Exploring the Impact of the RAC Program on Hospitals Nationwide

Results of AHA RACTRAC Survey, 1st Quarter 2013

June 19, 2013
THANKS to Hospitals for Submitting Data to RAC Trac!

2,380 Responding Hospitals; 1,324 Participating This Quarter
RAC Policy Update

Rochelle Archuleta, Senior Associate Director
Executive Summary

- Participants continue to report dramatic increases in RAC activity:
  - The number of medical record requests for survey respondents has increased by 53% in comparison to the cumulative total reported in Q3 2012.
  - The total number of complex audit denials issued to respondents has increased by 42% in comparison to the cumulative total reported in Q3 2012.
- 60% of medical records reviewed by RACs did not contain an overpayment, according to the RAC.
- 68% of medical necessity denials reported were for 1-day stays where the care was determined to have been provided in the wrong setting, not because the care was medically unnecessary.
- Hospitals reported appealing 44% of all RAC denials, with a 72% success rate in the appeals process.
RACTrac Participation Update

• Participation in RAC Trac increased during Q1 2013
  – 91 more hospitals reported data during this quarter overall, in comparison to last quarter
  – 25 more hospitals than the highest ever reported number of participants, which occurred in Q3 2012

• THANK YOU for your participation
  – This is a pivotal time in RAC policy and it is essential that participating hospitals continue to submit data on an ongoing basis
  – The experience of hospitals participating in RAC Trac helps to counter claims being made by RACs on Capitol Hill and to other stakeholders
    • Though RAC Trac data is powerful, it is still vitally important for hospitals to contact their Congressional offices and share the impact that RAC audits are having at the local (and constituent) level
Participants continue to report dramatic increases in RAC denials and medical record requests.

 Reported Automated Denials, Complex Denials and Medical Records Requests by Participating Hospitals, through 1st Quarter 2013*

<table>
<thead>
<tr>
<th></th>
<th>Automated Denials</th>
<th>Complex Denials</th>
<th>Medical Record Requests</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All activity through Quarter 3, 2012</strong></td>
<td>64,577</td>
<td>200,941</td>
<td>662,710</td>
</tr>
<tr>
<td><strong>All activity through Quarter 4, 2012</strong></td>
<td>58,426</td>
<td>233,769</td>
<td>720,590</td>
</tr>
<tr>
<td><strong>All activity through Quarter 1, 2013</strong></td>
<td>84,304</td>
<td>343,853</td>
<td>1,012,334</td>
</tr>
</tbody>
</table>

*Response rates vary by quarter.
Source: AHA. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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 reports the highest total number of medical record requests, while Region A 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 2013*

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Number of Medical Record Requests per Reporting Hospital, through Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>1,420</td>
</tr>
<tr>
<td>Region B</td>
<td>975</td>
</tr>
<tr>
<td>Region C</td>
<td>917</td>
</tr>
<tr>
<td>Region D</td>
<td>1,183</td>
</tr>
</tbody>
</table>

*Response rates vary by quarter.

Source: AHA. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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, $8.7 billion in Medicare payments were targeted for medical record requests through the 1\textsuperscript{st} quarter of 2013.

Medicare Payments Associated with Medical Records Requested from Participating Hospitals, through 1\textsuperscript{st} Quarter 2013, in Millions*

<table>
<thead>
<tr>
<th>Region</th>
<th>Activity through Quarter 1, 2013</th>
<th>Activity through Quarter 4, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>$1,777 ( Millions )</td>
<td>$2,555 ( Millions )</td>
</tr>
<tr>
<td>Region B</td>
<td>$1,755 ( Millions )</td>
<td>$1,931 ( Millions )</td>
</tr>
<tr>
<td>Region C</td>
<td>$1,530 ( Millions )</td>
<td>$2,286 ( Millions )</td>
</tr>
<tr>
<td>Region D</td>
<td>$1,353 ( Millions )</td>
<td>$1,894 ( Millions )</td>
</tr>
</tbody>
</table>

*Response rates vary by quarter.

Source: AHA. (April 2013). RAC Trac Survey

AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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 was highest in Region A.

Average Value of a Medical Record Requested in a Complex Review Among Hospitals Reporting RAC Activity, through 4\textsuperscript{th} Quarter 2012

- **Region A**: $9,630
- **Region B**: $9,235
- **Region C**: $8,410
- **Region D**: $8,243

Source: AHA. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.
58% 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 2013

Source: AHA. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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 60% of hospitals reported that over two-thirds of their claims were requested by a RAC after the timely filing window had elapsed.

Percent of Participating Hospitals Reporting the Percentage of Medical Records Requested after the Timely Filing Window had Elapsed, through 1st Quarter 2013

Source: AHA. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.
$1.9 billion in denials were reported through the first quarter of 2013.

Dollar Value of Automated and Complex Denials by RAC Region for Participating Hospitals, through 1st Quarter 2013, in Millions*

*Response rates vary by quarter.

Source: AHA. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.

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In terms of dollars, the top service area for automated denials was outpatient and for complex denials, inpatient.

Percent of Participating Hospitals by Top Service Area for Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2013

Survey participants were asked to rank denials by service, according to dollar impact.

Automated Denials

- 74% Outpatient
- 17% Other (i.e., Physician Services, DME)
- 8% Psych/Rehab/SNF
- 1% Inpatient

Complex Denials

- 94% Inpatient
- 4% Other (i.e., Physician Services, DME)
- 1% Psych/Rehab/SNF
- 1% Outpatient

Source: AHA. (April 2013). RAC Trac Survey
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Region C continues to experience the vast majority of all automated denial activity.

Percent and Number of Reported Automated Denials for Participating Hospitals, by Region, through 1\textsuperscript{st} Quarter 2013

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Number of Automated Denials by RAC Region through 1\textsuperscript{st} Quarter 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>10,030</td>
</tr>
<tr>
<td>Region B</td>
<td>10,874</td>
</tr>
<tr>
<td>Region C</td>
<td>49,744</td>
</tr>
<tr>
<td>Region D</td>
<td>13,656</td>
</tr>
</tbody>
</table>

![Bar chart showing percent and number of reported automated denials by region.]

Source: AHA. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.
Stents and Syncope & Collapse were the top MS-DRGs complex denials by RACs, in terms of dollar impact.

Percent of Participating Hospitals Reporting the MS-DRG for Medically Unnecessary and all Other Complex Denials with the Largest Financial Impact, through 1st Quarter 2013

Survey participants were asked to identify top MS-DRGs, according to dollar impact.

### Medical Necessity Denials

<table>
<thead>
<tr>
<th>MS-DRG</th>
<th>Description</th>
<th>% of Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>247</td>
<td>PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC</td>
<td>19%</td>
</tr>
<tr>
<td>312</td>
<td>SYNCOPE &amp; COLLAPSE</td>
<td>18%</td>
</tr>
<tr>
<td>392</td>
<td>ESOPHAGITIS, GASTROENT &amp; MISC DIGEST DISORDERS W/O MCC</td>
<td>16%</td>
</tr>
<tr>
<td>313</td>
<td>CHEST PAIN</td>
<td>10%</td>
</tr>
<tr>
<td>491</td>
<td>BACK &amp; NECK PROC EXC SPINAL FUSION W/O CC/MCC</td>
<td>5%</td>
</tr>
</tbody>
</table>

### All Other Complex Denials

<table>
<thead>
<tr>
<th>MS-DRG</th>
<th>Description</th>
<th>% of Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>312</td>
<td>SYNCOPE &amp; COLLAPSE</td>
<td>7%</td>
</tr>
<tr>
<td>166</td>
<td>OTHER RESP SYSTEM O.R. PROCEDURES W MCC</td>
<td>6%</td>
</tr>
<tr>
<td>981</td>
<td>EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS W MCC</td>
<td>5%</td>
</tr>
<tr>
<td>392</td>
<td>ESOPHAGITIS, GASTROENT &amp; MISC DIGEST DISORDERS W/O MCC</td>
<td>4%</td>
</tr>
<tr>
<td>247</td>
<td>PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: AHA. (April 2013). RAC Trac Survey

AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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 70% of short-stay medical necessity denial dollars were denied because the care was provided in the wrong setting, not because the care was medically unnecessary.

Reason for Medical Necessity Denials by Length of Stay Among Hospitals Reporting Medical Necessity Denials, through 1st Quarter 2013

![Graph showing medical necessity denials by length of stay.](chart)

- **1 Day Stay**
  - 68%: Medically necessary care provided in the wrong setting
  - 32%: All other medical necessity denials
  - $189 m
  - $90 m

- **> 1 Day Stay**
  - 51%: Medically necessary care provided in the wrong setting
  - 49%: All other medical necessity denials
  - $58 m
  - $56 m

*Chart includes hospitals reporting any inappropriate setting denials or the ability to track inappropriate setting denials. Not all hospital decision-support systems and RAC TRAC 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. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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
Nearly one-third of participating hospitals report having a denial reversed during the discussion period, including 40% of hospitals in Region A.

Percent of Participating Hospitals with Denials Reversed During the Discussion Period, National and by Region, 1st Quarter 2013

Reversed 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>40%</td>
<td>45%</td>
<td>15%</td>
</tr>
<tr>
<td>Region B</td>
<td>28%</td>
<td>58%</td>
<td>14%</td>
</tr>
<tr>
<td>Region C</td>
<td>26%</td>
<td>65%</td>
<td>9%</td>
</tr>
<tr>
<td>Region D</td>
<td>28%</td>
<td>60%</td>
<td>12%</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. (April 2013). RAC TRAC Survey
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The value of appealed claims is approaching $1.1 billion dollars. On average, hospitals report appealing 226 claims to date.

Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 1st Quarter 2013, 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>87%</td>
<td>226</td>
</tr>
<tr>
<td>Region A</td>
<td>90%</td>
<td>251</td>
</tr>
<tr>
<td>Region B</td>
<td>88%</td>
<td>161</td>
</tr>
<tr>
<td>Region C</td>
<td>89%</td>
<td>214</td>
</tr>
<tr>
<td>Region D</td>
<td>80%</td>
<td>296</td>
</tr>
</tbody>
</table>

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.

Source: AHA. (April 2013). RAC TRAC Survey
Nationwide, hospitals report appealing 44% of all denials. In Regions A & D, nearly half have been appealed.

Total Number and Percent of Automated and Complex Denials Appealed by Hospitals with Automated or Complex RAC Denials, by Region, through 1st Quarter 2013

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Number of Denials Available* for Appeal</th>
<th>Total Number of Denials Appealed</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONWIDE</td>
<td>428,296</td>
<td>189,071</td>
</tr>
<tr>
<td>Region A</td>
<td>88,965</td>
<td>42,158</td>
</tr>
<tr>
<td>Region B</td>
<td>74,710</td>
<td>33,315</td>
</tr>
<tr>
<td>Region C</td>
<td>155,744</td>
<td>60,849</td>
</tr>
<tr>
<td>Region D</td>
<td>108,877</td>
<td>52,749</td>
</tr>
</tbody>
</table>

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

Source: AHA. (April 2013). RAC Trac Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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 are receiving widespread notices from QICs stating that issuing a determination on a RAC appeal will take longer than the statutory maximum of 60 days.

### Average Number of Claims for which Participating Hospitals Received Communication from the QIC Reporting the Inability to Complete an Appeal Review within the Required 60 Day Window from Receipt, through 1st Quarter 2013

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>63</td>
</tr>
<tr>
<td>Region B</td>
<td>17</td>
</tr>
<tr>
<td>Region C</td>
<td>44</td>
</tr>
<tr>
<td>Region D</td>
<td>56</td>
</tr>
<tr>
<td>Nationwide</td>
<td>45</td>
</tr>
</tbody>
</table>

**Source:** AHA. (April 2013). RAC TRAC Survey

AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.
88% of reporting hospitals have experienced at least one delay longer than the statutory limit of 90 days for an ALJ determination to be issued.

Percentage of Reporting Hospitals by Longest Delay Experienced for ALJ to Issue a Decision on an Appeal, for Participating Hospitals, 1\textsuperscript{st} Quarter 2013

- Less than 90 days: 12%
- 91-100 days: 7%
- 101-110 days: 2%
- 111 to 120 days: 9%
- More than 120 days: 70%

Source: AHA. (April 2013). RAC\textsuperscript{T}RAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.

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For over 40 percent of claims appealed to the ALJ, the judge has taken longer than the statutory limit of 90 days to provide a determination to the hospital.

Percent of Appeals for which ALJ has taken Longer than the Statutory Maximum of 90 Calendar Days to Issue a Decision, through 1st Quarter 2013

Source: AHA. (April 2013). RAC TRAC Survey
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14% of reporting hospitals reported having claims denied for DRG Validation converted into full medical necessity denials when the determination was appealed by the hospital.

Percent of Responding Hospitals Experiencing Denied Claims Converted to Full Medical Necessity Denials during Appeals Process, 1st Quarter 2013

14% Experienced Denied Claims Converted to Full Medical Necessity Denials during Appeals Process

86% Did not experience Denied Claims Converted to Full Medical Necessity Denials during Appeals Process

Source: AHA. (April 2013). RAC Trac Survey
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Three-fourths of all appealed claims are still sitting in the appeals process.

Percent of Appealed Claims Pending Determination for Participating Hospitals, by Region, through 1\textsuperscript{st} Quarter 2013*

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>73%</td>
</tr>
<tr>
<td>Region B</td>
<td>69%</td>
</tr>
<tr>
<td>Region C</td>
<td>77%</td>
</tr>
<tr>
<td>Region D</td>
<td>80%</td>
</tr>
<tr>
<td>NationWide</td>
<td>75%</td>
</tr>
</tbody>
</table>

*Response rates vary by quarter.

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Manual survey entries only for Region A.
Of the claims that have completed the appeals process, 72% 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 2013*

<table>
<thead>
<tr>
<th></th>
<th>Appealed</th>
<th>Percent of Denials Appealed</th>
<th>Number of Denials Awaiting Appeals Determination</th>
<th>Number of Denials Not Overturned from Appeals Process (Withdrawn/Not Continued)</th>
<th>Number of Denials Overturned in the Appeals Process</th>
<th>Percent of Appealed Denials Overturned (as a Percent of Total Completed Appeals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONWIDE</td>
<td>160,747</td>
<td>44%</td>
<td>122,437</td>
<td>10,537</td>
<td>27,595</td>
<td>72%</td>
</tr>
<tr>
<td>Region A*</td>
<td>42,158</td>
<td>51%</td>
<td>10,107</td>
<td>799</td>
<td>2,926</td>
<td>79%</td>
</tr>
<tr>
<td>Region B</td>
<td>33,315</td>
<td>45%</td>
<td>23,097</td>
<td>2,153</td>
<td>8,007</td>
<td>79%</td>
</tr>
<tr>
<td>Region C</td>
<td>60,849</td>
<td>39%</td>
<td>46,876</td>
<td>3,404</td>
<td>10,495</td>
<td>76%</td>
</tr>
<tr>
<td>Region D</td>
<td>52,749</td>
<td>48%</td>
<td>42,357</td>
<td>4,181</td>
<td>6,167</td>
<td>60%</td>
</tr>
</tbody>
</table>

**Manual survey entries only for Region A. Due to survey submission error, total appeals may be greater than the sum of pending/withdrawn/overturned appeals.

*Response rates vary by quarter.

Source: AHA. (April 2013). RAC TRAC Survey
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Hospitals reported a total of $157.2 million in overturned denials, with $44.1 million in Region C alone.

Value of Denials Overturned in the Appeals Process, by Region, through 1st Quarter 2013, in Millions

Source: AHA. (April 2013). RAC Trac Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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 all hospitals with a RAC denial overturned had a denial reversed because the care was found to be medically necessary.

Percent of Participating Hospitals that had a Denial Overturned by Reason, 1st Quarter 2013

Survey participants were asked to select all reasons for appeal overturn.

- Care provided was found to be medically necessary: 67%
- Additional information provided by the hospital substantiated the claim: 33%
- The RAC made an error in its determination process: 19%
- The claim is currently under review by a different auditor: 8%
- Other: 7%

Source: AHA. (April 2013). RAC TRAC Survey
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Administrative Burden
63% of all hospitals reported spending more than $10,000 managing the RAC process during the 1st quarter of 2013, 46% spent more than $25,000 and 10% spent over $100,000.

Percent of Participating Hospitals* Reporting Average Cost Dealing with the RAC Program, 1st Quarter 2013

* Includes participating hospitals with and without RAC activity

Source: AHA. (April 2013). RACTRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.
Many hospitals report spending on external resources, such as outside consultants, to deal with the RAC process.

Percent of Participating Hospitals* that Use External Resources by Type and Average Dollars Spent This Quarter, 1st Quarter 2013

<table>
<thead>
<tr>
<th>Administrative Burden</th>
<th>Average Dollar Amount This Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Legal Counsel</td>
<td>$32,573</td>
</tr>
<tr>
<td>Utilization Management Consultant</td>
<td>$58,320</td>
</tr>
<tr>
<td>RAC Claim Tracking Service</td>
<td>$8,390</td>
</tr>
<tr>
<td>RAC Claim Management Tool</td>
<td>$9,137</td>
</tr>
<tr>
<td>Medical Record Copying Service</td>
<td>$3,775</td>
</tr>
</tbody>
</table>

* Includes participating hospitals with and without RAC activity. Average dollars spent and percentages reflect only those hospitals that reported utilizing external resources.

Source: AHA. (April 2013). RAC Trac Survey

AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.
54% of hospitals reporting RAC process issues cite ‘excessively long delays between receipt of the review results letter and the demand letter’ as an operational issue.

**Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 1st Quarter 2013**

- Long lag (greater than 30 days) between date on review results letter and receipt of demand letter: 54%
- Not receiving a demand letter informing the hospital of a RAC denial: 53%
- Problems reconciling pending and actual recoupment due to insufficient or confusing information on the remittance advice: 47%
- Demand letters lack a detailed explanation of the RAC’s rationale for denying the claim: 43%
- RAC not meeting 60-day deadline to make a determination on a claim: 38%
- Receiving a demand letter announcing a RAC denial and pending recoupment AFTER the denial has been reported on the remittance: 38%
- Long lag (greater than 15 days) between date on demand letter and receipt of demand letter: 35%

*Includes participating hospitals with and without RAC activity*

Source: AHA. (April 2013). RAC Trac Survey

AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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 nearly 20 percent of hospitals reporting they did not receive a response from their RAC within 2 weeks.

Average Number of Days it Took RACs to Respond to Hospital Inquiries for Participating Hospitals, 1st Quarter 2013

- 1-3 days: 45%
- 7 days: 15%
- 24 hours: 21%
- 14 or more days: 13%
- No response received: 6%

Source: AHA. (April 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. 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.**

AHA analysis of survey data collected from 2,380 hospitals: 2,060 reporting activity, 320 reporting no activity through March 2013. 1,324 hospitals participated this quarter. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

### Average Number of Days For RACs to Respond to Hospital Inquiries for Participating Hospitals, by Region, 1st Quarter 2013

<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>39%</td>
<td>38%</td>
<td>15%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Region B</td>
<td>11%</td>
<td>44%</td>
<td>15%</td>
<td>22%</td>
<td>8%</td>
</tr>
<tr>
<td>Region C</td>
<td>23%</td>
<td>46%</td>
<td>13%</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Region D</td>
<td>14%</td>
<td>50%</td>
<td>19%</td>
<td>14%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: AHA. (April 2013). RAC TRAC Survey
AHA RAC and Audit Resources

**AHA is Helping Hospitals Improve Payment Accuracy**

- RAC Updates on latest RAC news and other RAC resources: [www.aha.org/rac](http://www.aha.org/rac)
  - RAC home page has been redesigned
- AHA RACTrac: [www.aha.org/ractrac](http://www.aha.org/ractrac); [www.aharactrac.com](http://www.aharactrac.com)
- 2012 AHA Audit Series: [www.aha.org/auditseries](http://www.aha.org/auditseries)
- Email RAC Questions: [racinfo@aha.org](mailto:racinfo@aha.org)
For more information visit AHA’s RAC TRAC website:

www.aha.org/RACTrac