Exploring the Impact of the RAC Program on Hospitals Nationwide

Results of AHA RACTRAC Survey, 3rd Quarter 2013

December 12, 2013
Agenda

- Thanks for making RAC Trac a success!
- RAC legislative update
- RAC policy update
- A new provider resource – RAC Trac Analyzer
- Key findings of the RAC Trac Report, Q3 2013
- Q&A session
THANKS
To All Participating Hospitals for Submitting Your Data to RAC Trac!

2,452 Responding Hospitals; 1,269 Participating This Quarter
RAC Legislative Update

Robyn Bash, Senior Associate Director
The Medicare Audit Improvement Act of 2013 would:

- Establish a consolidated limit for medical requests
- Improve auditor performance by implementing financial penalties, and by requiring medical necessity audits to focus on widespread payment errors
- Improve RAC auditor transparency
- Restore due process rights under the AB rebilling demonstration
- Require physician review for medical necessity denials
- Allow denied inpatient claims to be billed as outpatient claims when appropriate

The AHA has hosted multiple sessions with hospital leaders and Congressional staff members to illustrate the need for RAC reform
RAC Policy Update

Melissa Jackson, Senior Associate Director
The Two-midnight Rule
The Two-midnight Rule: Status

- CMS delayed enforcement of two-midnight policy in Sept. 26 guidance that also created a MAC education process
- This guidance was followed by Nov. 1 guidance
  - **Extension of partial enforcement delay through March 31, 2014**
  - Additional guidance regarding MAC education process
    - “Probe & Educate” Audits
    - Could be up to 3 audits/hospital
    - Number of records pulled depends on size of hospital
      - 10 or 25 for audit rounds 1 and 2
      - 100 or 250 for hospitals that must undergo round 3 audit
    - MACs to conduct education
  - **RACs may not conduct patient status reviews for claims with dates of service between Oct. 1, 2013 and March 31, 2014**
RAC Program: Future Changes

A/B Recovery Audit Program Regions

Region 1  Region 2  Region 3  Region 4

Effective Date: TBD

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Infographic: The RAC Burden

- AHA infographic on the RAC program illustrates the major problems with the RAC program

- Encouraged use in conversations with legislators, policy audiences, and on social media

- Infographic can be downloaded at www.aha.org/RAC

Your support of H.R. 1250/S. 1012 will help fix the flawed RAC system.
AHA RAC and Audit Resources

AHA is Helping Hospitals Improve Payment Accuracy and Advocating for Needed Improvements to the Medicare RAC Program

- RAC Updates on latest RAC news and other RAC resources: www.aha.org/rac
- AHA RAC Trac: www.aha.org/ractrac; www.aharactrac.com
- 2012 AHA Audit Series: www.aha.org/auditseries
- Email RAC Questions: racinfo@aha.org
RAC Trac Analyzer
What is RAC Trac Analyzer?

• RAC Trac Analyzer is an interactive, user-driven, data tool based on the web that is accessed through [www.aharactrac.com](http://www.aharactrac.com).
  – Gain insights into how RACs impact specific groups of hospitals

• Hospitals can use the Analyzer to compare their experience to others in their peer group, as defined by:
  – State
  – RAC region
  – Bed size
  – Urban/rural
  – For profit/not-for-profit/government
  – Teaching status
  – Critical access hospital status

• Reports can be printed or copied into other documents created by the user
How Can I Learn More About RAC Trac Analyzer?

• Webinar to be announced through RAC Trac list serve as well as the RAC News Group
  – Timing of webinar: early January

• Live walk through demonstrating:
  – Report options available to users,
  – How to create a report
  – How to export data into other documents

• RAC Trac Analyzer will be available to access at www.aharactrac.com after the completion of the webinar
RAC Trac Results
Executive Summary

- 2,452 hospitals have participated in RAC TRAC since data collection began in January of 2010. 1,269 hospitals participated this quarter.
- 58% of medical records reviewed by RACs did not contain an overpayment, according to the RAC.
- 64% of short-stay denials for medical necessity were because the care was provided in the wrong setting, not because the care was medically unnecessary.
- 43% of participating hospitals reported having a RAC denial reversed through utilization of the discussion period.
- Hospitals reported appealing 47% of all RAC denials, with a 67% success rate in the appeals process.
  - The appeals overturn rate may be impacted by appeals withdrawn by hospitals for rebilling.
Executive Summary (cont.)

• 70% of all hospitals filing a RAC appeal during the 3rd quarter of 2013 reported appealing short stay medically unnecessary denials.
• 71% of all appealed claims are still sitting in the appeals process.
• 68% of all hospitals reported spending more than $10,000 managing the RAC process during the third quarter of 2013, 49% spent more than $25,000 and 12% spent over $100,000.
RAC Activity
Nine out of ten hospitals participating in RAC TRAC reported experiencing RAC activity through September 2013.

Percent of Participating Hospitals Experiencing RAC Activity, 2nd and 3rd Quarter 2013

2nd Quarter, 2013

- No RAC Activity: 8%
- Experiencing RAC Activity: 92%

3rd Quarter, 2013

- No RAC Activity: 7%
- Experiencing RAC Activity: 93%

Source: AHA. (October 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
Most hospitals, regardless of characteristics, are reporting that they are experiencing RAC reviews.

Percent Reporting RAC Activity vs. No RAC Activity by Type of Participating Hospital, through 3rd Quarter 2013

Source: AHA. (October 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
Participants continue to report increases in RAC denials and medical record requests.

Reported Automated Denials, Complex Denials and Medical Records Requests by Participating Hospitals, through 3\textsuperscript{rd} Quarter 2013\textsuperscript{*}

*Response rates vary by quarter.

Source: AHA. (October 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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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Among participating hospitals, over $10 billion in Medicare payments were targeted for medical record requests through the 3rd quarter of 2013.

Medicare Payments Associated with Medical Records Requested from Participating Hospitals, through 3rd Quarter 2013, in Millions*

<table>
<thead>
<tr>
<th>Region</th>
<th>All activity through Quarter 2, 2013</th>
<th>All activity through Quarter 3, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>$3,106</td>
<td>$3,184</td>
</tr>
<tr>
<td>Region B</td>
<td>$1,928</td>
<td>$2,196</td>
</tr>
<tr>
<td>Region C</td>
<td>$2,394</td>
<td>$2,722</td>
</tr>
<tr>
<td>Region D</td>
<td>$1,934</td>
<td>$1,962</td>
</tr>
</tbody>
</table>

*Response rates vary by quarter.

Source: AHA. (October 2013). RAC TRAC Survey

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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 3rd Quarter 2013

- Region A: $10,137
- Region B: $8,682
- Region C: $8,061
- Region D: $8,095

Source: AHA. (October 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
56% 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 2013

Source: AHA. (October 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
57% of hospitals reported that over three-fourths 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 3rd Quarter 2013

- 20% of hospitals reported less than 45% of their claims were requested after the timely filing window had elapsed.
- 3% reported between 45% and 54%.
- 8% reported between 55% and 64%.
- 10% reported between 65% and 74%.
- 17% reported between 75% and 84%.
- 17% reported between 85% and 94%.
- 23% reported 95% or more of their claims were requested after the timely filing window had elapsed.

Source: AHA. (October 2013). RACTRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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 Denials
$2.5 billion in denials were reported through the 3rd quarter of 2013.

Dollar Value of Automated and Complex Denials by RAC Region for Participating Hospitals, through 3rd Quarter 2013, in Millions*

*Response rates vary by quarter.
Source: AHA. (October 2013). RACTRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
97% of denied dollars were for complex denials.

Percent and Dollar Amounts of Automated Denials Versus Complex Denials for Participating Hospitals, through 3rd Quarter 2013

Automated Denials, $75.6 million 3%

Complex Medical Record Denials, $2.5 billion 97%

Source: AHA. (October 2013). RAC Trac Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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 dollar value of an automated denial was $697 and the average dollar value of a complex denial was $5,663.

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

<table>
<thead>
<tr>
<th>RAC Region</th>
<th>Automated Denial</th>
<th>Complex Denial</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONWIDE</td>
<td>$697</td>
<td>$5,663</td>
</tr>
<tr>
<td>Region A</td>
<td>$392</td>
<td>$5,859</td>
</tr>
<tr>
<td>Region B</td>
<td>$694</td>
<td>$5,075</td>
</tr>
<tr>
<td>Region C</td>
<td>$896</td>
<td>$5,486</td>
</tr>
<tr>
<td>Region D</td>
<td>$399</td>
<td>$6,124</td>
</tr>
</tbody>
</table>

### Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 3rd Quarter 2013

- Automated Denials:
  - $697

- Complex Denials:
  - $5,663

Source: AHA. (October 2013). RACTrac Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
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 2013

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

Source: AHA. (October 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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 most commonly cited reason for a complex denial was ‘short-stay medically unnecessary.’

Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Complex Denials by Reason, 1st Quarter 2013 – 3rd Quarter 2013

Survey participants were asked to select all reasons for denial.

Source: AHA. (October 2013). RACTrAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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 denied 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 3rd Quarter 2013

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

<table>
<thead>
<tr>
<th>Medical Necessity Denials</th>
<th>All Other Complex Denials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MS-DRG</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>247</td>
<td>PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC</td>
</tr>
<tr>
<td>312</td>
<td>SYNCOPE &amp; COLLAPSE</td>
</tr>
<tr>
<td>392</td>
<td>ESOPHAGITIS, GASTROENT &amp; MISC DIGEST DISORDERS W/O MCC</td>
</tr>
<tr>
<td>313</td>
<td>CHEST PAIN</td>
</tr>
<tr>
<td>69</td>
<td>TRANSIENT ISCHEMIA</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2013). RACTrAc Survey
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64% of hospitals indicated short-stay 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, 3rd Quarter 2013

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

- Short Stay Medically Unnecessary: 50%
- Medically Unnecessary Inpatient Stay Longer than 3 days: 18%
- Other Medically Unnecessary: 7%
- Incorrect MS-DRG or Other Coding Error: 5%
- No or Insufficient Documentation in the Medical Record: 2%
- Incorrect Discharge Status: 2%
- All Other: 5%

Source: AHA. (October 2013). RACTRAC Survey
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64% of short-stay denials for medical necessity were because the care was provided in the wrong setting, not because the care was medically unnecessary.

Source: AHA. (October 2013). RAC Trac Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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
43% of participating hospitals report having a denial reversed during the discussion period, including 56% of hospitals in Region A.

Percent of Participating Hospitals with Denials Reversed During the Discussion Period, National and by Region, 3rd Quarter 2013

<table>
<thead>
<tr>
<th>Reversed Denials by RAC Region</th>
<th>Yes</th>
<th>No</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>56%</td>
<td>33%</td>
<td>11%</td>
</tr>
<tr>
<td>Region B</td>
<td>47%</td>
<td>45%</td>
<td>8%</td>
</tr>
<tr>
<td>Region C</td>
<td>40%</td>
<td>50%</td>
<td>11%</td>
</tr>
<tr>
<td>Region D</td>
<td>32%</td>
<td>57%</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 2013). RACTRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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 value of appealed claims is approaching $1.5 billion dollars. Hospitals report appealing an average of 309 claims to date.

Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 3rd 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>88%</td>
<td>309</td>
</tr>
<tr>
<td>Region A</td>
<td>85%</td>
<td>306</td>
</tr>
<tr>
<td>Region B</td>
<td>91%</td>
<td>219</td>
</tr>
<tr>
<td>Region C</td>
<td>91%</td>
<td>314</td>
</tr>
<tr>
<td>Region D</td>
<td>83%</td>
<td>408</td>
</tr>
</tbody>
</table>

Total Dollar Value: $1,434.8

Source: AHA. (October 2013). RACTrac Survey
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Nationwide hospitals report appealing 47% of all denials and over half of all denials in Region D.

Total Number and Percent of Automated and Complex Denials Appealed by Hospitals with Automated or Complex RAC Denials, by Region, through 3rd 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>533,340</td>
<td>248,988</td>
</tr>
<tr>
<td>Region A</td>
<td>116,415</td>
<td>47,993</td>
</tr>
<tr>
<td>Region B</td>
<td>91,632</td>
<td>43,755</td>
</tr>
<tr>
<td>Region C</td>
<td>193,665</td>
<td>87,045</td>
</tr>
<tr>
<td>Region D</td>
<td>131,898</td>
<td>70,195</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. (October 2013). RAC Trac Survey
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70% of all hospitals filing a RAC appeal during the 3rd Quarter of 2013 reported appealing short stay medically unnecessary denials.

Percent of Participating Medical/Surgical Acute Hospitals Reporting RAC Appeals by Denial Reason, 3rd Quarter 2013

Survey participants were asked to select all reasons for denial.

Source: AHA. (October 2013). RACTrac Survey
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For over 40% 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 3rd Quarter 2013

Source: AHA. (October 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
Of the claims that have completed the appeals process, 67% 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 3rd 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>217,016</td>
<td>48%</td>
<td>155,839</td>
<td>19,917</td>
<td>41,029</td>
<td>67%</td>
</tr>
<tr>
<td>Region A*</td>
<td>16,021</td>
<td>45%</td>
<td>11,992</td>
<td>1,471</td>
<td>2,557</td>
<td>63%</td>
</tr>
<tr>
<td>Region B</td>
<td>43,755</td>
<td>48%</td>
<td>28,238</td>
<td>5,121</td>
<td>10,368</td>
<td>67%</td>
</tr>
<tr>
<td>Region C</td>
<td>87,045</td>
<td>45%</td>
<td>64,389</td>
<td>6,378</td>
<td>16,215</td>
<td>72%</td>
</tr>
<tr>
<td>Region D</td>
<td>70,195</td>
<td>53%</td>
<td>51,220</td>
<td>6,947</td>
<td>11,889</td>
<td>63%</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 ending/withdrawn/overturned appeals.

** May include appeals withdrawn to rebill.

*Response rates vary by quarter.

Source: AHA. (October 2013). RACTRAC Survey

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Hospitals reported a total of $241.1 million in overturned denials, with $79.5 million in Region C alone.

Value of Denials Overturned in the Appeals Process, by Region, through 3rd Quarter 2013, in Millions

Source: AHA. (October 2013). RACTracs Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
63% of 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, 3rd Quarter 2013

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

- **Care provided was found to be medically necessary**: 63%
- **Additional information provided by the hospital substantiated the claim**: 39%
- **The RAC made an error in its determination process**: 15%
- **The claim is currently under review by a different auditor**: 8%
- **Other**: 14%

Source: AHA. (October 2013). RAC TRAC Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
Administrative Burden
68% of all hospitals reported spending more than $10,000 managing the RAC process during the 3rd quarter of 2013, 49% spent more than $25,000 and 12% spent over $100,000.

Percent of Participating Hospitals* Reporting Average Cost Dealing with the RAC Program, 3rd Quarter 2013

* Includes participating hospitals with and without RAC activity

Source: AHA. (October 2013). RAC Trac Survey
AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
52% of hospitals reporting RAC process issues cite “excessively long delays between receipt of the review results letter and the demand letter” as an issue.

Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 3\textsuperscript{rd} Quarter 2013

- Long lag (greater than 30 days) between date on review results letter and receipt of demand letter: 52%
- Not receiving a demand letter informing the hospital of a RAC denial: 46%
- RAC is rescinding medical record requests after you have already submitted the records: 42%
- Demand letters lack a detailed explanation of the RAC’s rationale for denying the claim: 42%
- Problems reconciling pending and actual recoupment due to insufficient or confusing information on the remittance advice: 41%
- 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%

*Includes participating hospitals with and without RAC activity

Source: AHA (October 2013). RAC TRAC Survey

AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.

### Average Number of Days For RACs to Respond to Hospital Inquiries for Participating Hospitals, by Region, 3rd 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>44%</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Region B</td>
<td>11%</td>
<td>53%</td>
<td>18%</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Region C</td>
<td>10%</td>
<td>39%</td>
<td>26%</td>
<td>15%</td>
<td>9%</td>
</tr>
<tr>
<td>Region D</td>
<td>13%</td>
<td>49%</td>
<td>17%</td>
<td>15%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2013). RAC TRAC Survey

AHA analysis of survey data collected from 2,452 hospitals: 2,164 reporting activity, 288 reporting no activity through September 2013. 1,269 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.
For more information visit AHA’s RAC TRAC website:

http://www.aha.org/ractrac