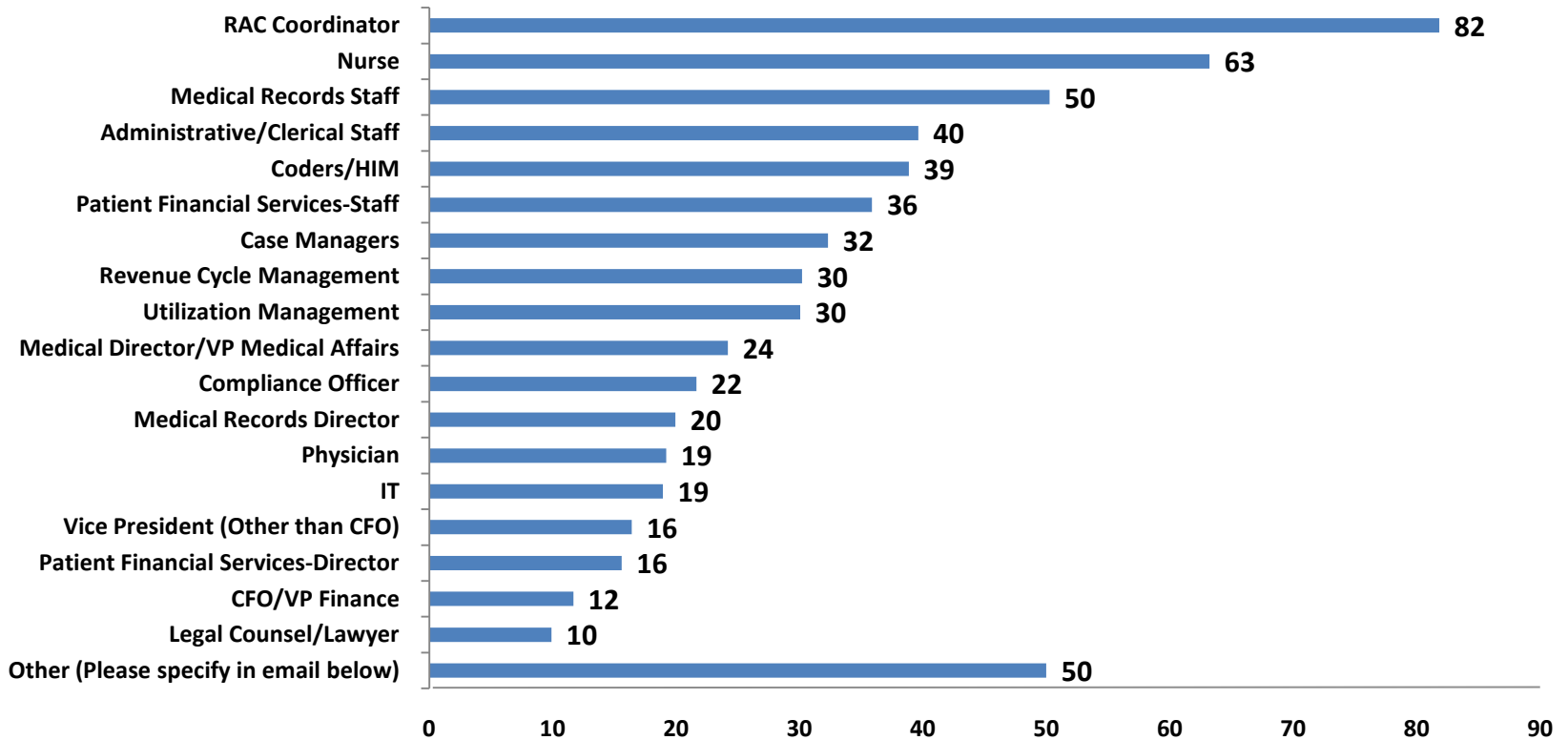
Source: AHA. (May 2011). RACTrac Survey

AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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. RAC coordinators spent the most time responding to RAC activity.

Average Hours of Staff Time Spent Per Participating Hospital\* on RAC by Staff Type, 1<sup>st</sup> Quarter 2011



\* Includes participating hospitals with and without RAC activity

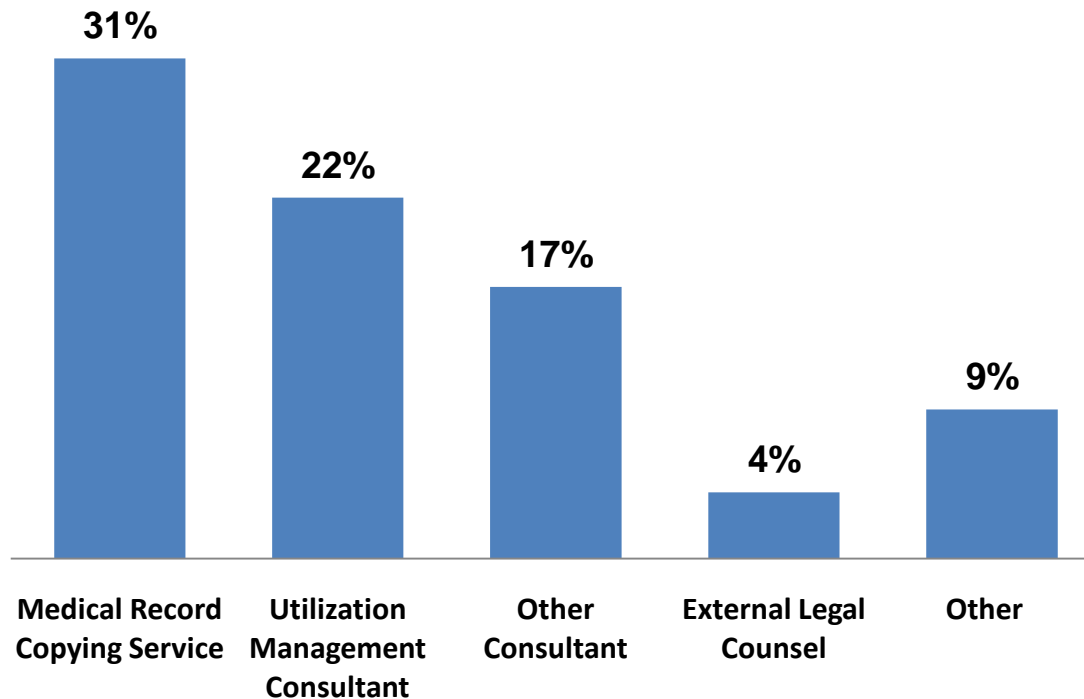
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AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



# 31% of hospitals using external resources spent money on copying records and nearly 40% spent money on outside consultants.

Percent of Participating Hospitals\* Using External Resources by Type and Average Dollars Spent *this quarter*, 1<sup>st</sup> Quarter 2011



Administrative Burden	Average Dollar Amount This Quarter
Medical Record Copying Service	\$2,703
Utilization Management Consultant	\$28,656
Other Consultant	\$18,157
External Legal Counsel	\$4,387
Other	\$5,443

*Average dollars spent by hospitals that reported utilizing external resources.*

\* Includes participating hospitals with and without RAC activity

Source: AHA. (May 2011). RACTrac Survey  
 AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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.

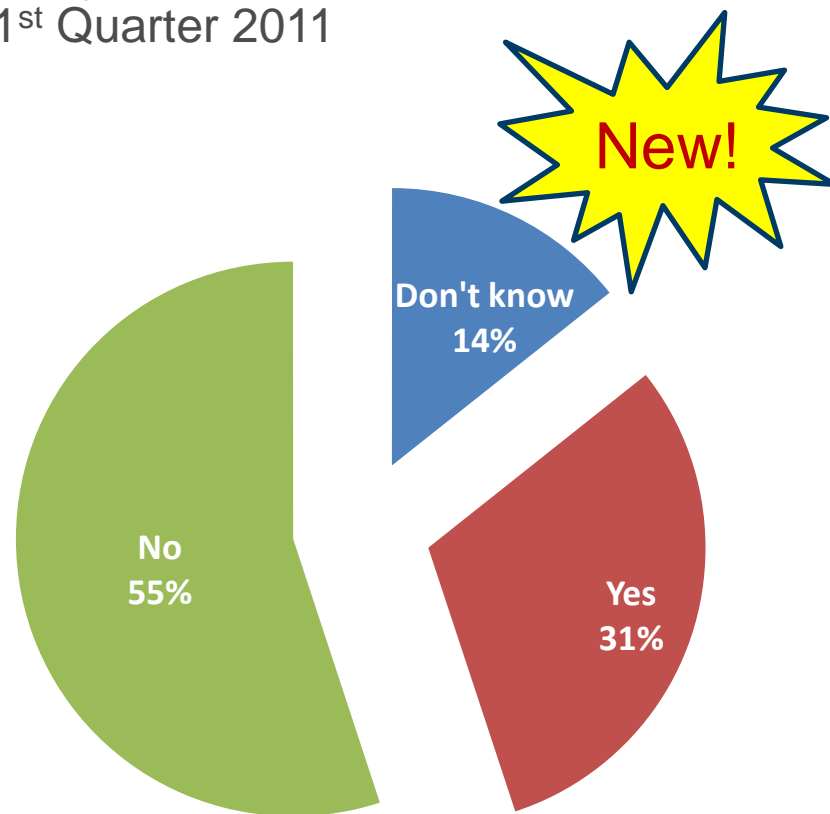


55% of respondents indicated they have yet to receive any education related to avoiding payment errors from CMS or its contractors.

Percent of Participating Hospitals Reporting they Received Education from CMS or its Contractors, National and by Region, 1<sup>st</sup> Quarter 2011

### Reported Education by RAC Region

	Yes	No	Don't Know
Region A	30%	<b>58%</b>	12%
Region B	23%	<b>58%</b>	19%
Region C	33%	<b>56%</b>	11%
Region D	34%	<b>48%</b>	18%



\* Includes participating hospitals with and without RAC activity

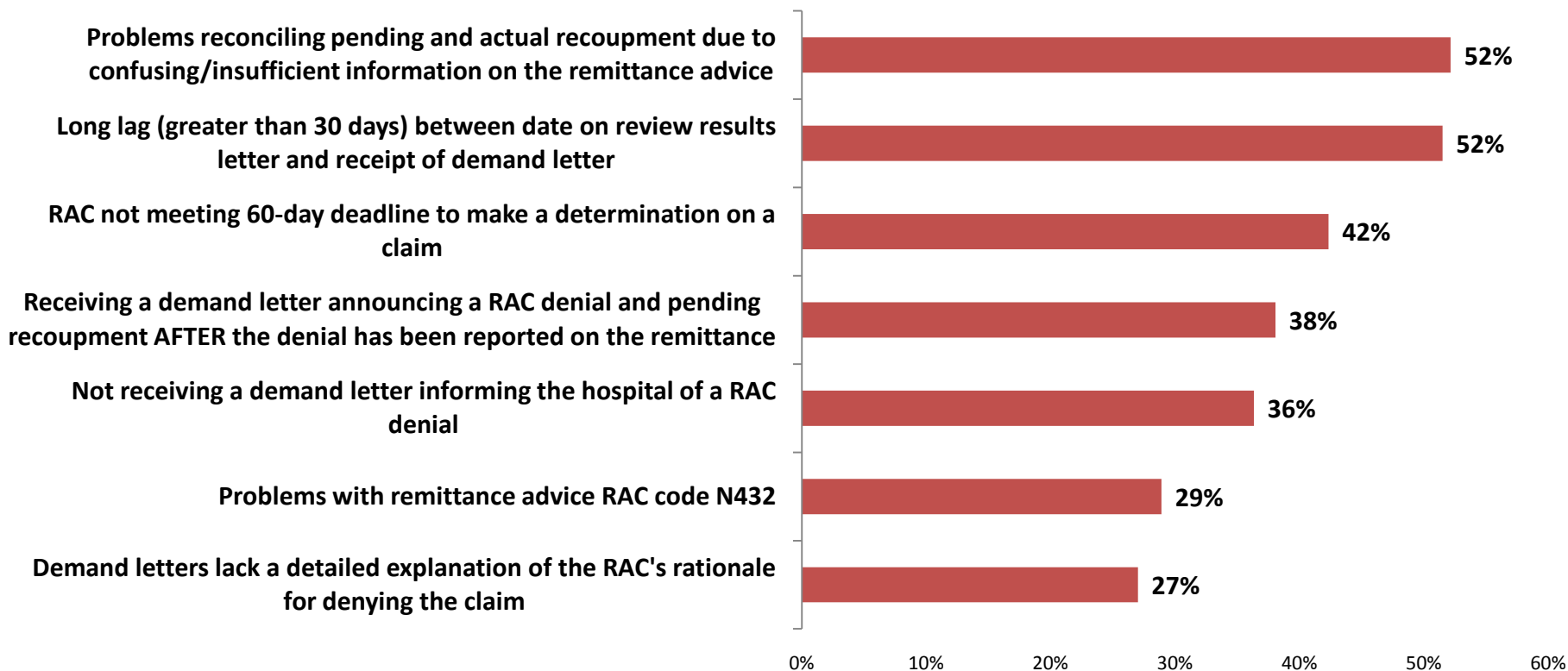
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 AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



# 52% of hospital respondents reported problems with reconciling recoupments and untimely RAC correspondence.



Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 1<sup>st</sup> Quarter 2011



\* Includes participating hospitals with and without RAC activity

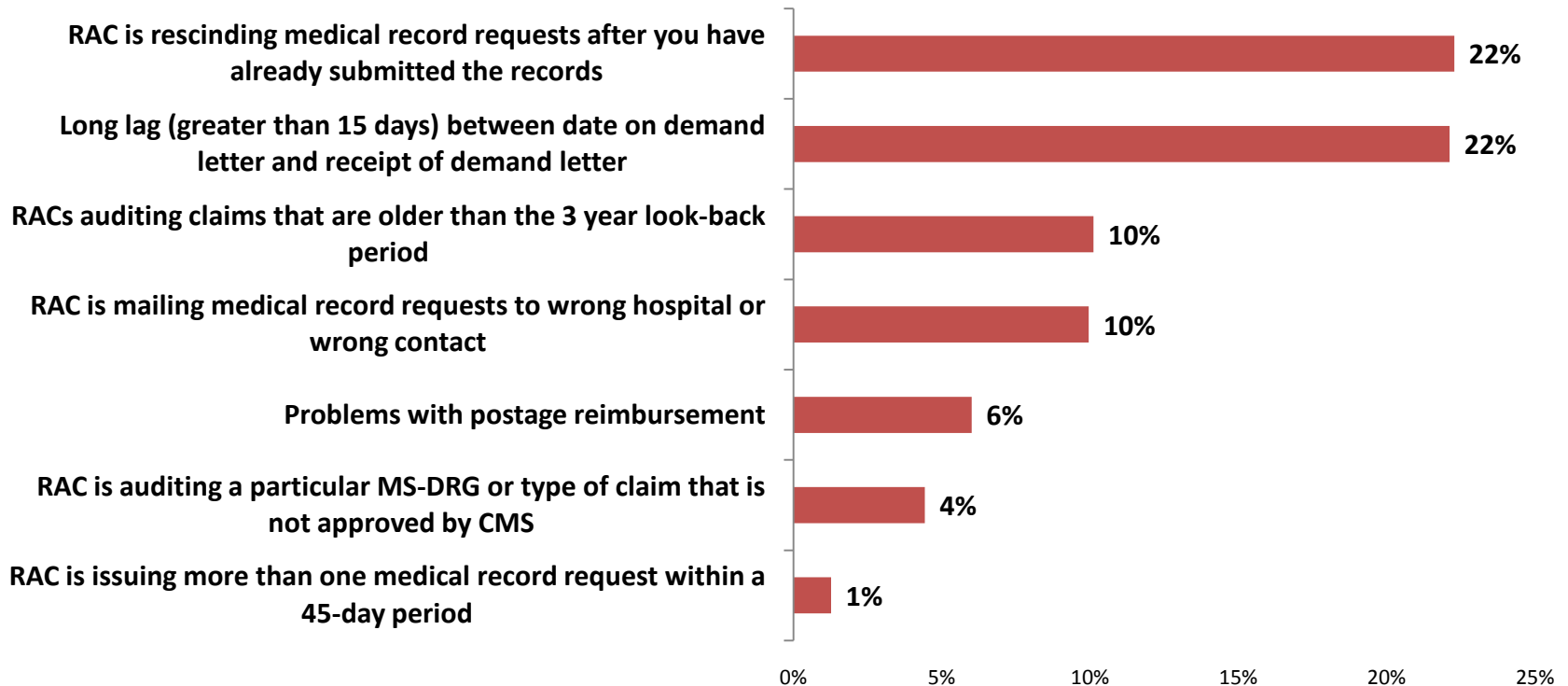
Source: AHA. (May 2011). RACTrac Survey  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



# Nearly one in four hospitals reported that RAC rescission of medical record requests and late demand letters are problems with the RAC process.



Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 1<sup>st</sup> Quarter 2011



\* Includes participating hospitals with and without RAC activity

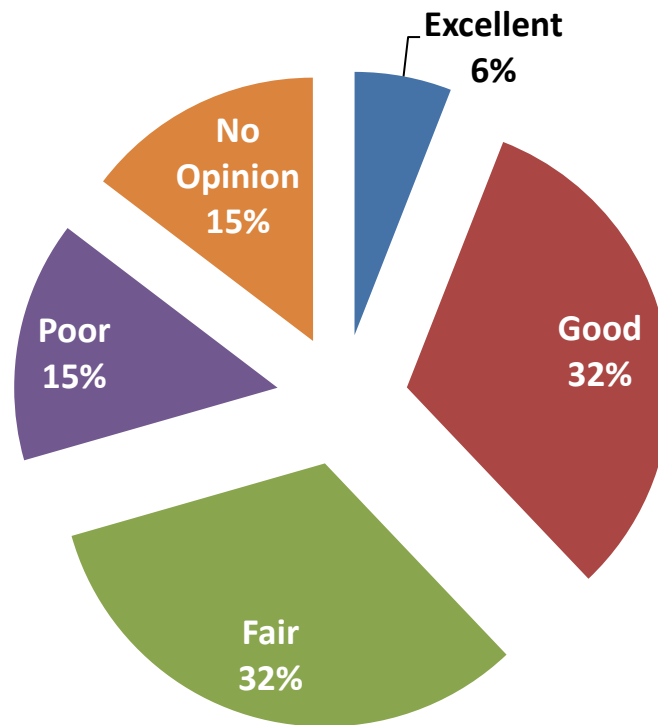
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The majority of hospital respondents indicated RAC responsiveness and overall communication was “fair” or “good.”

## Participating Hospitals Rating of RAC Responsiveness and Overall Communication, 1<sup>st</sup> Quarter 2011



*\* Includes participating hospitals with and without RAC activity*

Source: AHA. (May 2011). RACTrac Survey

AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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.



# “Fair” and “poor” rankings on responsiveness and communication out weighed “good” and “excellent” except in Region D.

Participating Hospital Rating of RAC Responsiveness and Overall Communication, by Region, 1<sup>st</sup> Quarter 2011



	Excellent	Good	Fair	Poor	No Opinion
<b>Region A</b>	10%	36%	<b>41%</b>	6%	7%
<b>Region B</b>	4%	25%	<b>31%</b>	21%	19%
<b>Region C</b>	4%	32%	<b>36%</b>	14%	14%
<b>Region D</b>	9%	<b>36%</b>	22%	15%	18%

\* Includes participating hospitals with and without RAC activity

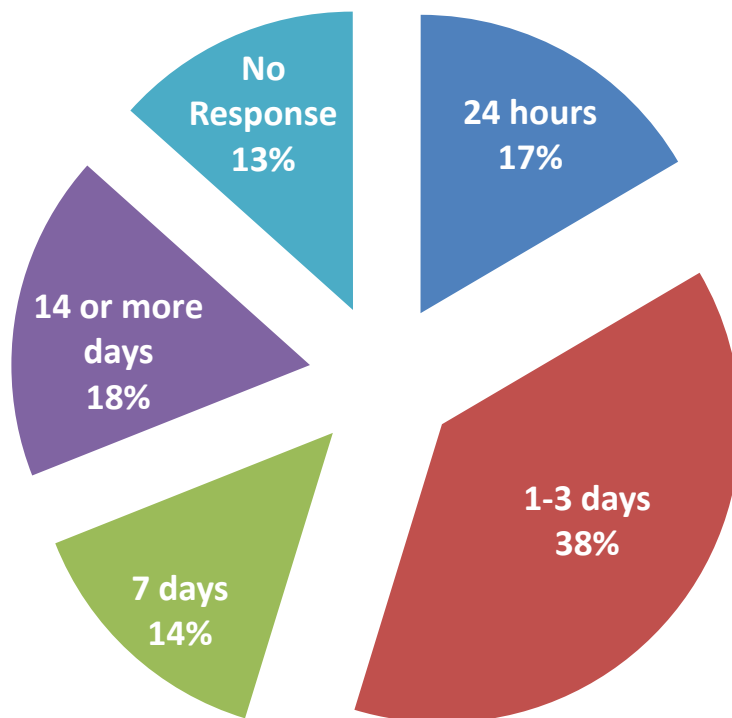
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The average wait time for a RAC response varied significantly, with 18% of hospitals reporting it took 14 days or more to receive a response from their RAC.

Average Number of Days it Took RACs to Respond to Hospital Inquiries for Participating Hospitals, 1<sup>st</sup> Quarter 2011



\* Includes participating hospitals with and without RAC activity

Source: AHA. (May 2011). RACTrac Survey  
AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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 response time varied by region. The majority of hospitals in each region indicated it took 1-3 days for the RAC to respond to hospital inquiries.



Average Number of Days For RACs to Respond to Hospital Inquiries for Participating Hospitals, by Region, 1<sup>st</sup> Quarter 2011

	24 hours	1-3 days	7 days	14 or more days	No Response Received
<b>Region A</b>	32%	<b>33%</b>	9%	16%	10%
<b>Region B</b>	5%	<b>30%</b>	20%	25%	20%
<b>Region C</b>	14%	<b>45%</b>	15%	16%	10%
<b>Region D</b>	22%	<b>39%</b>	9%	15%	15%

\* Includes participating hospitals with and without RAC activity

Source: AHA. (May 2011). RACTrac Survey  
 AHA analysis of survey data collected from 1,960 hospitals: 1,580 reporting activity, 380 reporting no activity through March 2011. 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*Trac Data Collection Period, July 2011

## July 2011 RACTrac Data Collection Period

- *RACTrac is open NOW—Submit Your Data Today!*
- RACTrac will collect data July 1 through July 15
- Hospital leaders nationwide received an email with their RACTrac registration info last month
- If you need your RACTrac registration information contact **RACTrac Support** at: 1-888-722-8712 or [racetracsupport@providercs.com](mailto:racetracsupport@providercs.com)
- RACTrac will open at the beginning of each subsequent quarter to collect data on RAC activity experienced to date



# American Hospital Association

## Questions and Answers

For more information on:

*RAC*Trac

Tracking RAC activity with AHA's Free Claim Level Tool

Previous *RAC*Trac Webinars

[www.aha.org/aha/issues/RAC/ractrac.html](http://www.aha.org/aha/issues/RAC/ractrac.html)