Quarterly Nationwide RACTrac Webinar

January 4, 2012
Agenda

- Thanks!
- RAC Program Update
- AHA and CMS RAC Resources
- RACTrac Results, November 2011
- RACTrac Data Submission Period, January 2012
- Questions and Answers

Access this slide pack at:

http://www.aha.org/advocacy-issues/rac/ractracwebinars.shtml
THANKS for Making the Latest RACTrac Data Collection a Success!!!!

2127 Responding Hospitals (up from 2024 last quarter)
1733 with RAC Activity, 394 without
American Hospital Association

RAC Update
RAC Update

- **RAC Rebilling Demonstration**
  - January 1, 2012 through December 31, 2014
  - 380 IPPS hospitals:
    - 300+ Beds (80 Participants)
    - 100-299 Beds (120 Participants)
    - Fewer than 100 Beds (180 Participants)
  - Participants may rebill RAC, MAC, CERT and provider self audit claims denied for Part A as Part B claims and receive 90% of Part B payment
  - Only claims filed AFTER January 1, 2012 are eligible
  - Claims are considered “reopened,” no timely filing limit
  - **Participants must waive appeal rights for ALL 1-2 day stay medical necessity denials**
RAC Update

- **RAC Prepayment Demonstration**
  - 11 states, seven chosen based on their “high level of fraudulent claims” (CA, FL, IL, LA, MS, NY, TX) and four chosen based on having high claim volumes for short inpatient hospital stays (MI, NC, OH, PA).
  - Prepay review of claims WILL NOT replace MAC prepay reviews and contractors will coordinate to avoid duplication.
  - Initial focus is on hospital inpatient claims, primarily short stays.
  - CMS will use data sources (i.e. CERT reports) to develop specific targets and will direct the RACs to review certain issues.
  - Claims will be checked for all errors (i.e. coding mistakes, medical necessity, etc) and once cleared by the RAC, cannot be audited on the back end by any other CMS auditor.
  - **Program implementation has been delayed indefinitely. CMS will give 30 days notice prior to implementation.**
RAC Update

• MAC Prepayment Reviews
• MACs sending Demand Letters
  – Policy effective January 1, 2012
  – Must work with MACs to smooth transition
  – Sample demand letter on AHA’s website:
    http://www.aha.org/advocacy-issues/rac/index.shtml
AHA RAC Resources

- AHA RAC Resources
  - www.aha.org/rac
  - Important Contact Information
  - Recordings of recent AHA-CMS RAC calls
  - Breaking RAC Program Developments
  - Medicare Appeals Process Resources
  - Proactive Efforts to Reduce Vulnerabilities
  - RACTrac Info & Webinars

Discussion with CMS and Your Medicare Recovery Audit Contractor (Members Only)

Wednesday, November 16, 2011

CMS Announces New Improper Payment Initiatives

The Centers for Medicare & Medicaid Services (CMS) on Nov. 15 announced three new improper payment demonstration projects, two of which directly impact the Medicare Recovery Audit Contractor (RAC) program. Each of the three-year demonstration projects, which are described below, begins January 1, 2012.

RAC Pre-Payment Review Demonstration Project

Under the RAC Pre-Payment Review Demonstration Project, CMS will allow RACs in 11 states (California, Florida, Illinois, Louisiana, Michigan, Missouri, New York, North Carolina, Ohio, Pennsylvania and Texas) to conduct pre-payment reviews of Medicare provider claims. This is a significant expansion in scope of the Medicare RAC program, which currently limits contractors to post-payment reviews. CMS indicates that the initial focus of the pre-payment reviews will be on inpatient hospital claims, particularly short stays.

During the demonstration, CMS will use multiple data sources to develop specific targets and will instruct RACs to conduct pre-payment reviews of specific types of claims. RACs will review the claims and may deny payment before it is made. According to CMS, “payment determinations will be made following the same processes with which providers are familiar.”

Contingency fees for the RACs and administrative costs will be paid out of funds that CMS saves by denying claims. Current Medicare RAC program appeal rights will apply.

Conference Call Materials (for all regions)

- Agenda
- AHA Presentation Slides
- CMS Presentation: Introducing Electronic Submission of Medical Documentation (esMD) To A Provider Building a Gateway
- CMS Presentation: Medicare FFS Recovery Audit Program: FY2010 Report to Congress

Materials and Recordings per Region

November 4: Region A Call
(Connecticut, Delaware, DE, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)

- Audio Recording (MP3)
- Feedback Form (for Region A’s call)
Free Webinar for AHA Members:

Navigating the RAC Appeals Process

View the Recording:
http://www.aha.org/advocacy-issues/rac/index.shtml

WHAT YOU WILL LEARN:
- AHA RAC Activity & Resources
- How do you navigate the RAC Appeals process
- RAC Appeals: experiences to date
- Helpful tips and pointers
CMS RAC Program Information

- CMS RAC Program Info and Updates: https://www.cms.gov/recovery-audit-program/
CMS Provider Education Resources

- CMS provider education:
AHA created RACTrac—a free, web-based survey—in response to a lack of data provided by CMS on the impact of the RAC program on America's hospitals.

- Hospitals use AHA’s online survey application, RACTrac (accessed at www.aharactrac.com), to submit their data regarding the impact of the RAC program.

- Survey questions are designed to collect cumulative RAC experience data, from the inception of a hospital’s RAC activity through the 3rd quarter of 2011.

- Survey registration information and RACTrac support can be accessed at ractracsupport@providercs.com or 1-888-722-8712.

The AHA recently enhanced the RACTrac survey to capture more detailed information on medical necessity review denials and the administrative burden due to problems with the RAC process.
Executive Summary

- 2127 hospitals have participated in RACTrac since data collection began in January of 2010.
- Two-thirds of medical records reviewed by RACs did not contain an improper payment.
- 96% 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 was not medically necessary.
- Hospitals reported appealing nearly one-third of all RAC denials, with a 77% success rate in the appeals process.
- 81% of hospitals reported appealing at least one RAC denial.
- Hospital respondents continue to report problems with untimely demand letters.
The majority of hospitals reporting RAC activity were general medical and surgical hospitals.

Number of Hospitals Reporting RAC Activity by Hospital Type, through 3rd Quarter 2011

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

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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 3rd Quarter 2011

- **Less than 200 beds**: 76% Reporting RAC Activity, 24% Reporting No RAC Activity
- **200 - 399 beds**: 93% Reporting RAC Activity, 7% Reporting No RAC Activity
- **400+ beds**: 93% Reporting RAC Activity, 7% Reporting No RAC Activity
- **Urban**: 85% Reporting RAC Activity, 15% Reporting No RAC Activity
- **Rural**: 78% Reporting RAC Activity, 22% Reporting No RAC Activity
- **Teaching**: 90% Reporting RAC Activity, 10% Reporting No RAC Activity
- **Non Teaching**: 81% Reporting RAC Activity, 19% Reporting No RAC Activity

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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, but Region A is experiencing the highest average number of requests per hospital.

Number of Medical Records Requested from Participating Hospitals With Complex Medical Record RAC Activity, through 3rd Quarter 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>All activity through Quarter 2, 2011</th>
<th>All activity through Quarter 3, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>46,537</td>
<td>55,001</td>
</tr>
<tr>
<td>Region B</td>
<td>79,570</td>
<td>75,578</td>
</tr>
<tr>
<td>Region C</td>
<td>79,632</td>
<td>79,570</td>
</tr>
<tr>
<td>Region D</td>
<td>335</td>
<td>49,141</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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 3rd Quarter 2011

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
Two-thirds of medical records reviewed by RACs did not contain an improper payment.

Percent of Completed Complex Reviews with and without Overpayment or Underpayment Determinations for Participating Hospitals, by Region, through 3rd Quarter 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Underpayment Determination</th>
<th>Overpayment Determination</th>
<th>No Overpayment Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>3%</td>
<td>25%</td>
<td>72%</td>
</tr>
<tr>
<td>Region B</td>
<td>2%</td>
<td>23%</td>
<td>75%</td>
</tr>
<tr>
<td>Region C</td>
<td>12%</td>
<td>27%</td>
<td>61%</td>
</tr>
<tr>
<td>Region D</td>
<td>8%</td>
<td>39%</td>
<td>53%</td>
</tr>
<tr>
<td>NATIONWIDE</td>
<td>6%</td>
<td>28%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
$355 million in denials have been reported, a significant increase from the $226 million in denials reported last quarter.

Dollar Value of Automated and Complex Denials by RAC Region for Participating Hospitals, through 3rd Quarter 2011, Millions

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
97% of denied dollars were complex denials totaling nearly $343 million dollars.

Percent and Dollar Amounts of Automated Denials Versus Complex Denials for Participating Hospitals, through 3rd Quarter 2011

- **Automated Denials, $12,244,307**
  - 3%
- **Complex Medical Record Denials, $342,994,232**
  - 97%

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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 denials are spread among all four RAC regions.

Percent of Automated and Complex Denials by RAC Region for Participating Hospitals, through 3rd Quarter 2011

- Region A: 24%
- Region B: 27%
- Region C: 32%
- Region D: 17%

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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 dollar value of an automated denial was $408 and the average dollar value of a complex denial was $5,306.

Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 3rd Quarter 2011

<table>
<thead>
<tr>
<th>RAC Region</th>
<th>Automated Denial</th>
<th>Complex Denial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>$456</td>
<td>$4,226</td>
</tr>
<tr>
<td>Region B</td>
<td>$313</td>
<td>$5,305</td>
</tr>
<tr>
<td>Region C</td>
<td>$392</td>
<td>$5,458</td>
</tr>
<tr>
<td>Region D</td>
<td>$595</td>
<td>$6,077</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
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, 3rd Quarter 2011

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

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
RACs are issuing automated denials for many different reasons.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2011

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

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
96% of medical/surgical acute care hospitals with RAC activity reported medically unnecessary as a reason for complex denials.

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
Medical necessity denials continue to be the denials 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, 3rd Quarter 2011

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

- Medical necessity denials continue to be the denials with the largest financial impact.
- Incorrect MS-DRG or Other Coding Error: 17%
- No or Insufficient Documentation in the Medical Record: 6%
- Medically Unnecessary: 5%
- Incorrect Discharge Status: 1%
- All Other: 71%

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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 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 was not medically necessary.

Reason for Medical Necessity Denials by Length of Stay Among Hospitals Reporting Medical Necessity Denials, 3rd Quarter 2011

Not all RACTrac compatible vendors have made accommodations to allow hospitals to answer this question yet. As a result, the volume of medical necessity denials for inappropriate setting may be under-represented in this chart. Furthermore, older RAC claims may not be classified as “inappropriate setting” by the hospital.

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
All regions are now reporting a significant number of complex denials; Region A saw a significant increase over last quarter.

Percent and Number of Reported RAC Complex Denials for Participating Hospitals, by Region, through 1\textsuperscript{st}, 2\textsuperscript{nd} and 3\textsuperscript{rd} Quarter 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Number of Claims with Overpayment Determination</th>
<th>Quarter 1, 2011</th>
<th>Quarter 2, 2011</th>
<th>Quarter 3, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>14,715</td>
<td>15%</td>
<td>18%</td>
<td>22%</td>
</tr>
<tr>
<td>Region B</td>
<td>16,660</td>
<td>28%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>Region C</td>
<td>16,695</td>
<td>31%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>Region D</td>
<td>17,553</td>
<td>29%</td>
<td>27%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
Syncope & Collapse was a common MS-DRG denied by RACs. Other top denied MS-DRG codes varied significantly among reporting hospitals.

Percent of Overpayment Determinations by Top Five MS-DRG for Medically Unnecessary and all other Complex Denials for Medical/Surgical Acute Participating Hospitals, 3rd Quarter 2011

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

### Medical Necessity Denials

<table>
<thead>
<tr>
<th>MS-DRG</th>
<th>Description</th>
<th>% of Total Denials</th>
</tr>
</thead>
<tbody>
<tr>
<td>312</td>
<td>SYNCOPE &amp; COLLAPSE</td>
<td>18%</td>
</tr>
<tr>
<td>247</td>
<td>PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC</td>
<td>9%</td>
</tr>
<tr>
<td>69</td>
<td>TRANSIENT ISCHEMIA</td>
<td>8%</td>
</tr>
<tr>
<td>313</td>
<td>CHEST PAIN</td>
<td>6%</td>
</tr>
<tr>
<td>249</td>
<td>PERC CARDIOVASC PROC W NON-DRUG-ELUTING STENT W/O MCC</td>
<td>4%</td>
</tr>
</tbody>
</table>

### All Other Complex Denials

<table>
<thead>
<tr>
<th>MS-DRG</th>
<th>Description</th>
<th>% of Total Denials</th>
</tr>
</thead>
<tbody>
<tr>
<td>312</td>
<td>SYNCOPE &amp; COLLAPSE</td>
<td>8%</td>
</tr>
<tr>
<td>166</td>
<td>OTHER RESP SYSTEM O.R. PROCEDURES W MCC</td>
<td>4%</td>
</tr>
<tr>
<td>69</td>
<td>TRANSIENT ISCHEMIA</td>
<td>4%</td>
</tr>
<tr>
<td>981</td>
<td>EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS W MCC</td>
<td>4%</td>
</tr>
<tr>
<td>189</td>
<td>PULMONARY EDEMA &amp; RESPIRATORY FAILURE</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
Three-quarters of participating hospitals nationwide with RAC activity reported receiving at least one underpayment determination.

Percent of Hospitals Reporting Underpayment Determinations, By Region, through 3rd Quarter 2011

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
49% of hospitals with underpayment determinations cited discharge disposition as a reason for the underpayment and 43% cited incorrect MS-DRG.

Percent of Participating Hospitals with RAC Activity Experiencing Underpayments by Reason, 3rd Quarter 2011

Survey participants were asked to select all reasons for underpayment.

- **49%** Inpatient Discharge Disposition
- **43%** Incorrect MS-DRG
- **6%** Outpatient Coding Error
- **5%** Billing Error
- **13%** Other

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
More than one-third of participating hospitals report having a denial reversed during the discussion period.

Percent of Participating Hospitals With Denials Overturned During the Discussion Period, National and By Region, 3rd Quarter 2011

### Overturned Denials by RAC Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>39%</td>
<td>52%</td>
<td>9%</td>
</tr>
<tr>
<td>Region B</td>
<td>32%</td>
<td>58%</td>
<td>10%</td>
</tr>
<tr>
<td>Region C</td>
<td>35%</td>
<td>60%</td>
<td>5%</td>
</tr>
<tr>
<td>Region D</td>
<td>30%</td>
<td>59%</td>
<td>11%</td>
</tr>
</tbody>
</table>

The discussion period is intended to be a tool that hospitals may use to reverse denials and avoid the formal Medicare appeals process. 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.

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
Nationwide hospitals reported appealing nearly one-third of all denials. The appeal rate was highest in Region A.

Total Number and Percent of Automated and Complex Denials Appealed by Hospitals with RAC Activity, by Region, through 3rd Quarter 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Number of Denials Available* for Appeal</th>
<th>Percent of Denials Appealed</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONWIDE</td>
<td>95,918</td>
<td>29%</td>
</tr>
<tr>
<td>Region A</td>
<td>16,165</td>
<td>42%</td>
</tr>
<tr>
<td>Region B</td>
<td>25,869</td>
<td>29%</td>
</tr>
<tr>
<td>Region C</td>
<td>30,766</td>
<td>22%</td>
</tr>
<tr>
<td>Region D</td>
<td>23,118</td>
<td>31%</td>
</tr>
</tbody>
</table>

Nationwide hospitals reported appealing nearly one-third of all denials. The appeal rate was highest in Region A.

* 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. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
81% of hospitals reported appealing at least one RAC denial. Appealed denials totaled $164 million for reporting hospitals.

Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 3rd Quarter 2011, Millions

<table>
<thead>
<tr>
<th></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>81%</td>
<td>38.0</td>
</tr>
<tr>
<td>Region A</td>
<td>87%</td>
<td>50.5</td>
</tr>
<tr>
<td>Region B</td>
<td>88%</td>
<td>40.4</td>
</tr>
<tr>
<td>Region C</td>
<td>79%</td>
<td>25.4</td>
</tr>
<tr>
<td>Region D</td>
<td>72%</td>
<td>46.1</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
More than two-thirds of all appealed claims are still sitting in the appeals process.

Percent of Appealed Claims Pending Determination for Participating Hospitals, by Region, through 3rd Quarter 2011

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

Source: AHA. (October 2011). RACTac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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 87%.

Percent of Completed Appeals with Denials Overturned for Participating Hospitals, by Region, through 3rd Quarter 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>71%</td>
</tr>
<tr>
<td>Region B</td>
<td>87%</td>
</tr>
<tr>
<td>Region C</td>
<td>78%</td>
</tr>
<tr>
<td>Region D</td>
<td>49%</td>
</tr>
<tr>
<td>NATIONWIDE</td>
<td>77%</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
71% of participating hospitals reported that RAC impacted their organization this quarter and 51% reported increased administrative costs.

Impact of RAC on Participating Hospitals* by Type of Impact, 3rd Quarter 2011

* Includes participating hospitals with and without RAC activity

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
Over half of all hospitals reported spending more than $10,000 dealing with the RAC program this quarter.

Percent of Participating Hospitals* Reporting Average Cost Dealing with the RAC Program, 3rd Quarter 2011

* Includes participating hospitals with and without RAC activity

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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, 3rd Quarter 2011

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
57% 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, 3rd Quarter 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>31%</td>
<td>54%</td>
<td>15%</td>
</tr>
<tr>
<td>Region B</td>
<td>22%</td>
<td>61%</td>
<td>17%</td>
</tr>
<tr>
<td>Region C</td>
<td>28%</td>
<td>52%</td>
<td>20%</td>
</tr>
<tr>
<td>Region D</td>
<td>27%</td>
<td>61%</td>
<td>12%</td>
</tr>
</tbody>
</table>

* Includes participating hospitals with and without RAC activity

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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.
48% of hospital respondents reported waiting more than 30 days after receipt of a review results letter to receive a demand letter. Problems reconciling recoupments persist.

Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 3rd Quarter 2011

- **Long lag (greater than 30 days) between date on review results letter and receipt of demand letter**: 48%
- **Problems reconciling pending and actual recoupment due to insufficient or confusing information on the remittance advice**: 47%
- **RAC not meeting 60-day deadline to make a determination on a claim**: 41%
- **Receiving a demand letter announcing a RAC denial and pending recoupment AFTER the denial has been reported on the remittance**: 39%
- **Not receiving a demand letter informing the hospital of a RAC denial**: 37%
- **Problems with remittance advice RAC code N432**: 26%
- **Demand letters lack a detailed explanation of the RAC's rationale for denying the claim**: 23%

*Includes participating hospitals with and without RAC activity*

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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 majority of hospital respondents indicated RAC responsiveness and overall communication was “fair” or “good.”

Participating Hospitals Rating of RAC Responsiveness and Overall Communication, 3rd Quarter 2011

- Excellent: 5%
- Fair: 32%
- Good: 31%
- No Opinion: 19%
- Poor: 13%

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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 wait time for a RAC response varied significantly, with 15% 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, 3rd Quarter 2011

- 24 hours: 16%
- 1-3 days: 39%
- 7 days: 13%
- 14 or more days: 15%
- No response received: 7%
- 24 hours: 16%

Source: AHA. (October 2011). RACTrac Survey
AHA analysis of survey data collected from 2,127 hospitals: 1,733 reporting activity, 394 reporting no activity through September 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. Most significantly, Regions A and D performed better than Regions B and C.

Average Number of Days For RACs to Respond to Hospital Inquiries for Participating Hospitals, by Region, 3rd Quarter 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>24 hours</th>
<th>1-3 days</th>
<th>7 days</th>
<th>14 or more days</th>
<th>No Response Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>24%</td>
<td>44%</td>
<td>3%</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>Region B</td>
<td>5%</td>
<td>32%</td>
<td>22%</td>
<td>19%</td>
<td>22%</td>
</tr>
<tr>
<td>Region C</td>
<td>13%</td>
<td>45%</td>
<td>12%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Region D</td>
<td>28%</td>
<td>29%</td>
<td>14%</td>
<td>14%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2011). RACTrac Survey
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RACTrac Data Collection Period, January 2012
January 2012 RACTrac Data Collection Period

- Hospital leaders nationwide received an email in November 2011 with their RACTrac registration information
- Contact **RACTrac Support** if you do not have your RACTrac registration information: [Ractracsupport@providercs.com](mailto:Ractracsupport@providercs.com) or 1-888-722-8712

- RACTrac will collect data January 1 through January 13
- RACTrac will open at the beginning of each subsequent quarter to collect data on RAC activity experienced in the through the previous quarter
For more information visit AHA’s RACTrac website:
http://www.aha.org/aha/issues/RAC/ractrac.html

RACTrac Support:
Ractracsupport@providercs.com
1-888-722-8712