



Exploring the Impact of the RAC Program on Hospitals Nationwide

Results of AHA RACTrac Survey, 1st Quarter 2012

June 27, 2012

Agenda

- RAC update
- Review of RAC resources
- Key findings of the *RAC*Trac Report, 1st Quarter 2012

Access entire RACTrac Report at:

<http://www.aha.org/advocacy-issues/rac/ractrac.shtml>

- *RAC*Trac data collection period, July 2012
- Questions and Answers





**American Hospital
Association**

THANKS

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

2220 Responding Hospitals



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RAC Update

RAC/Audit Update

More Info:
www.aha.org/rac

- NEW: RACTrac Data through Q1 2012
- CMS's Prepayment Review Demo
- March 2012: RAC record request limit raised
- April 27: AHA files amicus in case against HHS
 - “Hospitals caught in a tug of war between observation and admissions”
- May 2: OAHHS requests immediate suspension of complex reviews/recoupments by RACs
- June 2012: CMS new RAC appeals data for FY 2011



RAC/Audit Upcoming Events

- AHA Audit Education Series



Webinar: **Reducing Your Vulnerability to Payment Denial I**

Agenda: This webinar will instruct participants on how to use the Program for Evaluating Payment Patterns Electronic Report (PEPPER) to reduce payment errors. You will hear from compliance experts and hospitals who have used PEPPER successfully in their facilities to reduce their payment denial vulnerability.

Date/Time: **June 19, 2:00 - 3:30 p.m. ET**

- More info and register at www.aha.org

- Senate Finance Committee

- Call for Ideas on improving Program Integrity
- Due June 29: ProgramIntegrityWhitePapers@finance.senate.gov

- AHA Workgroup on Short Stays



May 14, 2012

AHA AUDIT EDUCATION SERIES:

REDUCING VULNERABILITIES TO PAYMENT DENIALS

AT A GLANCE

The Issue:

The Centers for Medicare & Medicaid Services (CMS) is facing increasing pressure from the president and Congress to reduce improper provider payments in Medicare and Medicaid. As a result, hospitals are facing more scrutiny by government auditors. Recovery Audit Contractor (RAC) audits are mounting, and in recent months, Medicare Administrative Contractors have increased provider audits. In addition, hospitals are receiving audit requests from government programs including, the Comprehensive Error Rate Testing program, the Permanent Error Rate Measuring program, Quality Improvement Organizations, the Zone Program Integrity Contractor program, Medicaid RACs and Medicaid Integrity Program contractors. The Department of Health and Human Services' Office of Inspector General, the Department of Justice and other law enforcement agencies also are increasing audits. And most recently, Congress mandated CMS to begin using Predictive Modeling – a type of analytic technique intended to prevent improper payments from occurring in the first place.



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RAC Resources

AHA RAC Resources

CMS revises RAC demand letters

December 14, 2011

In response to suggestions by the AHA and state and regional hospital associations, the Centers for Medicare & Medicare Services has revised the letter used to demand the return of alleged overpayments from health care providers under the Medicare Recovery Audit Contractor program. Beginning in January, Medicare administrative contractors will assume responsibility for sending the letters under a CMS policy change announced earlier this year to address timeliness concerns raised by hospitals. A sample of the new letter, with the changes highlighted, can be found at www.aha.org. According to CMS, the "R" before the letter number is intended to help providers identify the letter as a RAC-initiated claim and redirect it to the appropriate staff. AHA had urged CMS to require MACs to send the letters to a RAC contact address provided by the hospital, but CMS indicated it was unable to accommodate such an address in its computer system. Thus, hospital departments that receive MAC correspondence must distribute the RAC demand letters to the appropriate staff. They also should speak with their MAC about ways to improve the process, and learn whether their RAC's provider portal indicates when a demand letter has been sent. Questions about the new letter and policy should be directed to the [CMS RAC Project Officers](#).

- **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
- *RAC*Trac Info & Webinars



AHA Special Bulletin

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.

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

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, DC, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)

- ▶ [Audio Recording \(MP3\)](#)
- ▶ [Feedback Form \(for Region A's call\)](#)

JOIN AHA'S RAC NEWS GROUP

HAHA Special Bulletin™

Wednesday, September 14, 2011

CMS Releases Final Rule on Medicaid RACs

CMS adds provider protections

www.aha.org/rac

RELATED RAC RESOURCES

- ▶ Frequently Asked Questions
- ▶ AHA RAC Education Series
- ▶ AHA RAC Advocacy Resources
- ▶ RACTrac
- ▶ Centers for Medicare & Medicaid Services (CMS) RAC Resources
- ▶ RAC Contractor Information
- ▶ Questions? Email AHA's RAC Team (Members Only)
- ▶ Join AHA's RAC News Group (Members Only)



AHA Solutions
An American Hospital Association Company™

Signature Learning Series™

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/>

The screenshot displays the CMS website interface. At the top, it features the U.S. Department of Health & Human Services logo and the URL www.hhs.gov. Below this is the CMS logo and the text "Centers for Medicare & Medicaid Services". A search bar is located on the right side of the header. The main navigation menu includes links for Home, Medicare, Medicaid, CHIP, About CMS, Regulations & Guidance, Research, Statistics, Data & Systems, Outreach & Education, and Tools. A secondary menu lists "People with Medicare & Medicaid", "Questions", "Careers", "Newsroom", "Contact CMS", "Acronyms", "Help", "Email", and "Print". The breadcrumb trail reads: "CMS Home > Research, Statistics, Data and Systems > Recovery Audit Program > Recovery Audit Program Providers".

The main content area is titled "Recovery Audit Program Providers" and includes the following sections:

- Recovery Audit Program** (left sidebar):
 - » Overview
 - » **Recovery Audit Program Providers**
 - » Recovery Audit Demonstration
 - » Recent Updates
- Recovery Audit Program Providers** (main content):
 - CMS will use this section to include updated information specific to providers.**
 - 08/15/11: **CMS Updates Additional Documentation Limits for Providers.** Click the link below to review the additional documentation limits for all providers, excluding for physicians and suppliers. The new limit increases the number of requests for providers whose calculated limit is below 35.
 - Downloads**
 - [08/15/11 Additional Documentation Limit Update for Providers \[PDF, 51 KB\]](#)
 - [Additional Links for Providers \[PDF, 11 KB\]](#)
 - [Provider Options Chart \[PDF, 16.20 KB\]](#)
 - [FY 2011 Supplier ADR Limits \[PDF, 44.2 KB\]](#)
 - [Physician ADR Limits \[PDF, 80 KB\]](#)
 - Related Links Inside CMS**

There are no Related Links Inside CMS
 - Related Links Outside CMS**

CMS Provider Education Resources

– CMS provider education:

http://www.cms.gov/MLNProducts/45_ProviderCompliance.asp

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- Complete plan of care;
- Date the plan of care is modified, including how it was modified and why the previous goals were not met or could not be met;
- Confirmation that the plan of care is certified (recertified when appropriate) with physician/ NPP signature and date; and
- Treatment time for timed codes and total treatment time (including timed and untimed codes).



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RACTrac 1st Quarter 2012 Results

RACTrac Background

- 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 1st quarter of 2012.
 - 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.



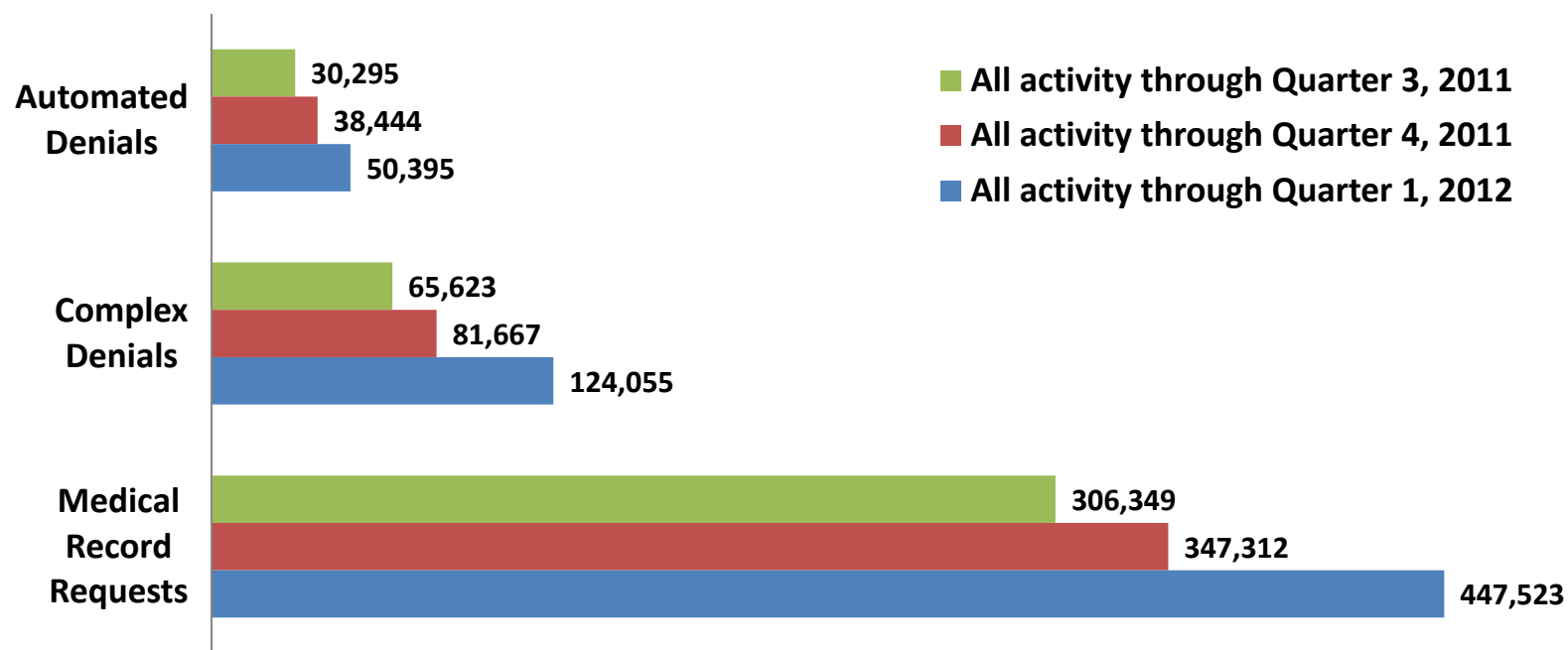
Highlights

- RAC activity continues to grow at a rapid pace
 - ✓ Medical record requests are up 29% from 4th quarter 2011
 - ✓ Automated denials are up 31%
 - ✓ Complex denials are up 52%
- The total dollar value of denials for RACTrac participants is up 67% from last quarter
- RACs found no error for 65% of medical record audits
- Through 1st quarter of 2012 75% of completed appeals were overturned
- 55% of respondents reported increased administrative costs



There has been a dramatic increase in RAC activity relative to the last quarter.

Reported Automated Denials, Complex Denials and Medical Records Requests by Participating Hospitals, through 1st Quarter 2012



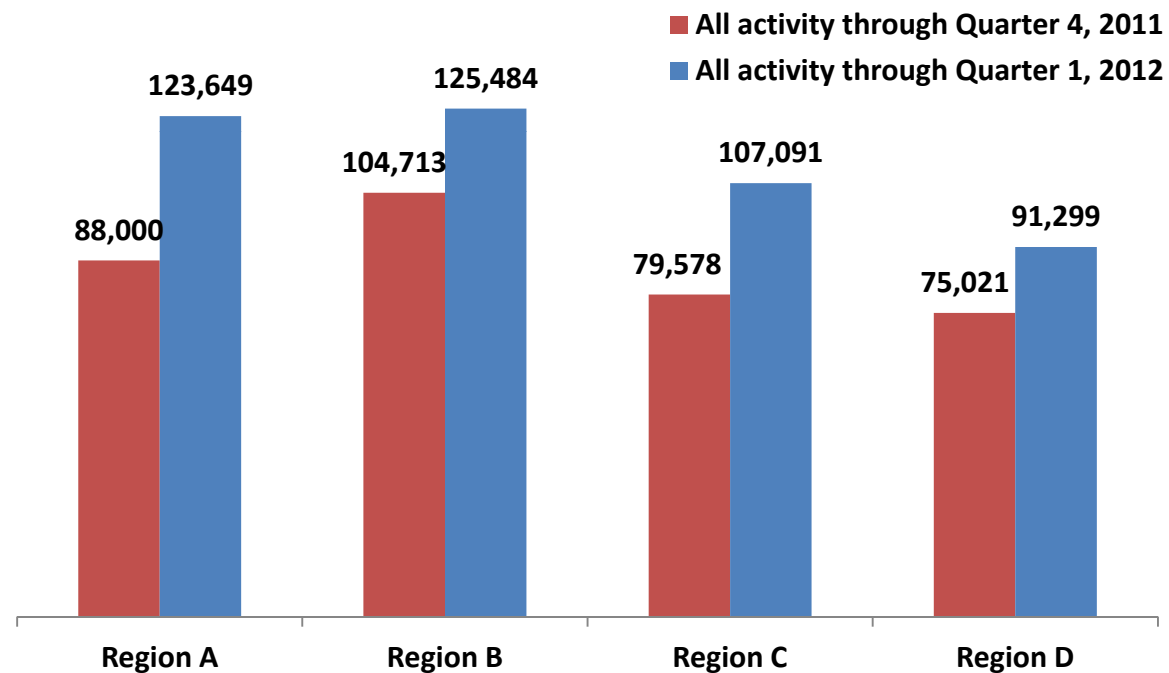
Source: AHA. (May 2012). RACTrac Survey

AHA analysis of survey data collected from 2,220 hospitals: 1,854 reporting activity, 366 reporting no activity through March 2012. 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 reported the largest jump in medical record requests and also has the highest average number of medical record requests per hospital.

Number of Medical Records Requested from Participating Hospitals With Complex Medical Record RAC Activity, through 1st Quarter 2012

Average Number of Medical Record Requests per Reporting Hospital, through Q1, 2012	
Region A	773
Region B	578
Region C	364
Region D	499

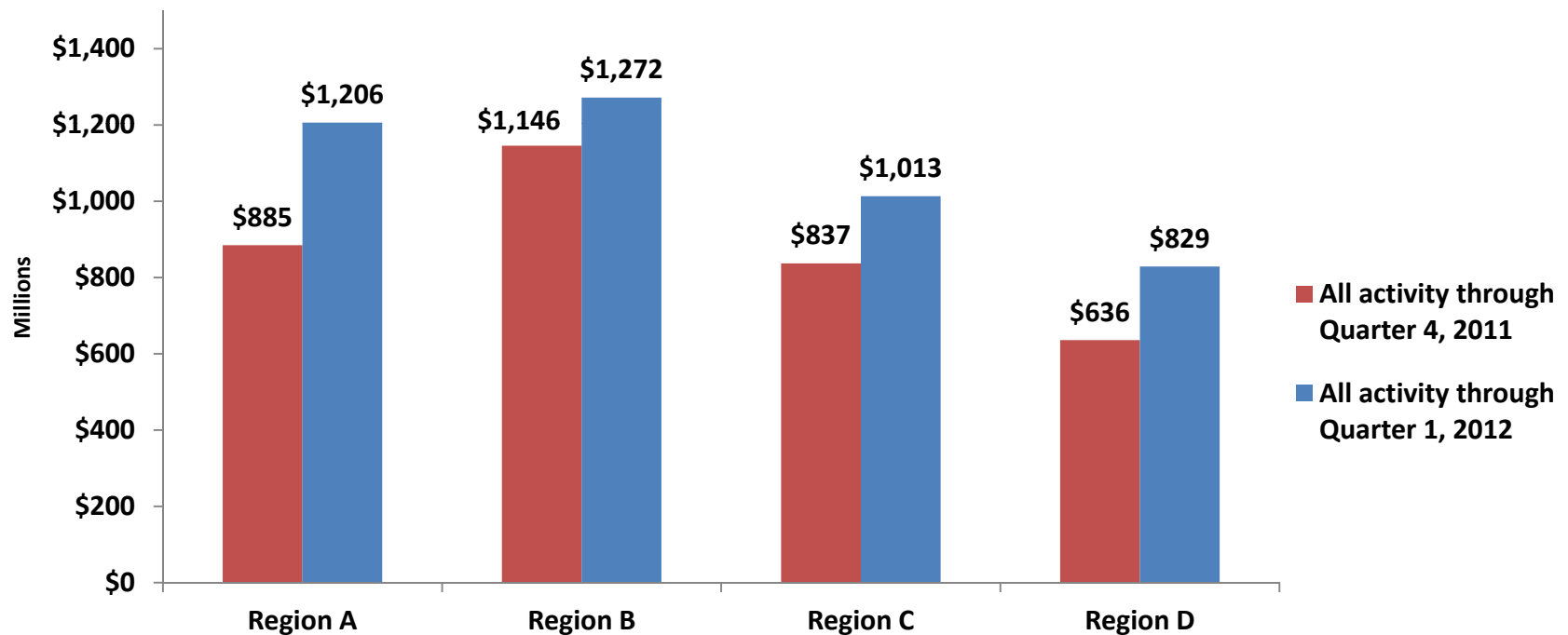


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Among participating hospitals, \$4.3 billion in Medicare payments were targeted for medical record requests through the 1st quarter of 2012 up 23% from last quarter.

Medicare Payments Associated with Medical Records Requested from Participating Hospitals, through 1st Quarter 2012, in Millions

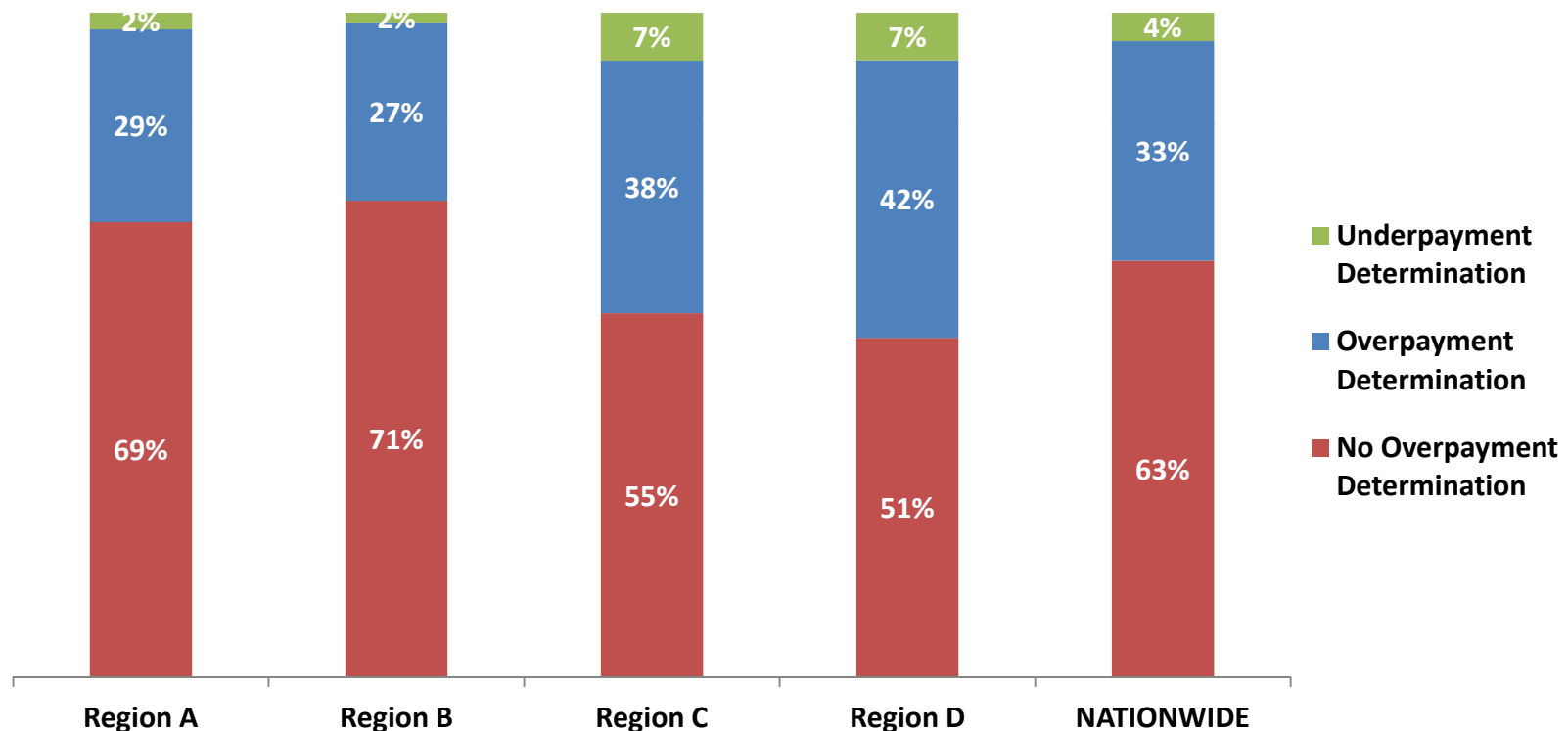


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Over two-thirds of medical records reviewed by RACs did not contain an improper payment.

Percent of Completed Complex Reviews with and without Overpayment or Underpayment Determinations for Participating Hospitals, by Region, through 1st Quarter 2012



Source: AHA. (May 2012). RACTrac Survey

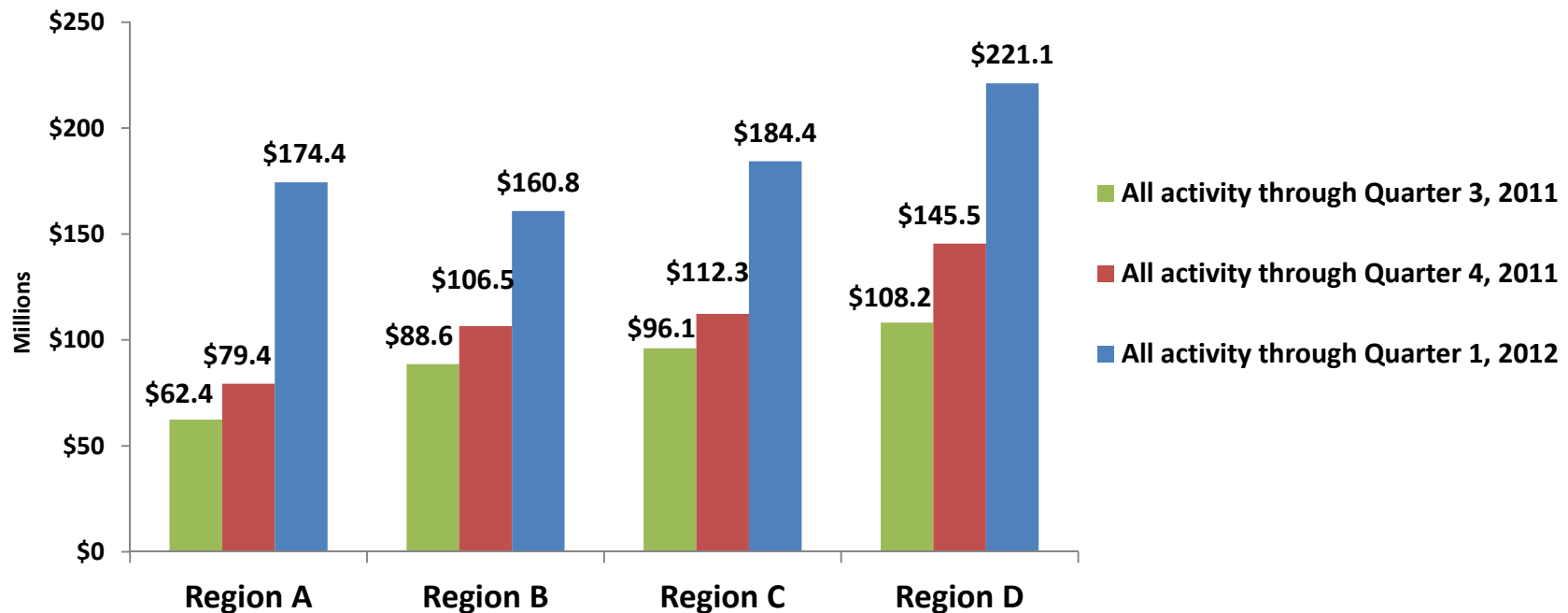
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RAC Denials

\$741 million in denials were reported through the first quarter of 2012, up 67% from the last quarter of 2011.

Dollar Value of Automated and Complex Denials by RAC Region for Participating Hospitals, through 1st Quarter 2012, Millions

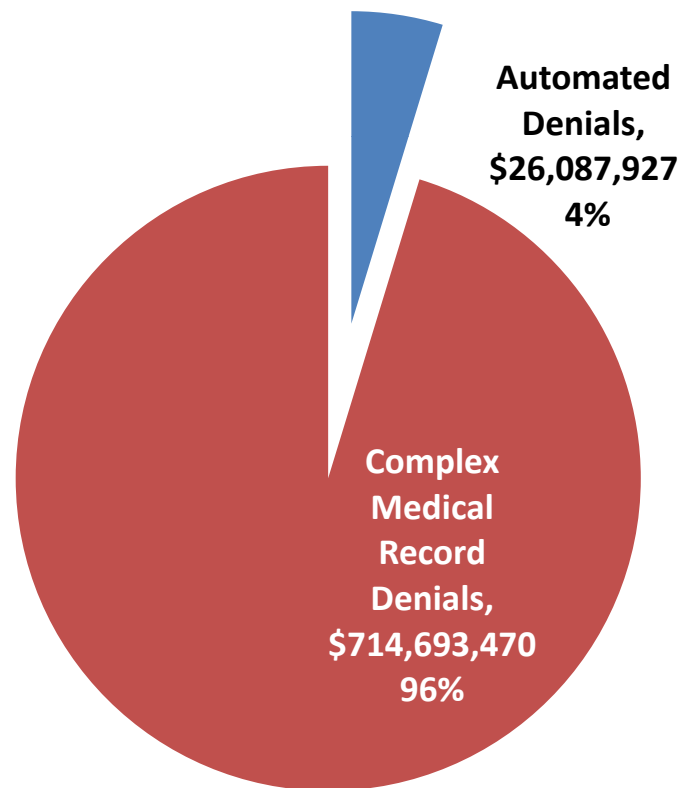


Source: AHA. (May 2012). RACTrac Survey

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96% of denied dollars were complex denials.

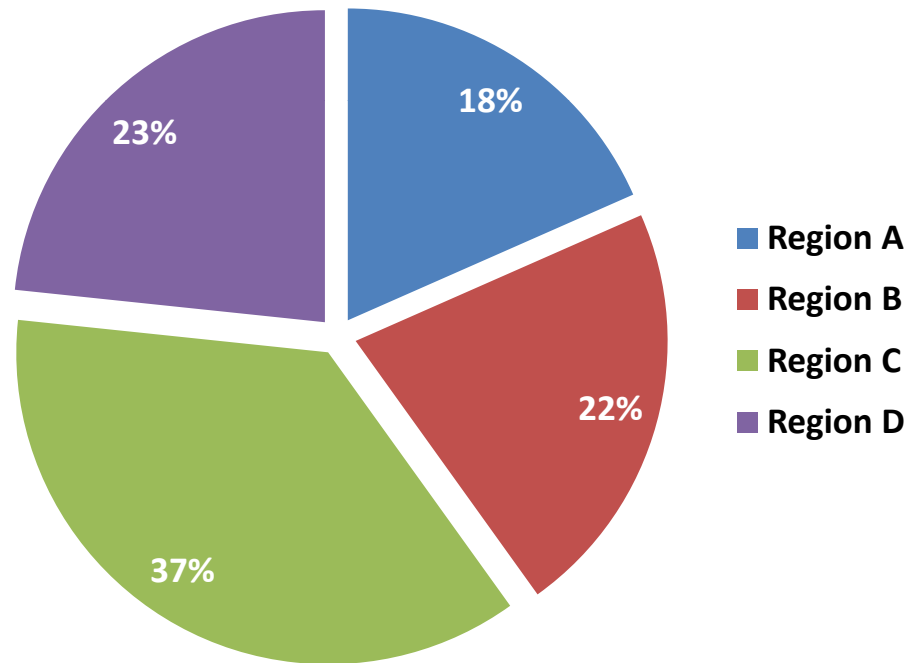
Percent and Dollar Amounts of Automated Denials Versus Complex Denials for Participating Hospitals, through 1st Quarter 2012



Source: AHA. (May 2012). *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 1st Quarter 2012

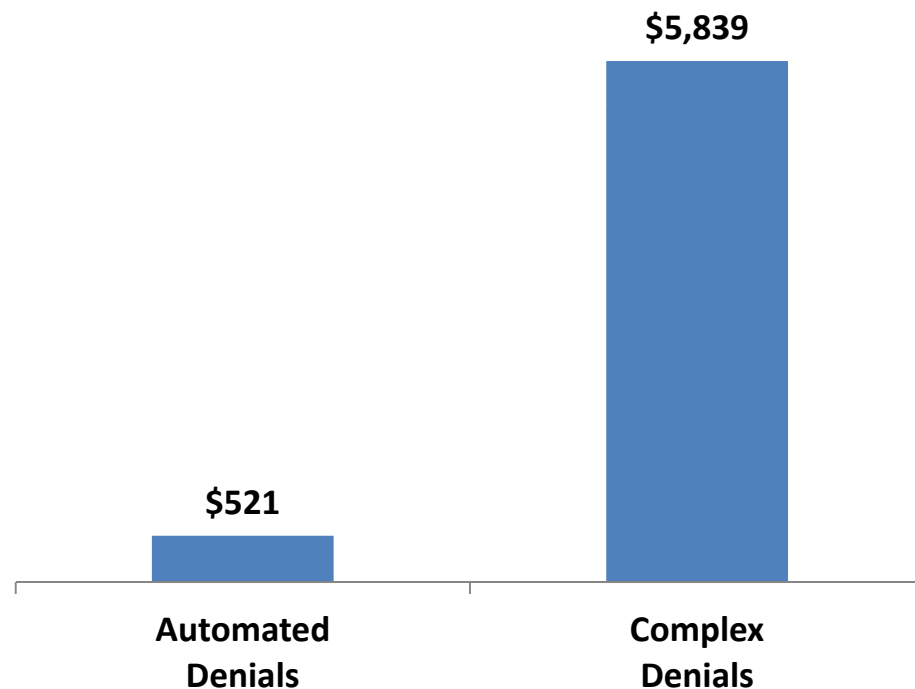


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The average dollar value of an automated denial was \$521 and the average dollar value of a complex denial was \$5,839.

Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 1st Quarter 2012

Average Dollar Amount of Automated and Complex Denials Among Reporting Hospitals, by Region		
RAC Region	Automated Denial	Complex Denial
NATIONWIDE	\$521	\$5,839
Region A	\$435	\$5,815
Region B	\$454	\$5,515
Region C	\$515	\$5,426
Region D	\$654	\$6,522

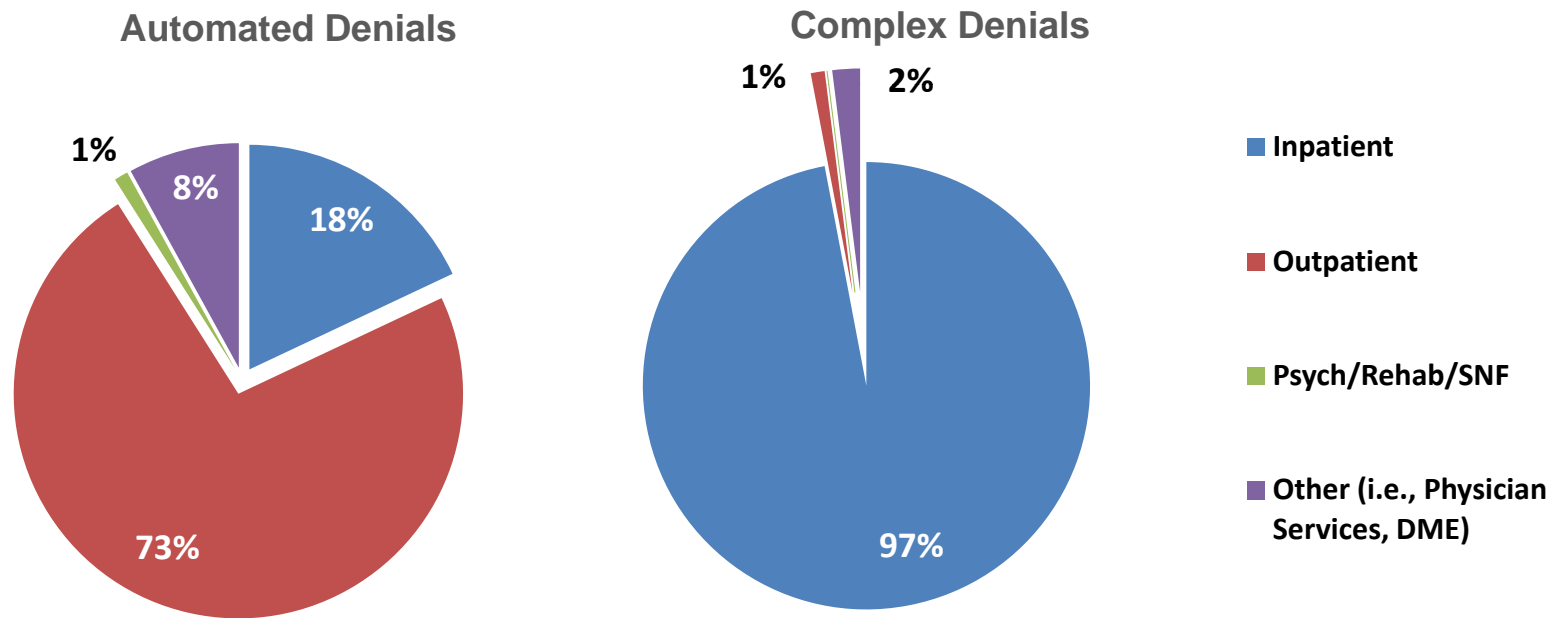


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Automated denials had the largest financial impact in the outpatient setting while complex denials had the largest impact in the inpatient setting.

Percent of Participating Hospitals by Top Service Area for Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2012

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



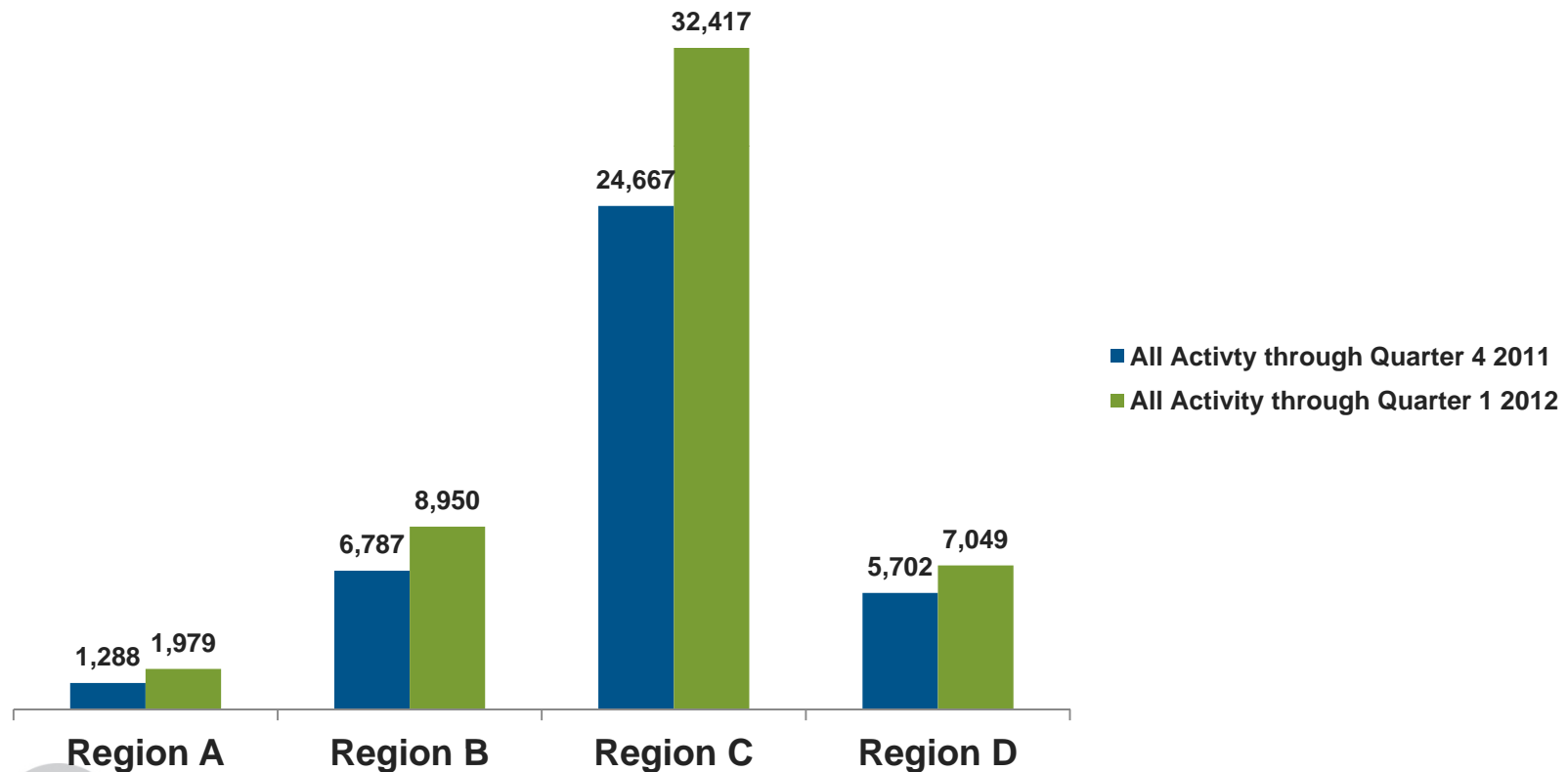
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Automated RAC Denials

The volume of automated denials increased by 31% from 4th quarter 2011 to 1st quarter 2012.

Number of Automated Denials by RAC Region for Participating Hospitals, through 1st Quarter 2012

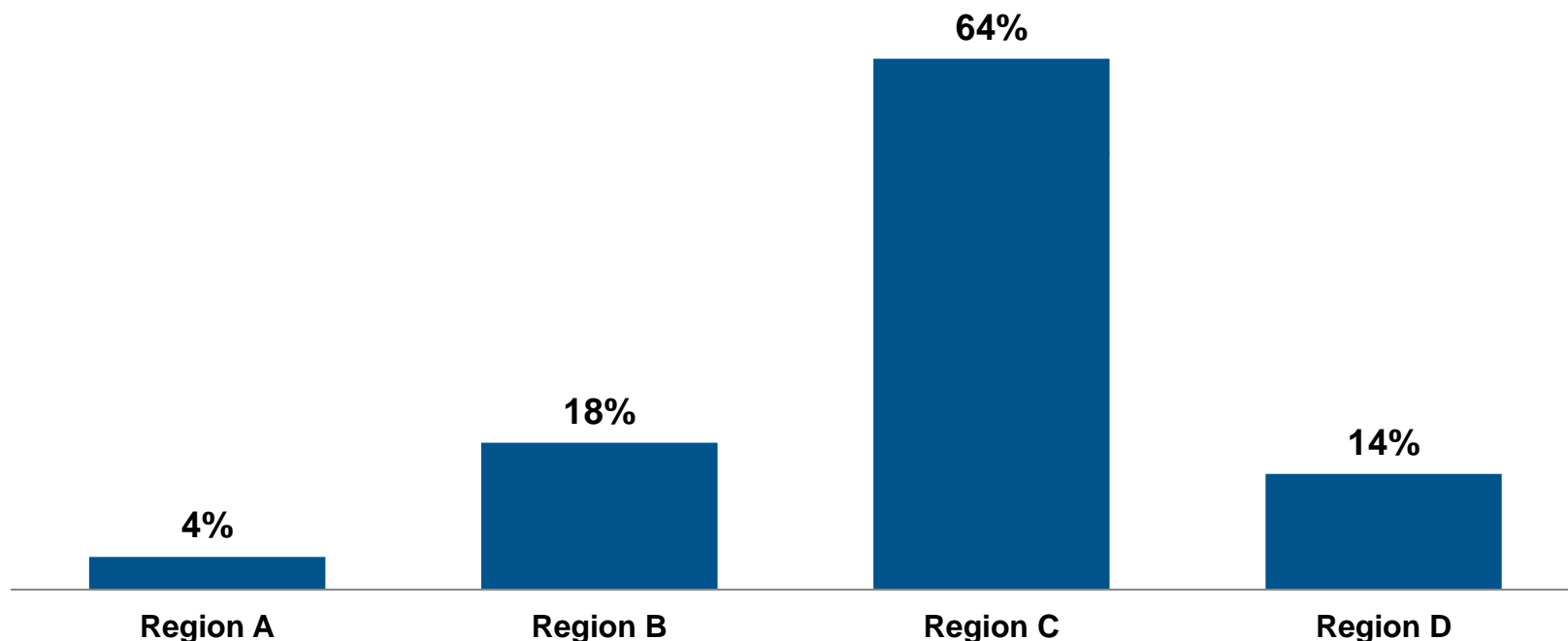


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Region C has 64% of all reported automated denials.

Percent of Reported Automated Denials for Participating Hospitals, by Region, through 1st Quarter 2012



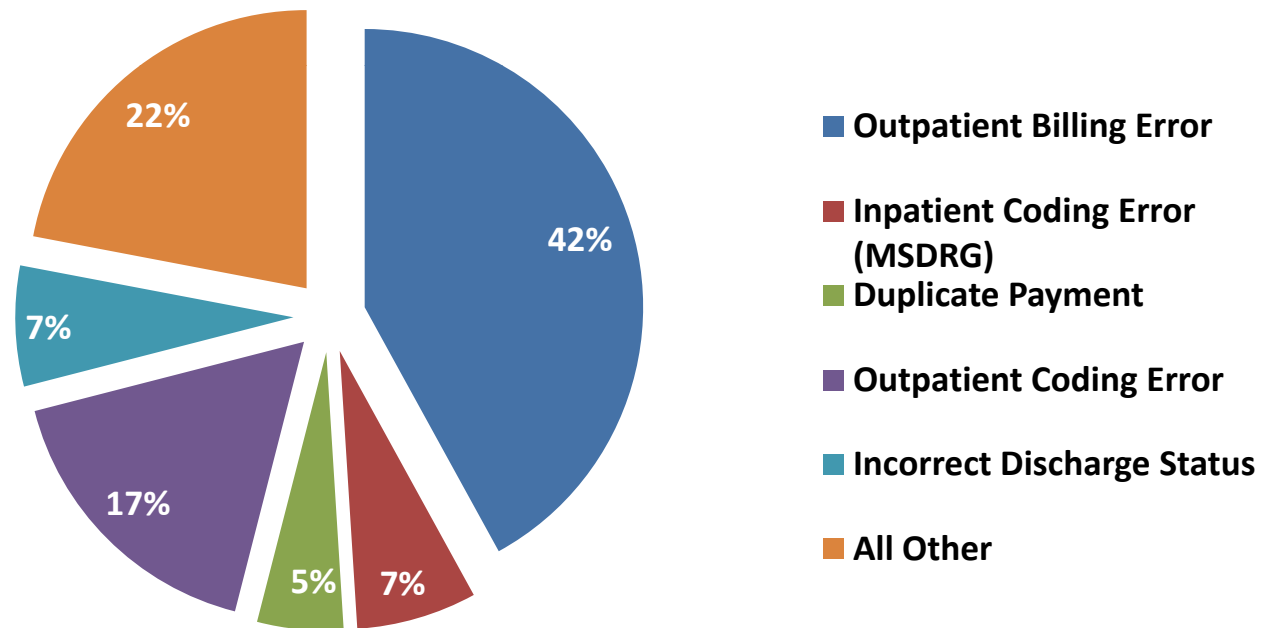
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Outpatient billing error was the top reason for automated denials.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2012

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



Source: AHA. (May 2012). RACTrac Survey

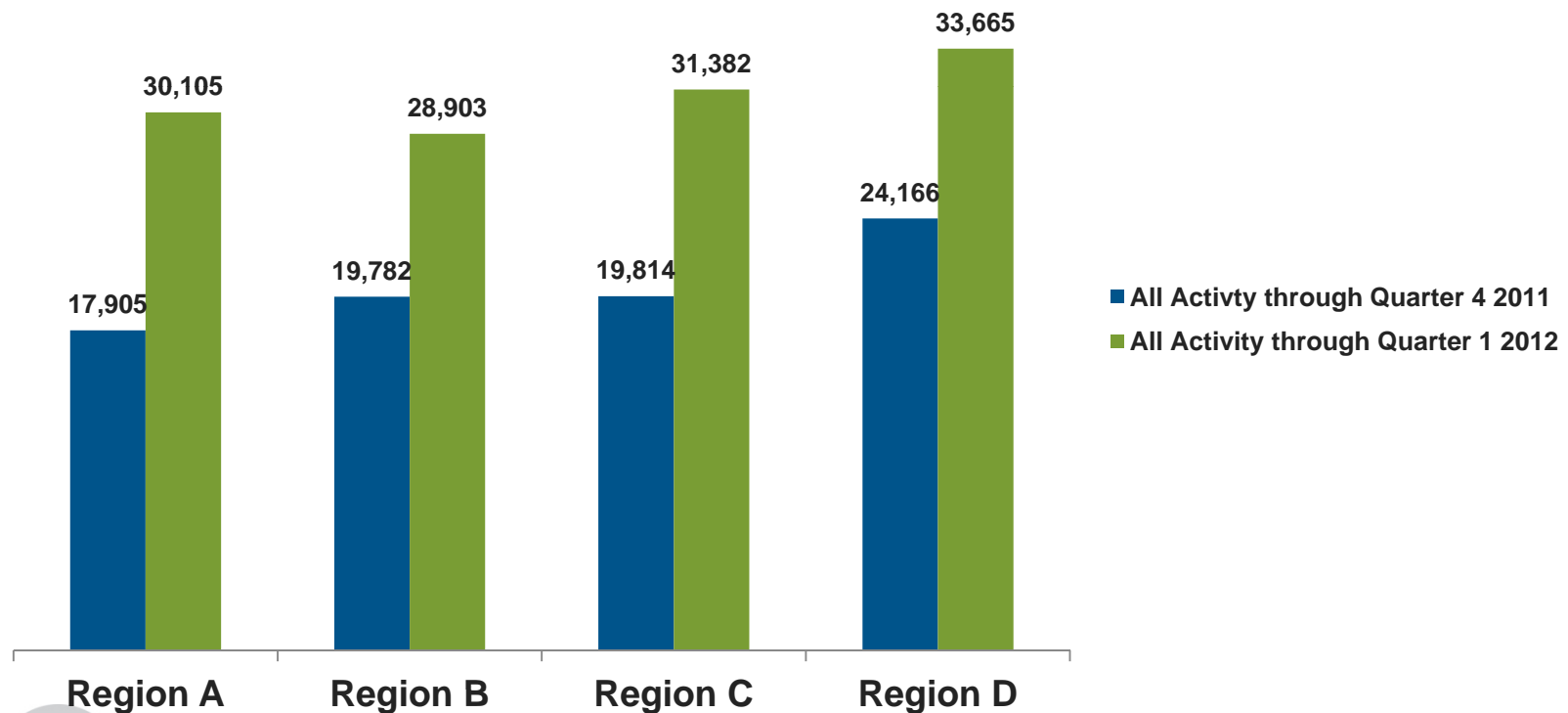
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Complex RAC Denials

The volume of complex denials increased by 52% from 4th quarter 2011 to 1st quarter 2012.

Number of Complex Denials by RAC Region for Participating Hospitals, through 1st Quarter 2012

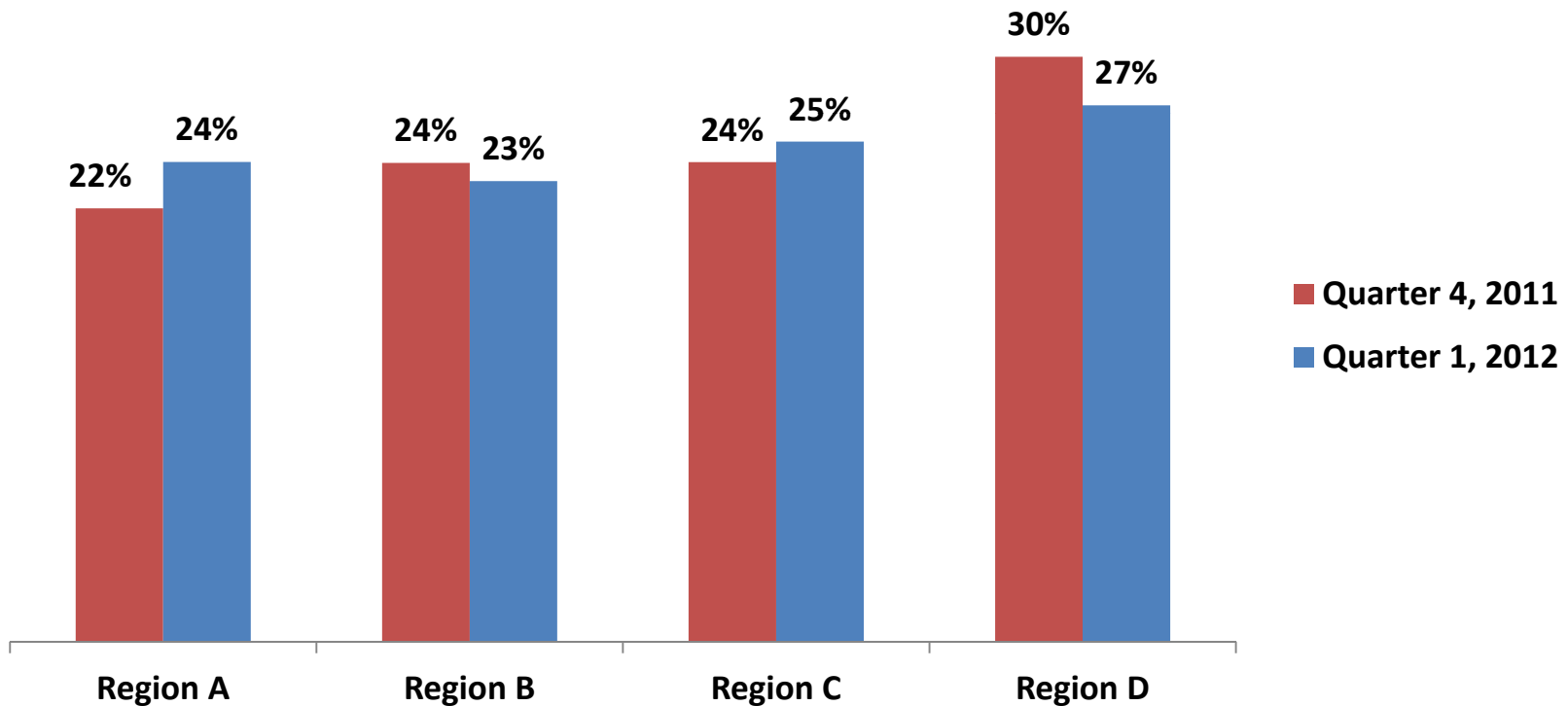


Source: AHA. (May 2012). RACTrac Survey

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Unlike automated denials, complex denials are evenly spread across regions.

Percent of Reported RAC Complex Denials for Participating Hospitals, by Region, 4th Quarter 2011 and 1st Quarter 2012



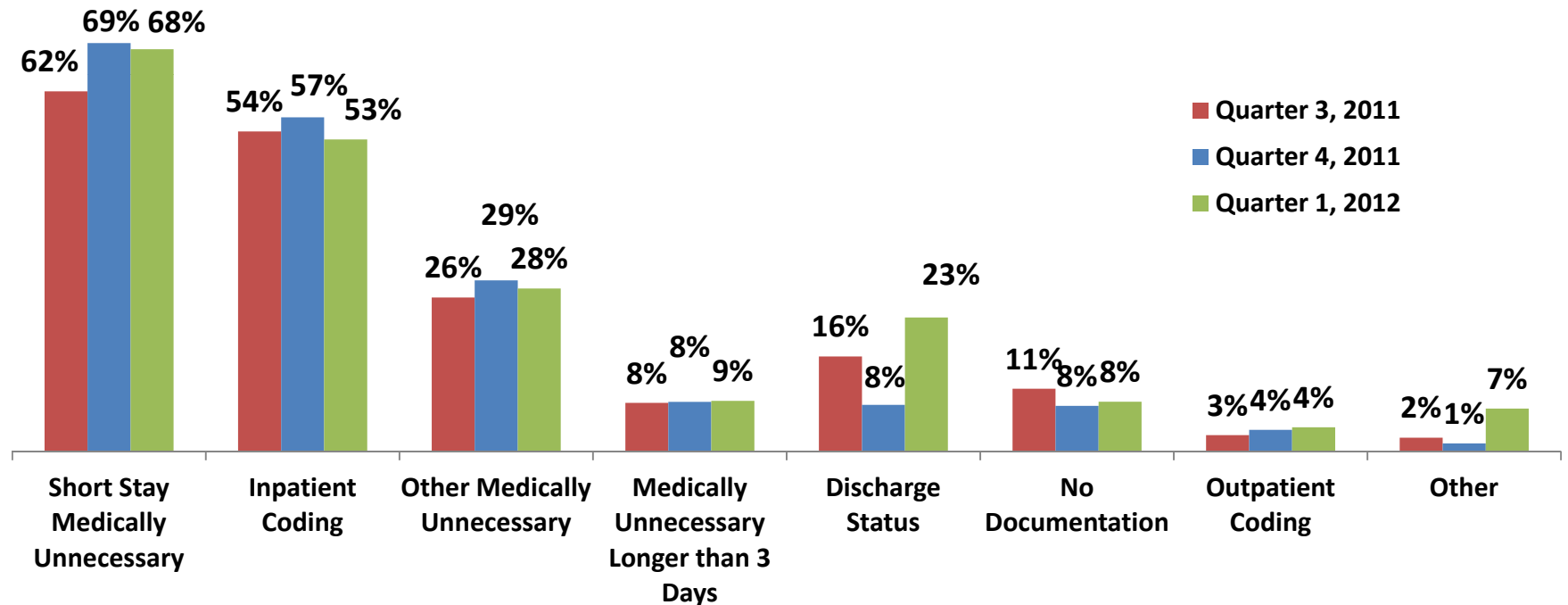
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Most hospitals report short-stay medical necessity as the top reason for denials.

Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Complex Denials by Reason, 3rd and 4th Quarter 2011, 1st Quarter, 2012

Survey participants were asked to select all reasons for denial.



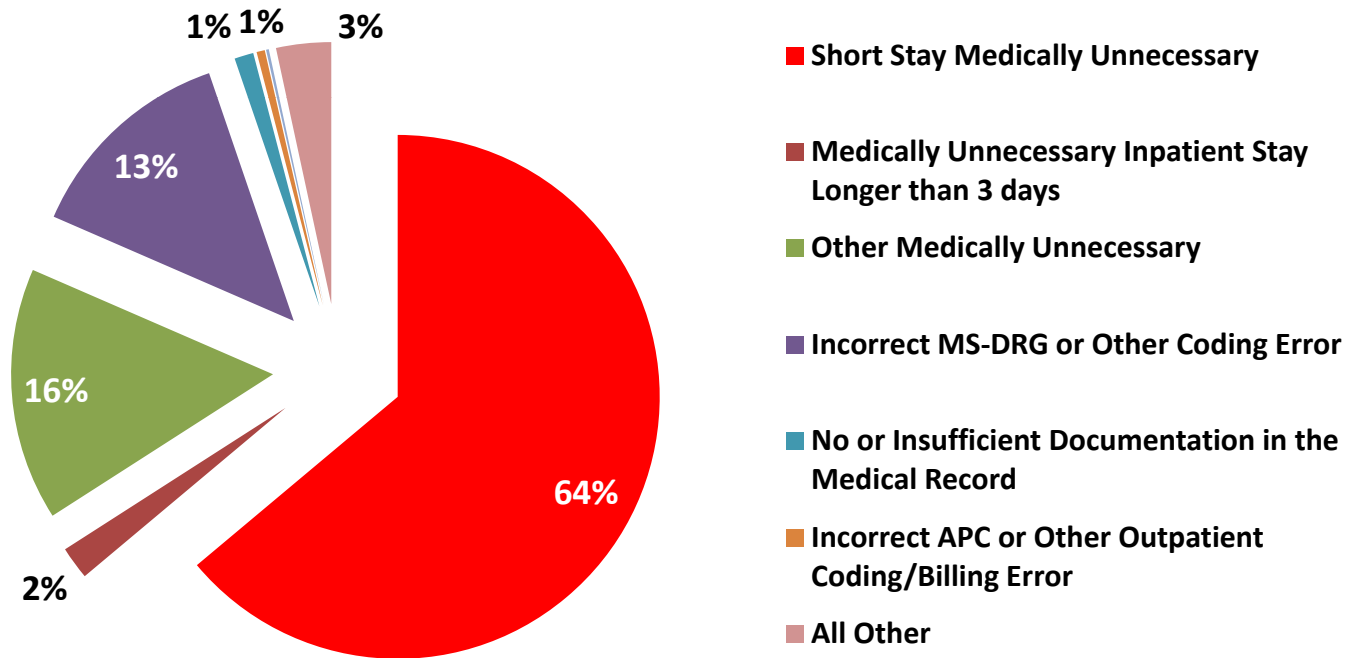
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82% of hospitals indicated medical necessity denials were the most costly complex denials.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2012

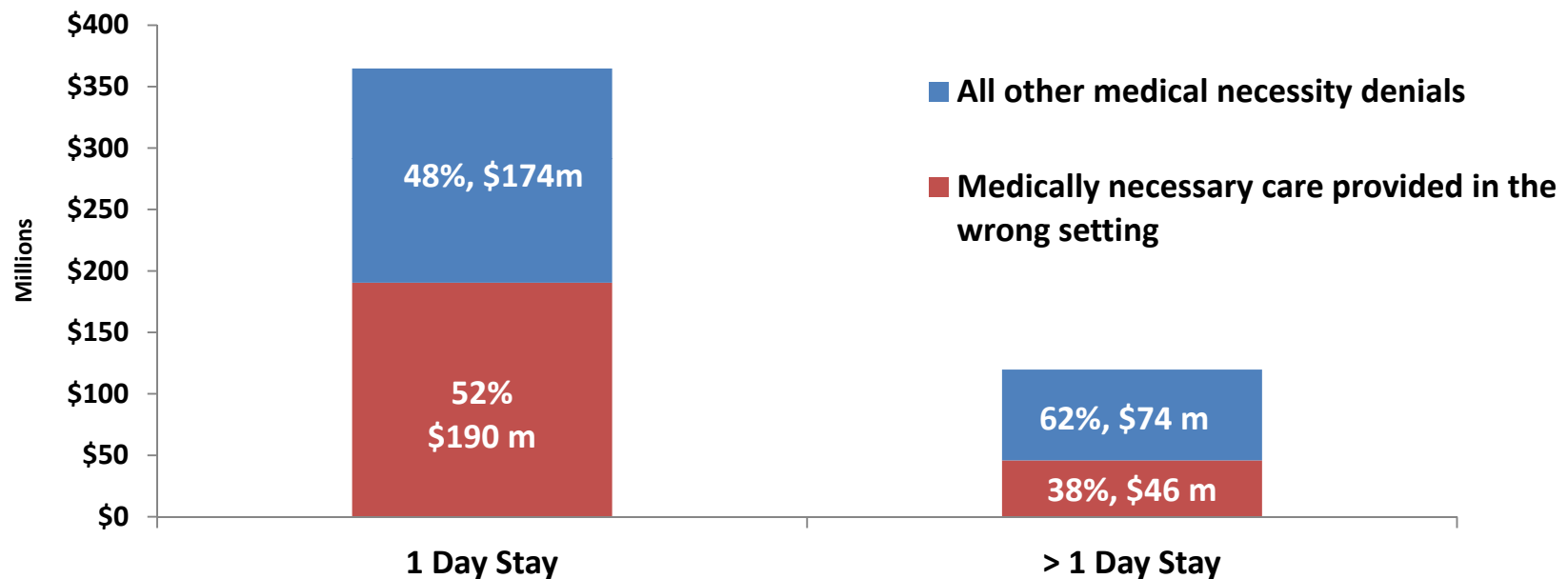
Survey participants were asked to rank denials by reason, according to dollars impacted.



Source: AHA. (May 2012). RACTrac Survey
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The majority of short-stay medical necessity denials 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, 1st Quarter 2012



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. (May 2012). RACTrac Survey

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Syncope & Collapse and Stent denials had the largest financial impact.

Percent of Participating Hospitals Reporting the MS-DRG for Medically Unnecessary and all other Complex Denials Had the Largest Financial Impact, 1st Quarter 2012

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

Medical Necessity Denials

MS-DRG	Description	% of Hospitals
312	SYNCOPE & COLLAPSE	25%
247	PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC	24%
313	CHEST PAIN	9%
69	TRANSIENT ISCHEMIA	6%
392	ESOPHAGITIS, GASTROENT & MISC DIGEST DISORDERS W/O MCC	3%

All Other Complex Denials

MS-DRG	Description	% of Hospitals
312	SYNCOPE & COLLAPSE	10%
247	PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC	6%
166	OTHER RESP SYSTEM O.R. PROCEDURES W MCC	5%
981	EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS W MCC	4%
313	CHEST PAIN	3%



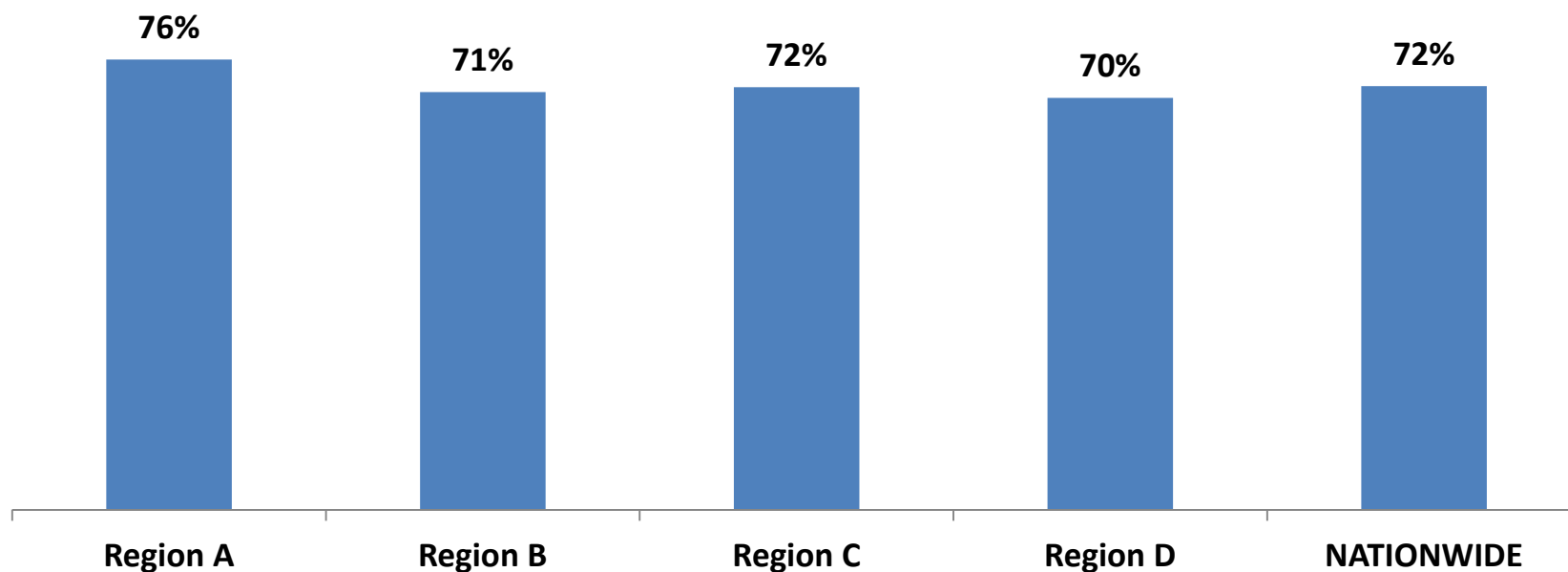
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Underpayments

Nearly 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 1st Quarter 2012



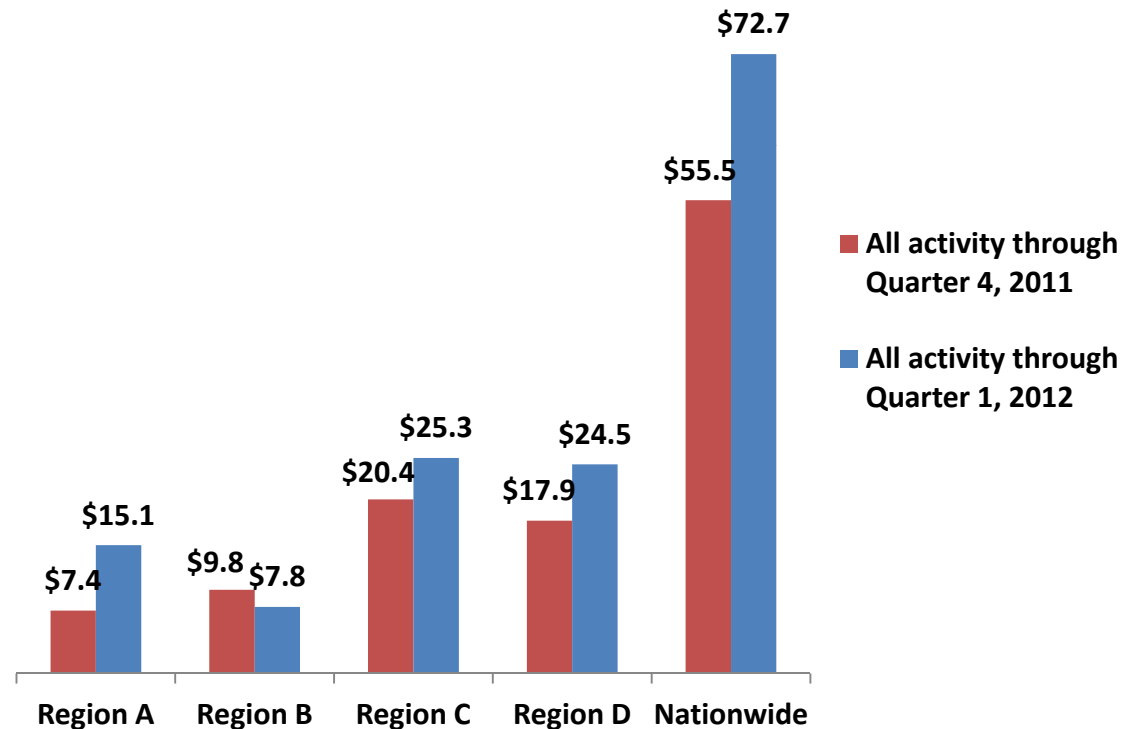
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Hospitals reported RAC identified underpayments totaling \$73 million dollars, up 31% from last quarter.

Total Dollar Value of Underpayment Determinations for Participating Hospitals, By Region, through 4th Quarter 2011 and 1st Quarter 2012, Millions

	Number of RAC Underpayment Determinations, through Quarter 1, 2012
NATIONWIDE	15,941
Region A	2,583
Region B	1,662
Region C	5,955
Region D	5,741



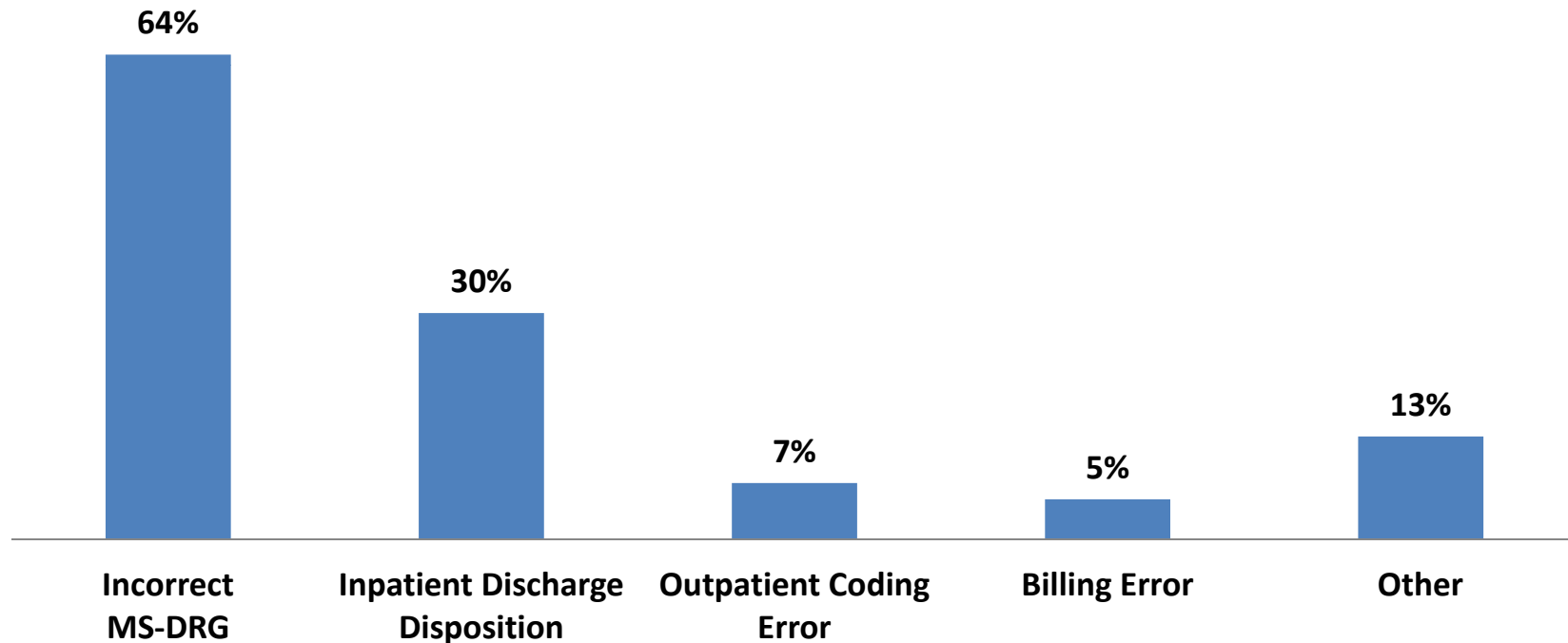
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64% of hospitals with underpayment determinations cited incorrect MS-DRG as a reason for the underpayment and 30% cited discharge disposition.

Percent of Participating Hospitals with RAC Activity Experiencing Underpayments by Reason, 1st Quarter 2012

Survey participants were asked to select all reasons for underpayment.



Source: AHA. (May 2012). RACTrac Survey

AHA analysis of survey data collected from 2,220 hospitals: 1,854 reporting activity, 366 reporting no activity through March 2012. 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.



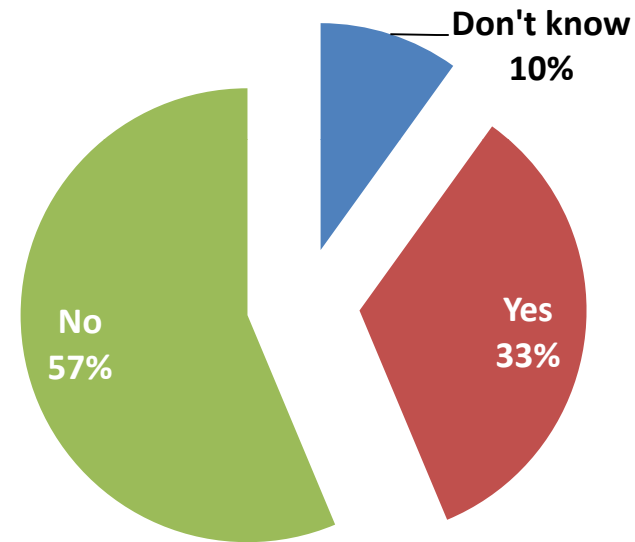
Appeals

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, 1st Quarter 2012

Reversed Denials by RAC Region

	Yes	No	Don't Know
Region A	48%	42%	10%
Region B	31%	66%	3%
Region C	33%	59%	8%
Region D	25%	56%	19%



*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.*



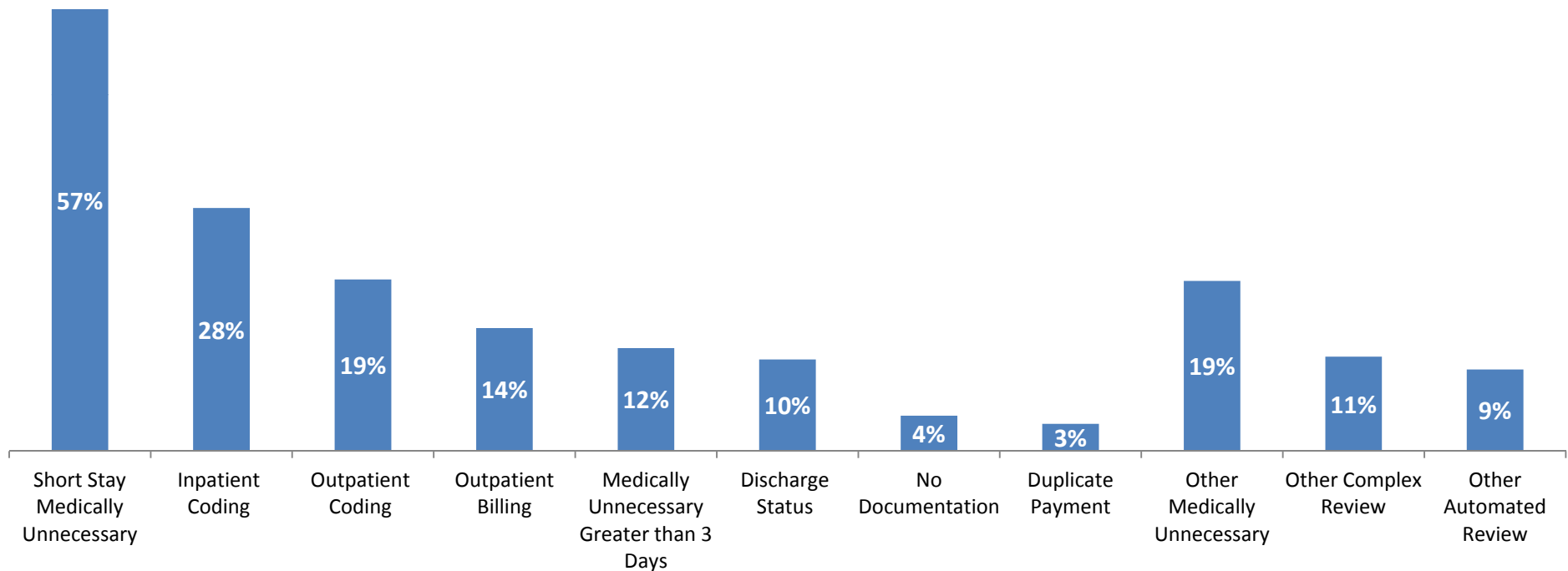
Source: AHA. (May 2012). RACTrac Survey

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More than half of all hospitals filing a RAC appeal during the 1st Quarter of 2012 reported appealing short stay medically unnecessary denials.

Percent of Participating Medical/Surgical Acute Hospitals Reporting RAC Appeals by Denial Reason, 1st Quarter 2012

Survey participants were asked to select all reasons for denial.



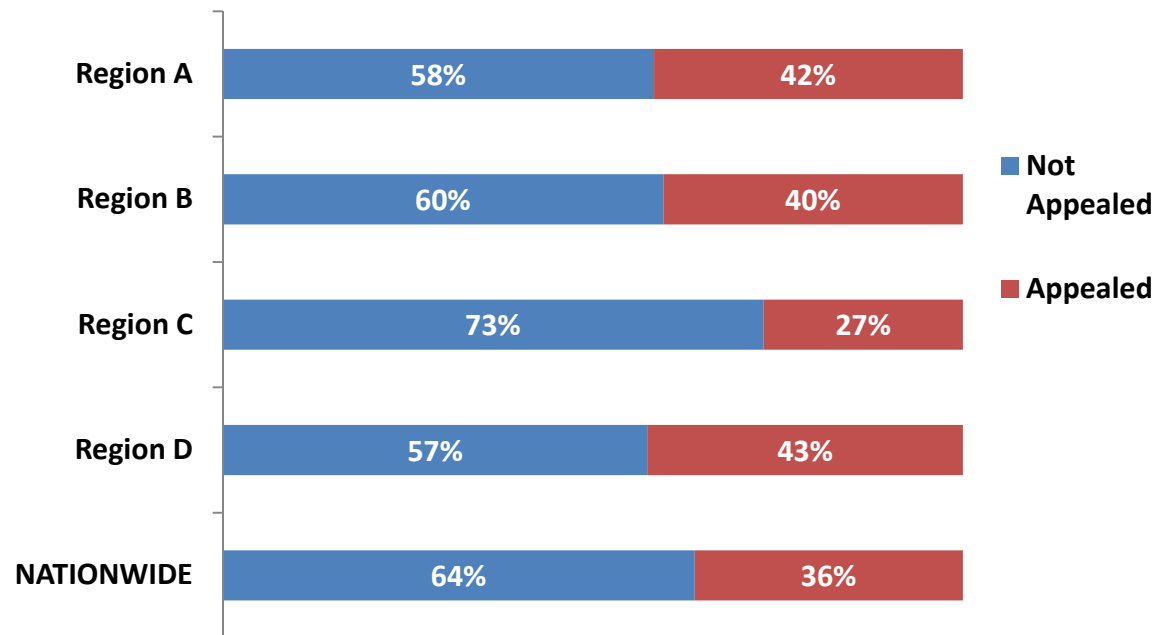
Source: AHA. (May 2012). RACTrac Survey

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Nationwide hospitals reported appealing more than one-third of all denials. Regions A, B and D report appealing 40% or more of reported denials.

Total Number and Percent of Automated and Complex Denials Appealed by Hospitals with Automated or Complex RAC Denials, by Region, through 1st Quarter 2012

	Total Number of Denials Available* for Appeal	Total Number of Denials Appealed
NATIONWIDE	174,450	63,200
Region A	32,084	13,384
Region B	37,853	15,306
Region C	63,799	17,178
Region D	40,714	17,332



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

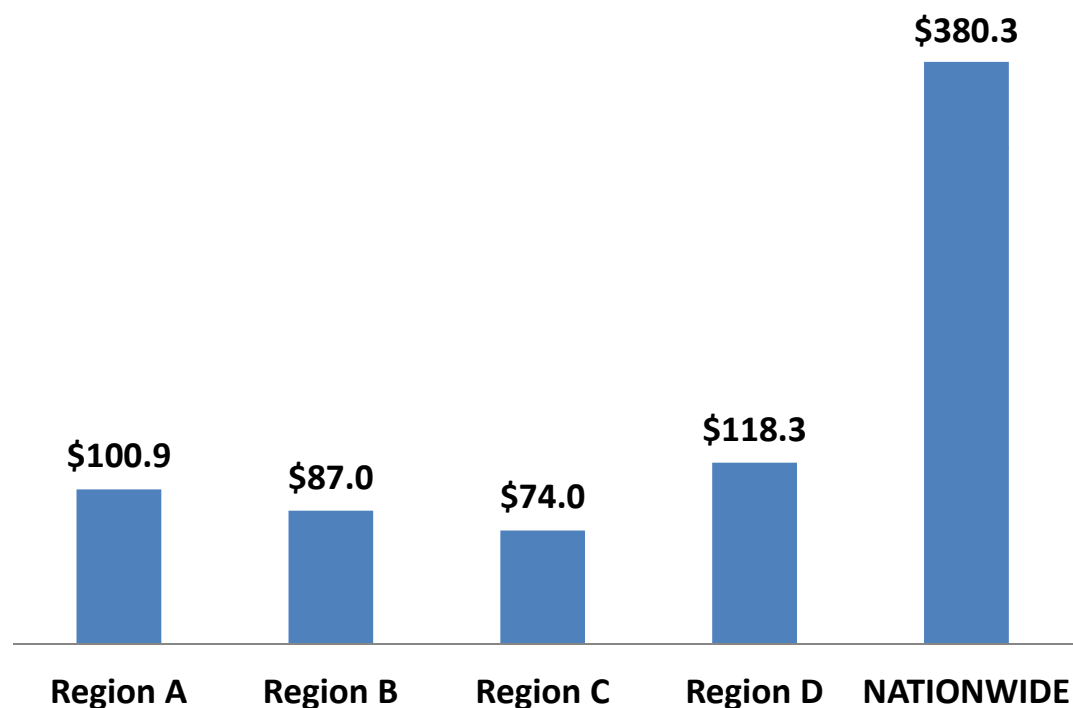
Source: AHA. (May 2012). RACTrac Survey
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83% of hospitals reported appealing at least one RAC denial. On average, hospitals report appealing 83 denials.

Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 1st Quarter 2012, Millions

	Percent of Hospitals with Any Appealed Denials	Average Number of Appealed Denials per Hospital
NATIONWIDE	83%	83
Region A	85%	98
Region B	89%	76
Region C	83%	70
Region D	77%	100



Source: AHA. (May 2012). RACTrac Survey

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Of the claims that have completed the appeals process, 75% were overturned in favor of the provider.

Summary of Appeal Rate and Determinations in Favor of the Provider, for Hospitals with Automated or Complex RAC Denials, through 1st Quarter 2012

	Number of Claims 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 (as a Percent of Overturned or Withdrawn claims)
NATIONWIDE	61,729	36%	44,931	3581	10,665	75%
Region A	12,296	41%	8,939	741	1,741	70%
Region B	15,306	40%	9,338	868	4,692	84%
Region C	16,795	27%	12,854	690	2,654	79%
Region D	17,332	43%	13,800	1282	1,578	55%

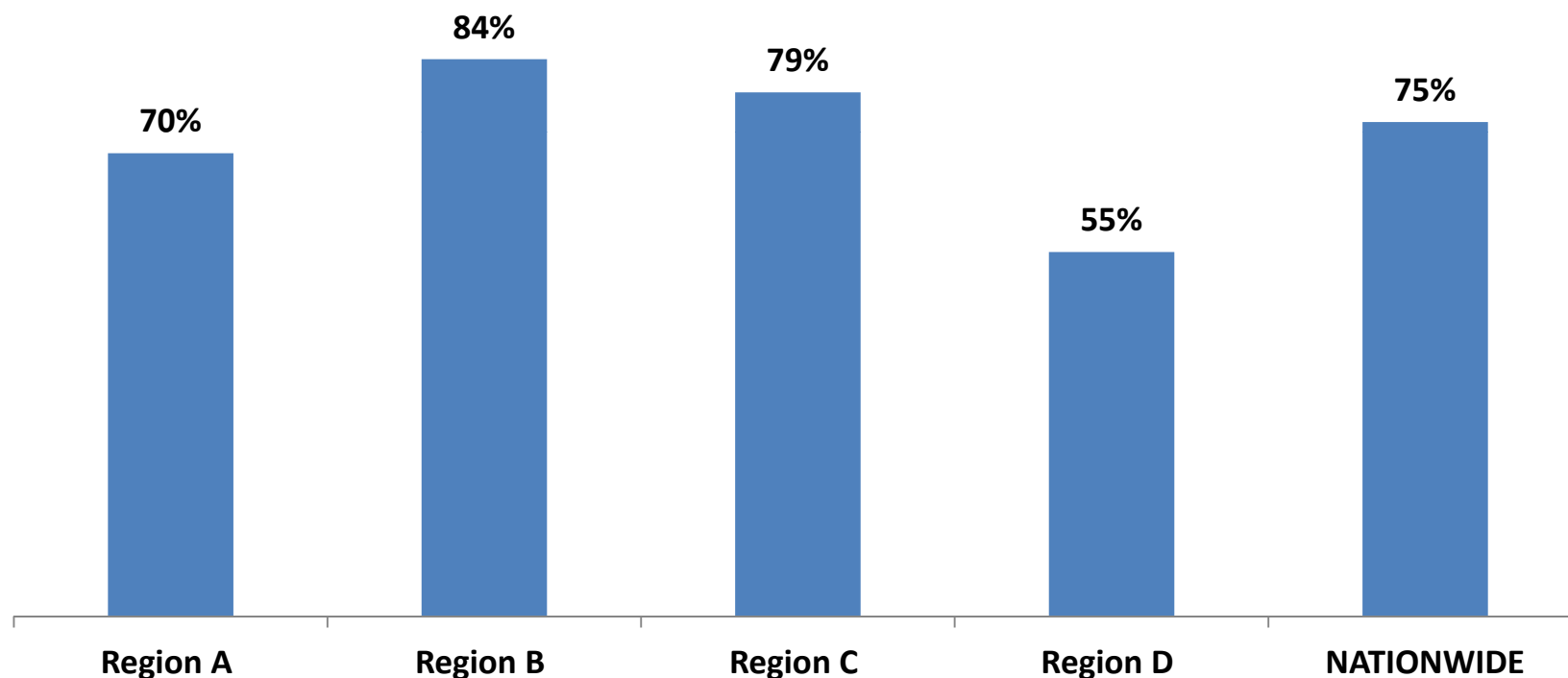
Survey submission error stemming from a problem with a RACTrac compatible vendor's tool required the exclusion of some appeals data in Region A. If you have questions or would like to find out if your data was excluded, contact RACTrac Support: 1-888-722-8712 or ractracsupport@providerccs.com



Source: AHA. (May 2012). RACTrac Survey
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When hospitals choose to appeal, they win 75% of the time. Region B has the highest overturn rate upon appeal at 84%.

Percent of Completed Appeals with Denials Overturned for Participating Hospitals, by Region, through 1st Quarter 2012

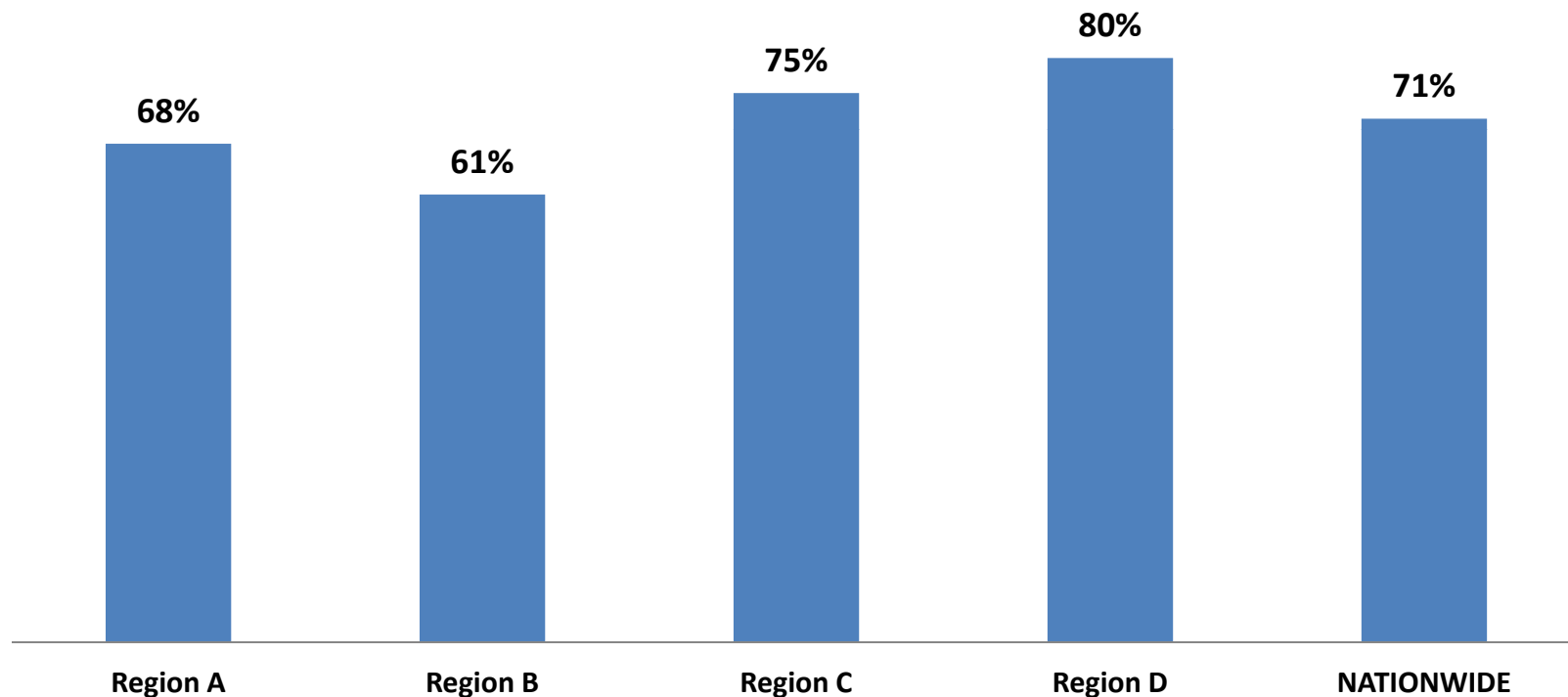


Source: AHA. (May 2012). *RACTrac Survey*

AHA analysis of survey data collected from 2,220 hospitals: 1,854 reporting activity, 366 reporting no activity through March 2012. 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 three-fourths of all appealed claims are still sitting in the appeals process. 80% of appeals are sitting in the appeals process in Region D.

Percent of Appealed Claims Pending Determination for Participating Hospitals, by Region, through 1st Quarter 2012

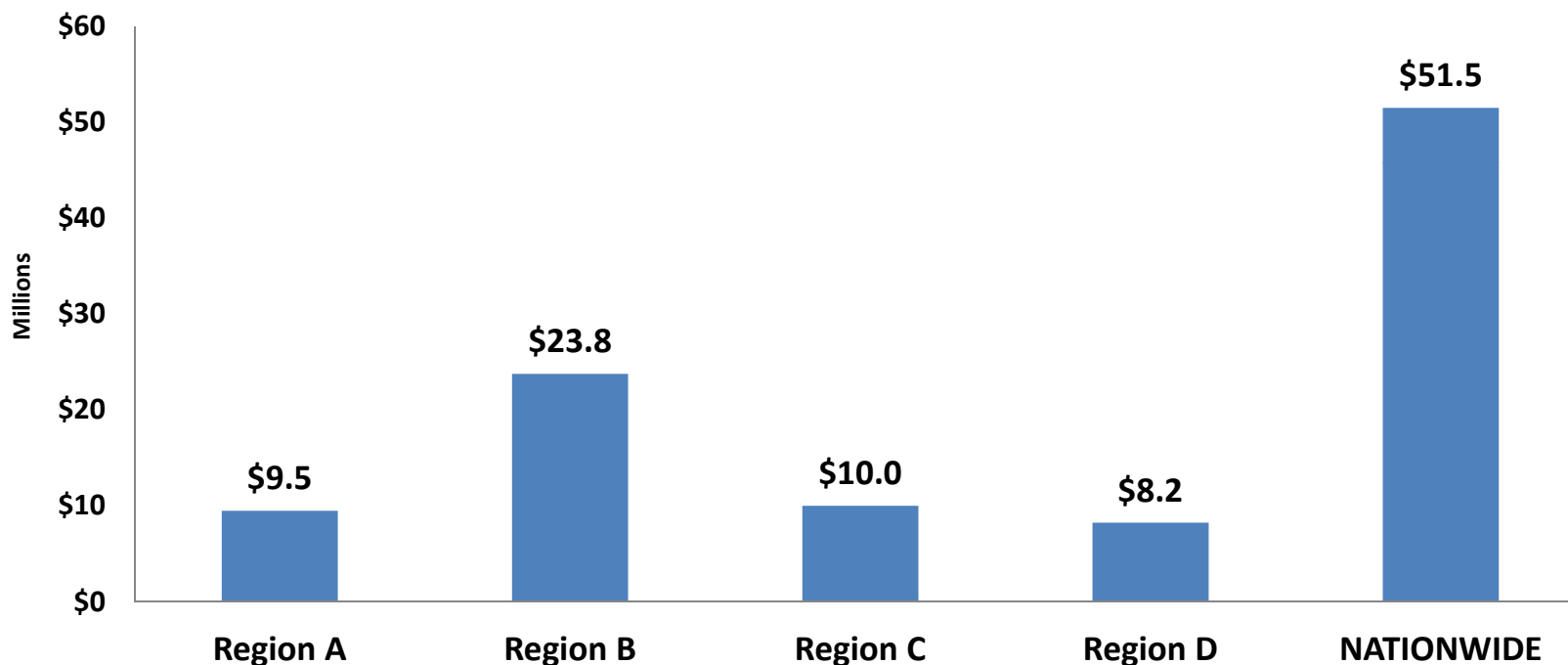


Source: AHA. (May 2012). *RACTrac Survey*

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Hospitals reported a total of \$51.5 million in overturned denials, with \$23.8 million in Region B alone.

Value of Denials Overturned in the Appeals Process, by Region, through 1st Quarter 2012, Millions



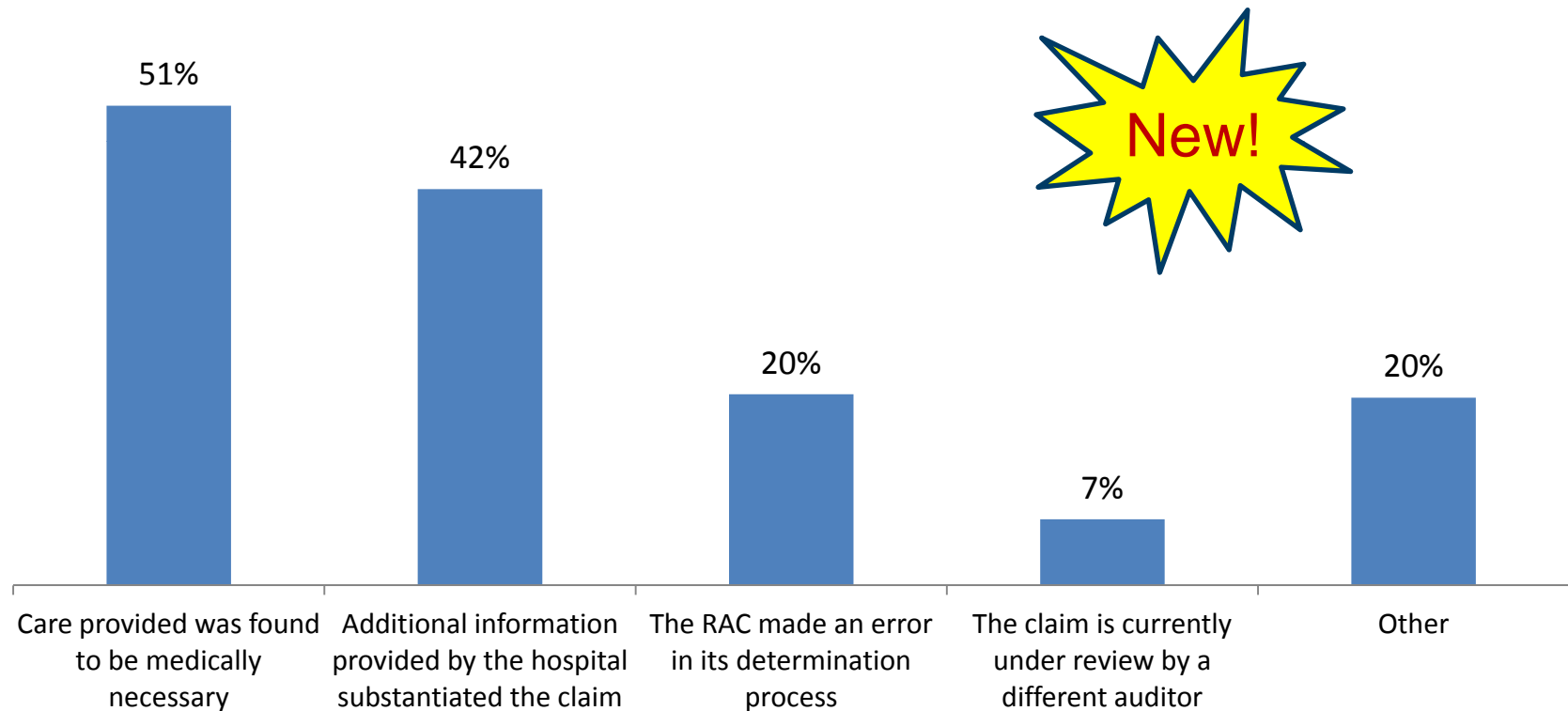
Source: AHA. (May 2012). *RACTrac Survey*

AHA analysis of survey data collected from 2,220 hospitals: 1,854 reporting activity, 366 reporting no activity through March 2012. 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 half of all hospitals with a RAC denial overturned had a denial overturned because the care was found to be medically necessary.

Percent of Participating Hospitals That Had a Denial Overturned by Reason, 1st Quarter 2012

Survey participants were asked to select all reasons for underpayment.



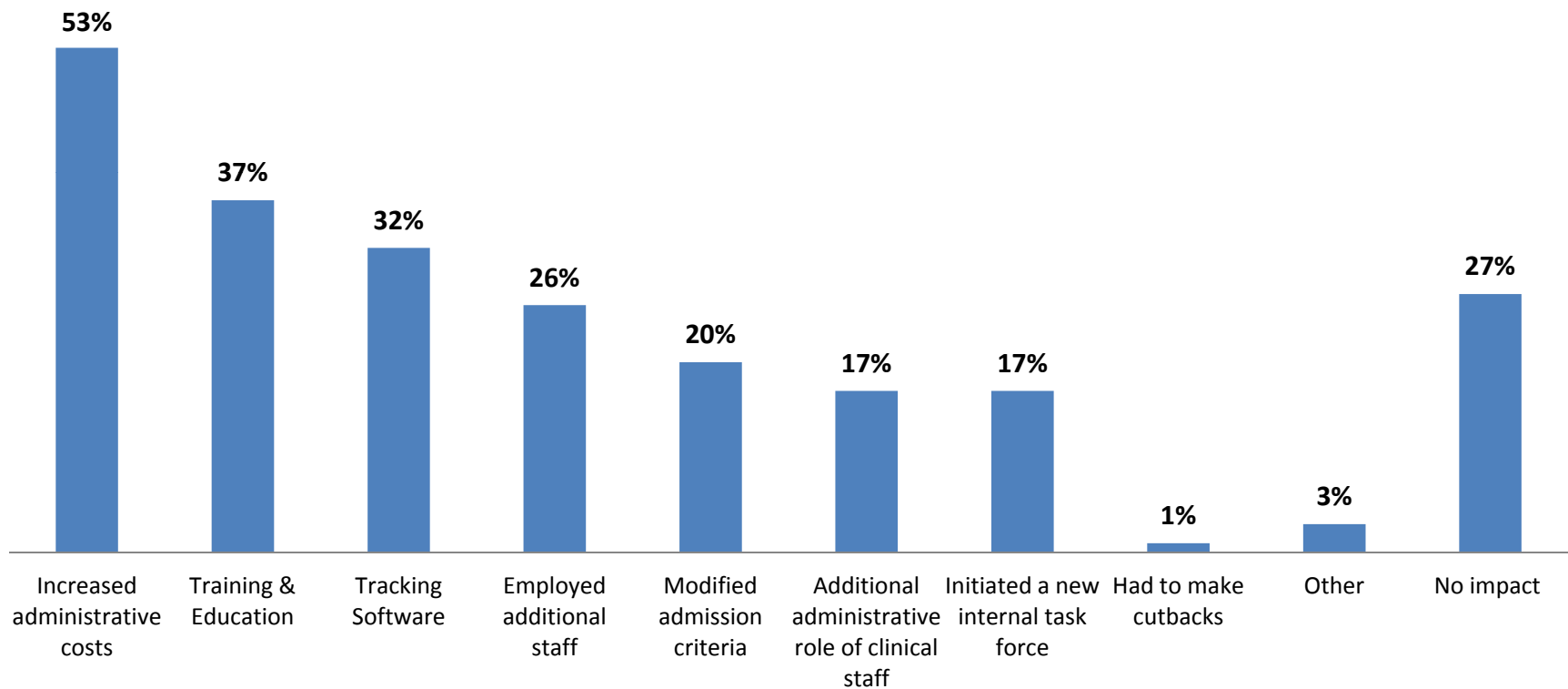
Source: AHA. (May 2012). RACTrac Survey
AHA analysis of survey data collected from 2,220 hospitals: 1,854 reporting activity, 366 reporting no activity through March 2012. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



Administrative Burden

76% of participating hospitals reported that RAC impacted their organization this quarter and 55% reported increased administrative costs.

Impact of RAC on Participating Hospitals* by Type of Impact, 4th Quarter 2011



* Includes participating hospitals with and without RAC activity

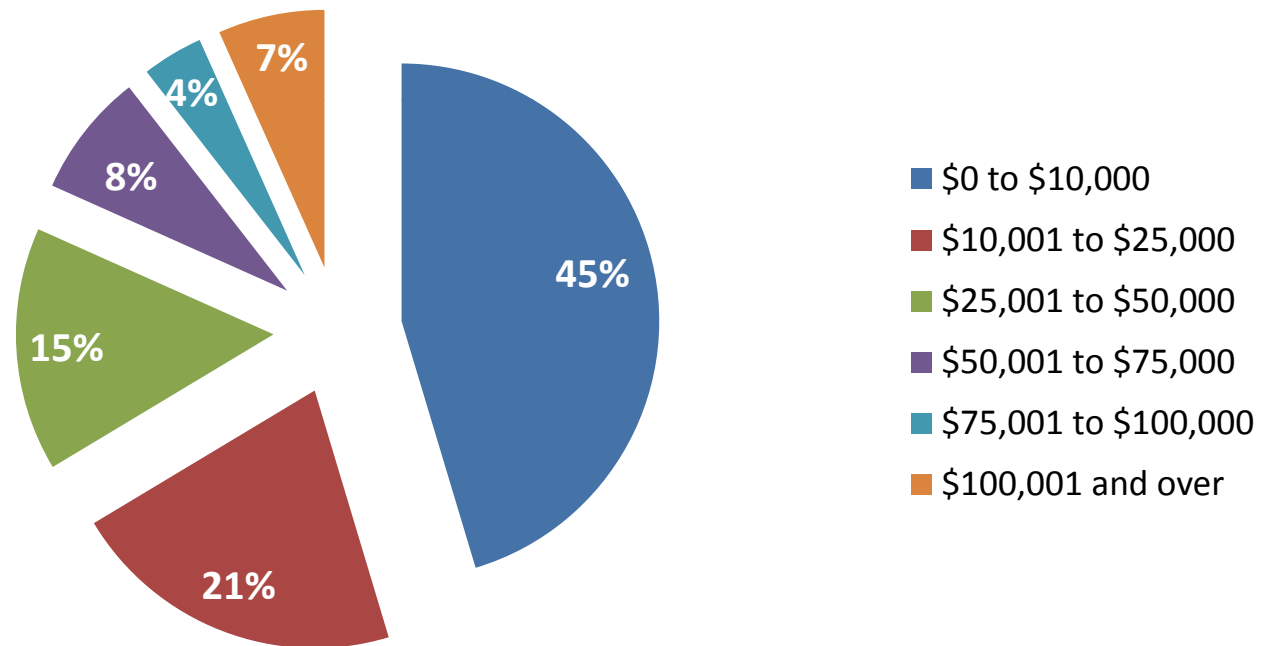
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55% of all hospitals reported spending more than \$10,000 managing the RAC process during the first quarter of 2012, 34% spent more than \$25,000 and 7% spent over \$100,000.

Percent of Participating Hospitals* Reporting Average Cost dealing with the RAC Program, 1st Quarter 2012



* Includes participating hospitals with and without RAC activity

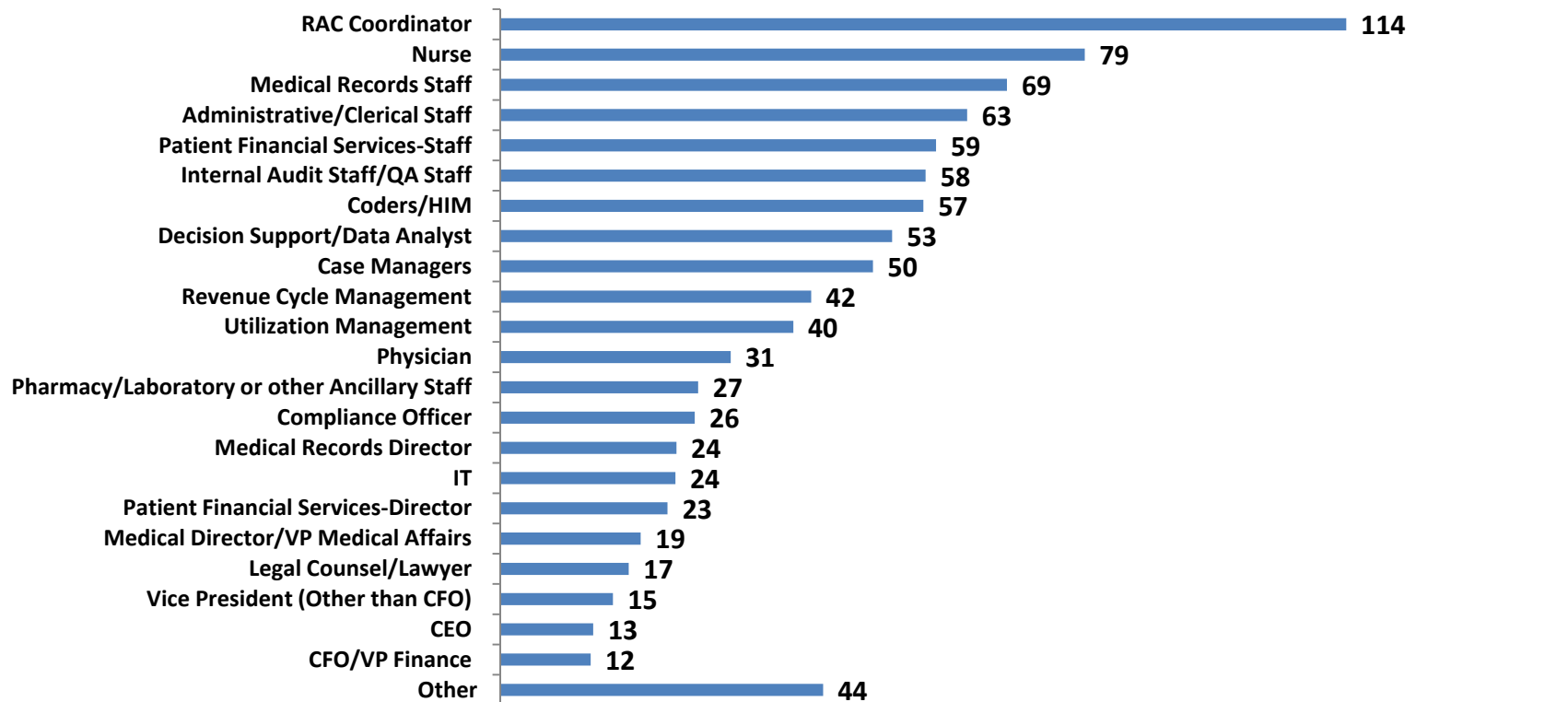
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The administrative burden of RAC is spread across all types of hospital staff. RAC coordinators spent the most time responding to RAC activity.

Average Hours of Staff Time Spent Per Participating Hospital* on RAC by Staff Type, 1st Quarter 2012



* Includes participating hospitals with and without RAC activity

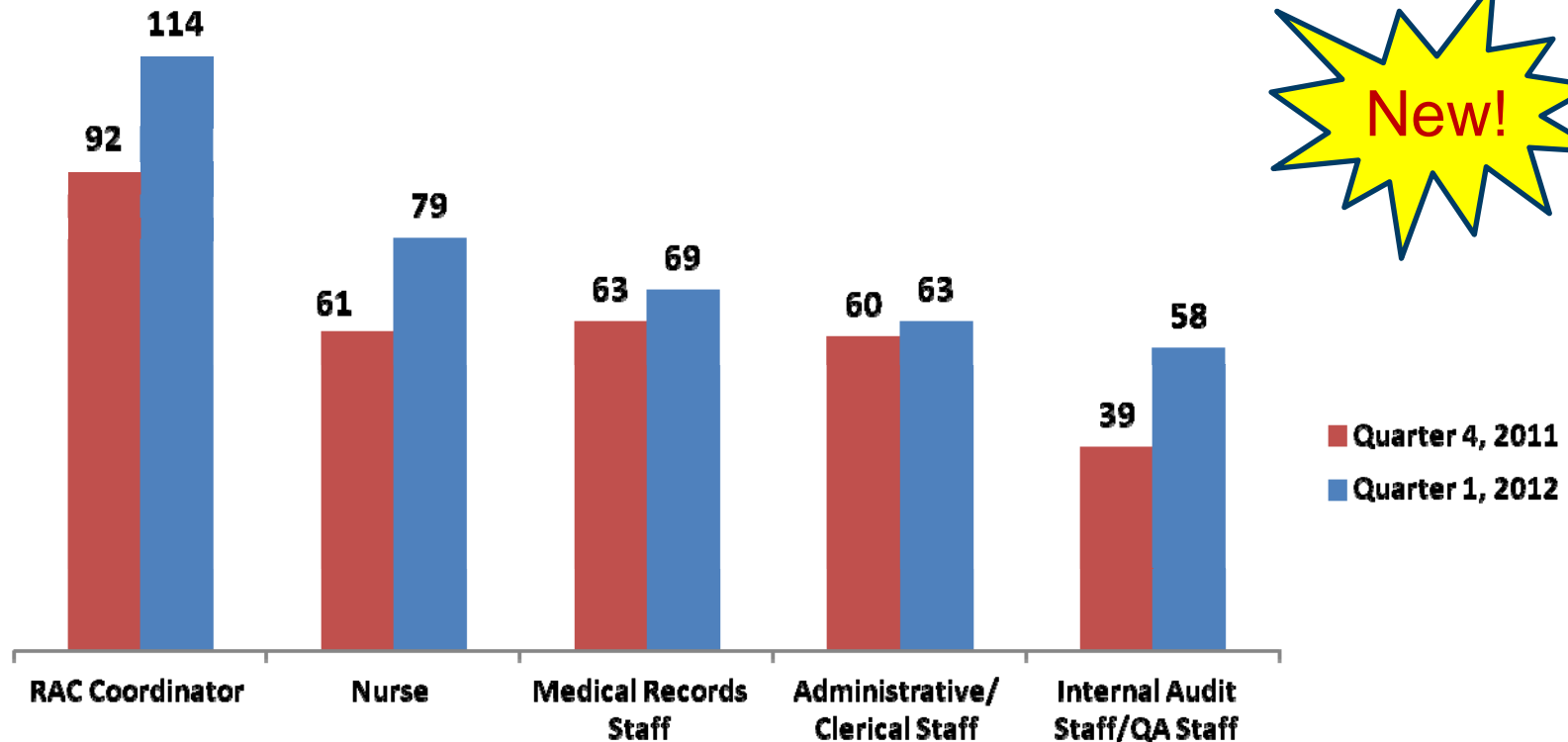
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Hospital staff are spending an increasing amount of time responding to RAC activity.

Average Hours of Staff Time Spent Per Participating Hospital* on RAC by Staff Type, 4th Quarter, 2011 and 1st Quarter 2012



* Includes participating hospitals with and without RAC activity

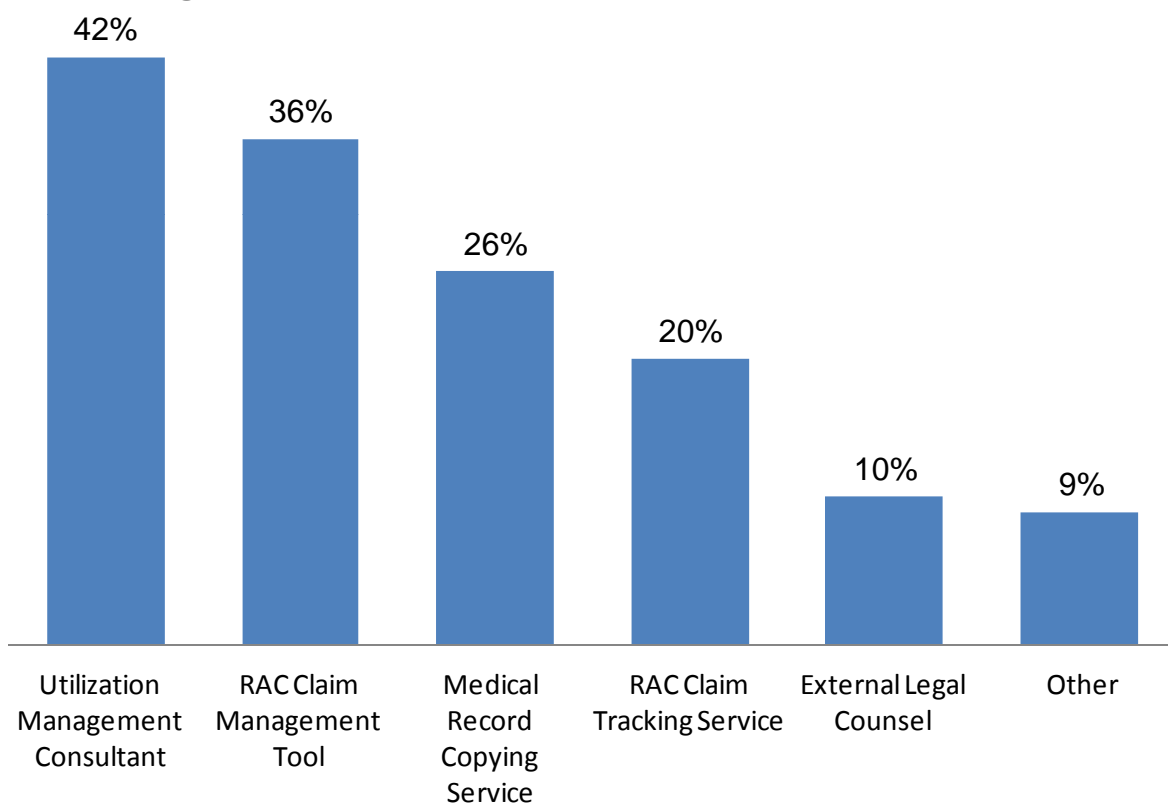
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Many hospitals report spending on external resources such as outside consultants to deal with the RAC process.

Percent of Participating Hospitals* Using External Resources by Type and Average Dollars Spent *this quarter*, 1st Quarter 2012



Administrative Burden	Average Dollar Amount This Quarter
Utilization Management Consultant	\$ 34,391
External Legal Counsel	\$ 21,060
RAC Claim Management Tool	\$ 7,319
RAC Claim Tracking Service	\$ 6,806
Medical Record Copying Service	\$ 4,078
Other	\$ 14,776

* Includes participating hospitals with and without RAC activity

Average dollars spent by hospitals that reported utilizing external resources.



Source: AHA. (May 2012). RACTrac Survey

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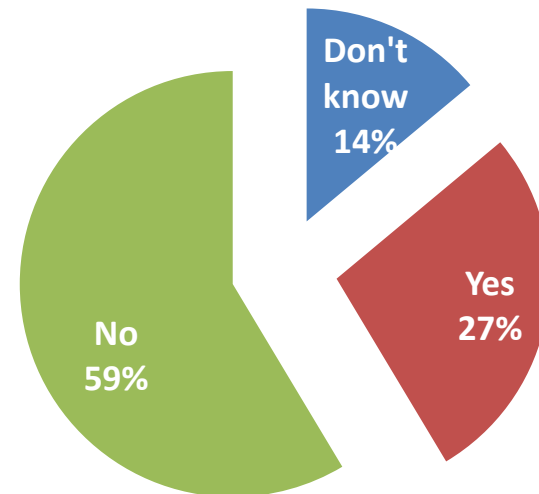
59% of respondents indicated they have yet to receive any education related to avoiding payment errors from CMS or its contractors.

Percent of Participating Hospitals Reporting they Received Education from CMS or its Contractors, National and by Region, through 1st Quarter 2012

Reported Education by RAC Region

	Yes	No	Don't Know
Region A	29%	55%	16%
Region B	26%	59%	15%
Region C	33%	56%	11%
Region D	20%	65%	15%

National Reporting



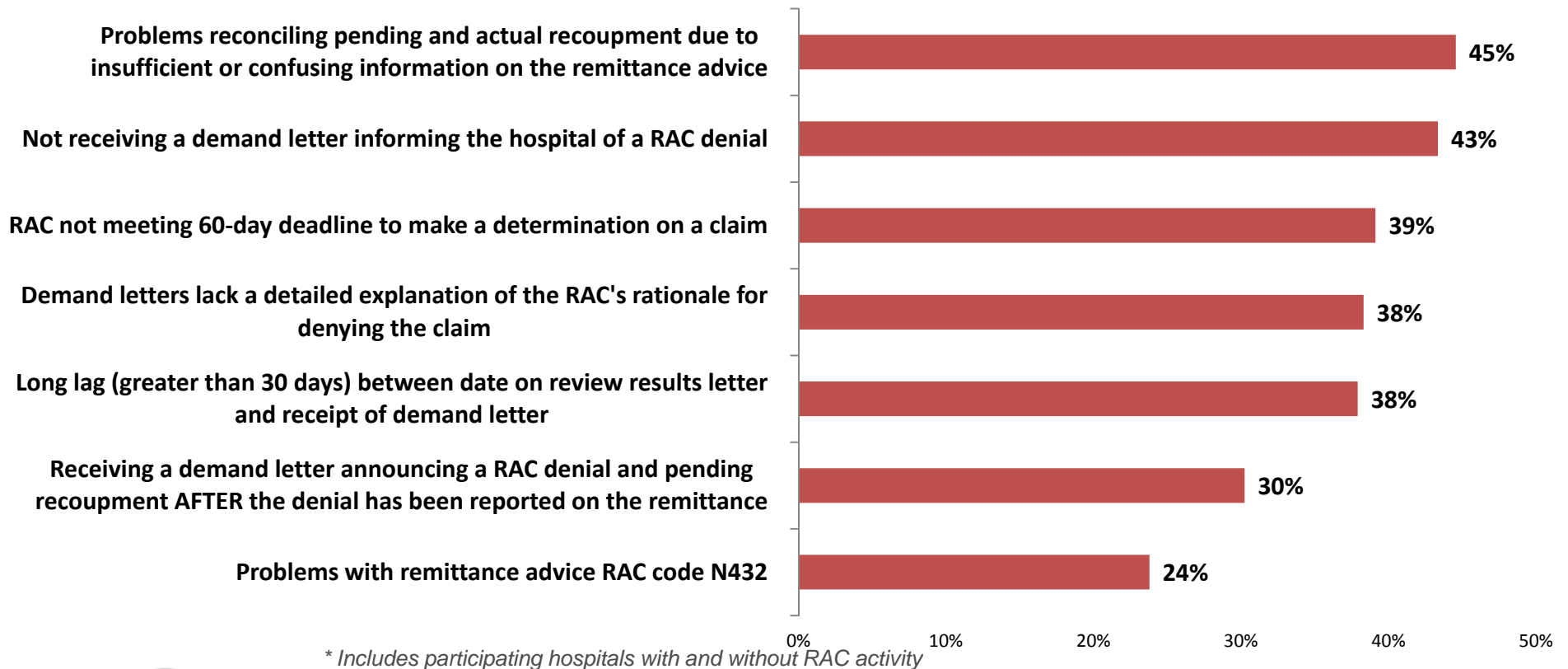
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Nearly half of all hospitals report 'not receiving a demand letter' as the largest RAC process problem, a significant increase over last quarter.

Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 1st Quarter 2012

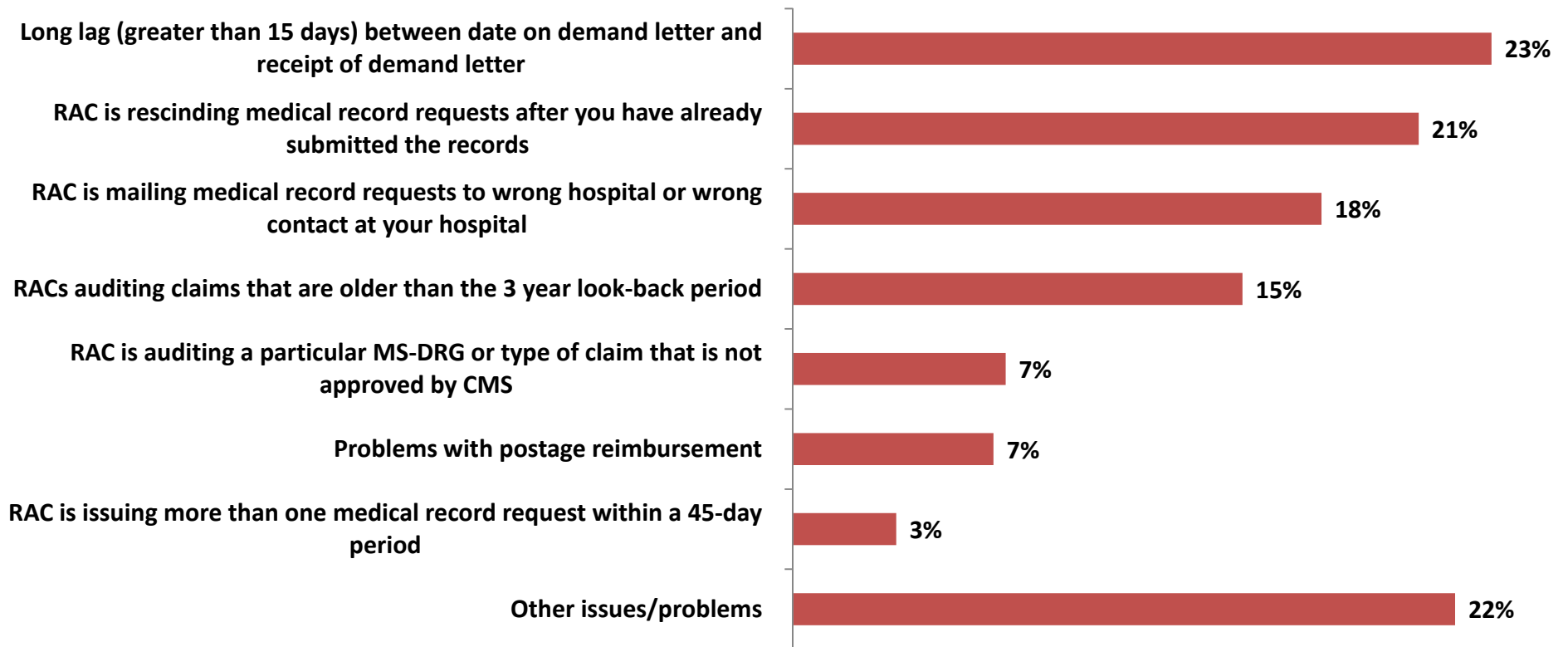


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Hospitals continue to report that RACs are rescinding medical record requests after the hospital has already submitted the records.

Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 1st Quarter 2012



* Includes participating hospitals with and without RAC activity

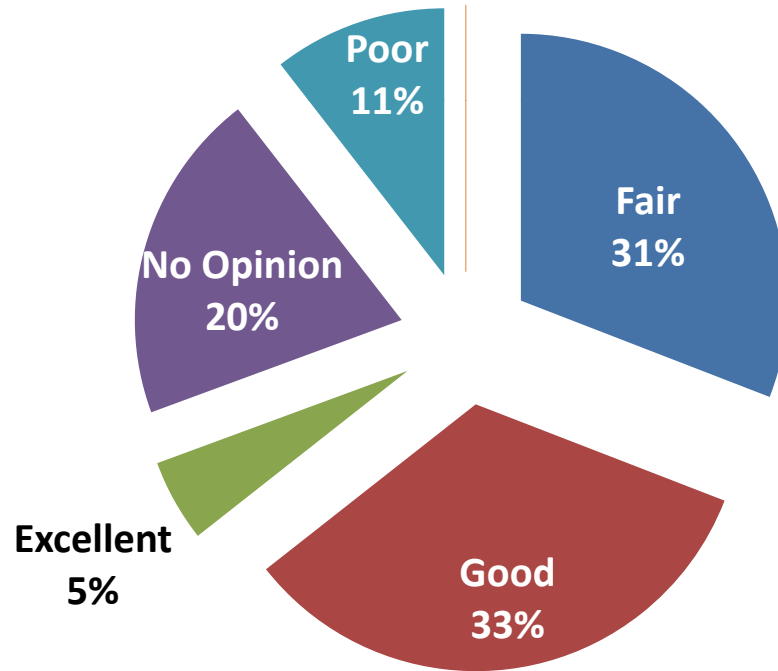


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The majority of hospital respondents indicated RAC responsiveness and overall communication was “fair” or “good.”

Participating Hospitals Rating of RAC Responsiveness and Overall Communication, 1st Quarter 2012



Source: AHA. (May 2012). *RACTrac Survey*

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Participating hospitals rated RAC responsiveness and communication lowest in region B and region C.

Participating Hospital Rating of RAC Responsiveness and Overall Communication, by Region, 1st Quarter 2012

	Excellent	Good	Fair	Poor	No Opinion
Region A	11%	47%	23%	4%	15%
Region B	2%	38%	31%	14%	15%
Region C	6%	27%	34%	13%	20%
Region D	3%	27%	33%	9%	28%

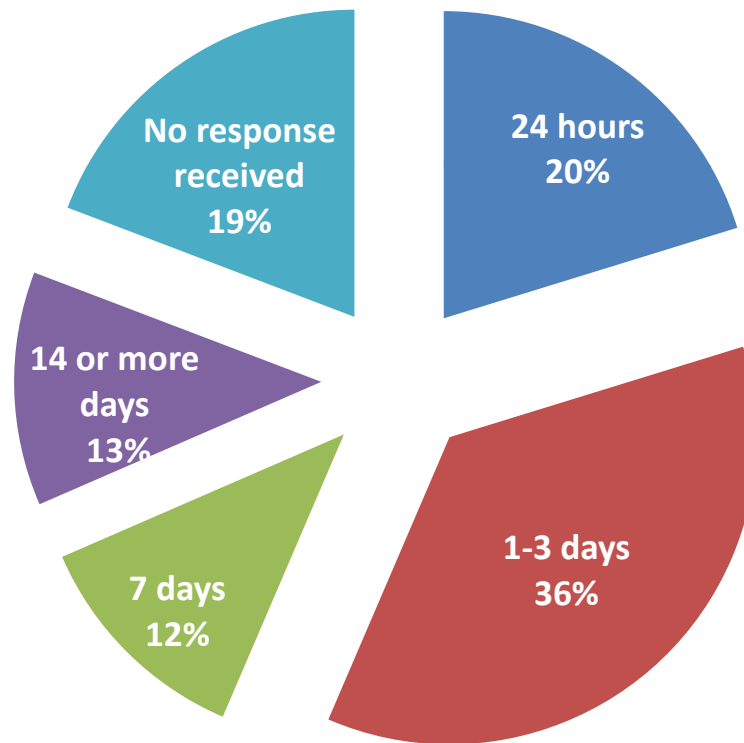


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The average wait time for a RAC response varied significantly, with 19% of hospitals reporting they did not receive a response from their RAC.

Average Number of Days it Took RACs to Respond to Hospital Inquiries for Participating Hospitals, 1st Quarter 2012



Source: AHA. (May 2012). *RACTrac Survey*

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RAC response time varied by region.

Average Number of Days For RACs to Respond to Hospital Inquiries for Participating Hospitals, by Region, 1st Quarter 2012

	24 hours	1-3 days	7 days	14 or more days	No Response Received
Region A	36%	33%	13%	6%	12%
Region B	6%	40%	17%	16%	21%
Region C	24%	37%	7%	14%	18%
Region D	15%	34%	13%	13%	25%



Source: AHA. (May 2012). *RACTrac Survey*

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July 2012 *RACTrac* Data Collection Period

- Hospital leaders nationwide received an email in May 2012 with their *RACTrac* registration information
- Contact **RACTrac Support** if you do not have your *RACTrac* registration information:
Ractracsupport@providercs.com or 1-888-722-8712
- *RACTrac* will collect data July 2 through July 15
- *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 *RAC*Trac website:

<http://www.aha.org/aha/issues/RAC/ractrac.html>

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