Quarterly RAC Program and RACTrac Update

Data from 1st Quarter, 2015

July 8, 2015
RAC Legislative Update

Robyn Bash, Executive Director
RAC Policy Update

Melissa Jackson, Senior Associate Director
Fundamental RAC Reform: Medicare Audit Improvement Act of 2015 (HR 2156)

• Eliminates the RACs’ contingency fee payment structure

• Reduces payments to RACs with a high rate of overturned complex audit denials, based on a fair and transparent methodology to calculate RACs’ overturn rates

• Eliminates the one-year filing limit for rebilling as Part B claims

• Limits the medical documentation considered for medical necessity review
Audit & Appeal Fairness, Integrity, and Reforms in Medicare Act of 2015

- Prohibit RACs from conducting patient status reviews more than six months after the date of service
- Exempt providers with low error rates from RAC and MAC audits for one year
- Establish a sliding scale to adjust the number of medical records a review contractor could request based on the contractor’s accuracy
- Determine whether additional punitive actions against contractors, including RACs, could be taken, and what, if any, financial incentives or disincentives could be used to promote the accuracy of contractors’ reviews
Audit & Appeal Fairness, Integrity, and Reforms in Medicare Act of 2015

• Increase the dollar amount threshold for claims to be heard by an ALJ ("amount in controversy") to threshold for federal court

• Establish Medicare Magistrates – licensed attorneys who perform reviews and make decisions on claims that are appealed to an ALJ but which fall below amount in controversy

• Require appeals to be remanded to the first level of appeal when new evidence is introduced into the administrative record at a subsequent level of appeal

• Allow adjudicator to consolidate more than one pending request for review or appeal into a single action or appeal in certain circumstances

• Require HHS to establish an alternative dispute resolution process
CY 2016 OPPS Proposed Changes

- Released by CMS July 1
- Proposes changes to two midnight inpatient admissions criteria
- Announces changes to medical review process for patient status reviews

Special Bulletin
Thursday, July 2, 2015

**CMS Releases Two Proposed Rules for CY 2016: Hospital Outpatient/ASC Payment Systems and End-Stage Renal Disease Payment System**

On July 1, the Centers for Medicare & Medicaid Services (CMS) released the calendar year (CY) 2016 outpatient prospective payment system (PPS)/ambulatory surgical center (ASC) proposed rule. In addition to changes to the outpatient PPS and ASC payment systems, the rule proposed changes to CMS’s two-midnight policy for inpatient admissions. On June 26, CMS issued the End-Stage Renal Disease System (ESRD) PPS proposed rule. Highlights of the proposed rules follow, beginning with an overview of the proposed changes related to the two-midnight policy. This bulletin is five pages.
• Keep in place two midnight presumption, benchmark – expected stays past two midnights payable as inpatient claims

• Inpatient stays that cross less than two midnights may be payable as inpatient claims “based on the clinical judgment of the admitting physician and medical record support for that determination”
  – Judgment should be based on complex medical factors as patient history and comorbidities, severity of signs and symptoms, current medical needs, and risk of an adverse event

• Maintains exceptions for inpatient-only list; national exception list
Beginning Oct. 1, 2015, Quality Improvement Organizations (QIOs) will conduct reviews of short inpatient stays
   - Will review sample of post-payment claims
   - Priority review areas: Inpatient admissions after minor surgical procedures or other treatments that do not span at least overnight; inpatient admissions < 2MN

QIOs may refer hospitals to RACs for further audits, based on:
   - High denial rates
   - Consistent failure to adhere to two midnight rule
   - Failure to improve performance after QIO education

Number of RAC audits will be based on hospital’s claim volume, denial rate
CY 2016 OPPS: Medical Review Changes

• CMS highlights future changes to RAC program, including:
  – Limiting RACs’ lookback period to 6 months for patient status reviews
  – Tying records request limits to hospitals’ error rates
  – Requiring RACs to diversify audits across type of setting
  – Reducing to 30 days the time RACs have to complete reviews and notify providers of results
  – Requiring RACs to hold claims for 30 days before sending to MAC for claim adjustment
• Changes effective with new RAC contracts, which are still TBD
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 Results, Q1 2015

Michael Ward, Senior Associate Director
Executive Summary

- 2,559 hospitals have participated in RAC TRAC since data collection began in January of 2010. 872 hospitals participated this quarter.
- 35% of hospitals indicated they experienced automated denials for an outpatient billing error.
- 75% of hospitals received a complex denial based on inpatient coding in Q1 2015.
- Hospitals report appealing 44% of all RAC denials.
- 73% of appeals are eventually overturned in favor of the hospital.
- 41% of hospitals report having a denial reversed in the discussion period.
- 44% of all appealed claims are still sitting in the appeals process.
- 53% of all hospitals reported spending more than $10,000 managing the RAC process during the 1st quarter of 2015, 33% spent more than $25,000 and 7% spent over $100,000.
What Should I Do to Ensure Compatibility with Latest RAC Trac Update?

My hospital uses the AHA claim level tool

- Download the revised claim level tool from: www.aha.org/RACTrac
- Access the September 2014 tutorial on the changes to the claim level tool at: www.aha.org/RACTrac
- Contact RAC Trac Support if you need assistance or have questions about the updated tool

My hospital uses 3rd party claim tracking software

- Continue to submit data to RAC Trac using current version of software
- Vendor updates will be rolled out in upcoming months

My hospital does not currently participate in RAC Trac

- Contact RAC Trac Support to register and participate
# RAC TRAC Vendor Status

<table>
<thead>
<tr>
<th>Company</th>
<th>Software</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intersect Healthcare</td>
<td>VERACITY™</td>
<td>Fully Compatible</td>
</tr>
<tr>
<td>3M™ Health Information Systems</td>
<td>3M™ Audit Expert</td>
<td>Phase II Testing</td>
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<tr>
<td>Advisory Board</td>
<td>Revenue Integrity Compass</td>
<td>Phase II Testing</td>
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<td>HealthPort LLC</td>
<td>AudaPro</td>
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<td>IatricTRAC: RAC Management</td>
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<td>Compliance</td>
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<td>MRO</td>
<td>AuditTrends™ Online</td>
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<td>Bluemark, LLC **</td>
<td>TRACKer Pro</td>
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<tr>
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<td>Cobius Audit Manager</td>
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<tr>
<td>IOD Incorporated</td>
<td>PRISMAudit</td>
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<td>RACTelligence Tracking</td>
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<td>Audit Control Axis</td>
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<td>Rycan Technologies, Inc.</td>
<td>RAC Audit Tracking</td>
<td>Phase I Testing</td>
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<tr>
<td>The SSI Group, Inc.</td>
<td>ClinON® RADs</td>
<td>Phase I Testing</td>
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<tr>
<td>The Wellington Group LLC</td>
<td>Rac Guard</td>
<td>Phase I Testing</td>
</tr>
</tbody>
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** Not compatible with Version 2 or new RAC Trac vendor.
## RAC TRAC Vendor Status cont.

<table>
<thead>
<tr>
<th>Company</th>
<th>Software</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Array Software, Inc.</td>
<td>TRACK+</td>
<td>Unknown Status</td>
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<tr>
<td>Craneware</td>
<td>InSight Audit®</td>
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</tr>
<tr>
<td>eSolutions Inc. **</td>
<td>Maven</td>
<td>Unknown Status</td>
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<tr>
<td>FrameWorkMI, Inc. **</td>
<td>Cleopatra</td>
<td>Unknown Status</td>
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<tr>
<td>MedAssets</td>
<td>Recovery Audit Management</td>
<td>Unknown Status</td>
</tr>
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<td>NJHA – Healthcare Business Solutions</td>
<td>Audit-TRAX</td>
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<tr>
<td>SAI Global Compliance</td>
<td>Compliance 360®</td>
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</tr>
<tr>
<td>Wolters Kluwer Law &amp; Business (MediReg)</td>
<td>Comply Track</td>
<td>Unknown Status</td>
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</table>

** Not compatible with Version 2 or new vendor

Updated vendor compatibility list:
http://www.aha.org/content/14/ractraccompatible.pdf

Hospital to vendor sample letter:
http://www.aha.org/content/14/ractraclettertovendor.pdf

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The average number of medical record requests increased in Q1 2015.

Average Automated Denials, Complex Denials and Medical Records Requests Per Participating Hospital, through 1st Quarter 2015*

*Response rates vary by quarter.

Source: AHA. (April 2015). RAC TRAC Survey

AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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 A has the highest average number of medical record requests per hospital.

Average Number of Medical Records Requested Per Participating Hospital With Complex Medical Record RAC Activity, through 1st Quarter 2015*

<table>
<thead>
<tr>
<th>Region</th>
<th>All activity through Quarter 1, 2015</th>
<th>All activity through Quarter 4, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>2,132</td>
<td>1,875</td>
</tr>
<tr>
<td>Region B</td>
<td>1,307 1,295</td>
<td></td>
</tr>
<tr>
<td>Region C</td>
<td>1,270 1,273</td>
<td></td>
</tr>
<tr>
<td>Region D</td>
<td>1,489 1,645</td>
<td></td>
</tr>
</tbody>
</table>

*Response rates vary by quarter.

Source: AHA. (April 2015). RACTRAC Survey

AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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.
59% of medical records reviewed by RACs did not contain an overpayment.

Percent of Completed Complex Reviews with and without Overpayment or Underpayment Determinations for Participating Hospitals, by Region, through 1st Quarter 2015

Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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
The average dollar value of an automated denial was $879 and the average dollar value of a complex denial was $5,395.

Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 1st Quarter 2015

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>$879</td>
<td>$5,395</td>
</tr>
<tr>
<td>Region A</td>
<td>$599</td>
<td>$5,524</td>
</tr>
<tr>
<td>Region B</td>
<td>$1,596</td>
<td>$4,485</td>
</tr>
<tr>
<td>Region C</td>
<td>$938</td>
<td>$5,393</td>
</tr>
<tr>
<td>Region D</td>
<td>$418</td>
<td>$5,757</td>
</tr>
</tbody>
</table>

Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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.
Automated RAC Denials
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, 1st Quarter 2015

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

Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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 reasons for a complex denial are inpatient coding and discharge status.

Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Complex Denials by Reason, through 1st Quarter 2015

Survey participants were asked to select all reasons for denial.

<table>
<thead>
<tr>
<th>Category</th>
<th>All Activity Through Quarter 1, 2015</th>
<th>All Activity Through Quarter 3, 2014</th>
<th>All Activity Through Quarter 4, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Stay Medically Unnecessary Less Than 2-Midnights</td>
<td>11% 6%</td>
<td>23%</td>
<td>11% 6%</td>
</tr>
<tr>
<td>Inpatient Coding</td>
<td>27% 5%</td>
<td>70%</td>
<td>25% 33%</td>
</tr>
<tr>
<td>Discharge Status</td>
<td>5% 2%</td>
<td>75%</td>
<td>33%</td>
</tr>
<tr>
<td>Other Medically Unnecessary</td>
<td>14% 11%</td>
<td>14%</td>
<td>14% 11%</td>
</tr>
<tr>
<td>Medically Unnecessary Greater than or Equal To 2-Midnights</td>
<td>2%</td>
<td>8%</td>
<td>10% 11%</td>
</tr>
<tr>
<td>No Documentation</td>
<td>14%</td>
<td>28%</td>
<td>11% 14%</td>
</tr>
<tr>
<td>Outpatient Coding</td>
<td>10% 10% 9%</td>
<td>16%</td>
<td>9% 10%</td>
</tr>
<tr>
<td>Other</td>
<td>10% 10%</td>
<td>14%</td>
<td>10% 10%</td>
</tr>
</tbody>
</table>

Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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
41% of participating hospitals report having a denial reversed during the discussion period, including 59% of hospitals in Region A.

Percent of Participating Hospitals with Denials Reversed During the Discussion Period, National and by Region, 1st Quarter 2015

<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>59%</td>
<td>34%</td>
<td>7%</td>
</tr>
<tr>
<td>Region B</td>
<td>37%</td>
<td>58%</td>
<td>5%</td>
</tr>
<tr>
<td>Region C</td>
<td>40%</td>
<td>56%</td>
<td>4%</td>
</tr>
<tr>
<td>Region D</td>
<td>31%</td>
<td>67%</td>
<td>3%</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 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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.
Nationwide hospitals report appealing 44% of RAC denials including half of all denials in Region B.

Total Number and Percent of Automated and Complex Denials Appealed by Hospitals with Automated or Complex RAC Denials, by Region, through 1st Quarter 2015

<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>494,387</td>
<td>218,583</td>
</tr>
<tr>
<td>Region A</td>
<td>102,388</td>
<td>41,130</td>
</tr>
<tr>
<td>Region B</td>
<td>74,253</td>
<td>36,937</td>
</tr>
<tr>
<td>Region C</td>
<td>220,171</td>
<td>98,695</td>
</tr>
<tr>
<td>Region D</td>
<td>97,575</td>
<td>41,821</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 2015). RACTRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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.
44% of all hospitals filing an appeal of a RAC denial – to any level of the appeals system – during Q1 2015 reported appealing inpatient coding denials.

Percent of Participating Medical/Surgical Acute Hospitals Reporting RAC Appeals by Denial Reason, 1st Quarter 2015

Survey participants were asked to select all reasons for denial.

Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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 74% 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 2015

- Region A: 72%
- Region B: 65%
- Region C: 76%
- Region D: 79%
- NATIONWIDE: 74%

Source: AHA. (April 2015). RAC Trac Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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.
16% of reporting hospitals reported having claims denied for DRG Validation converted into full medical necessity denials when the determination was appealed.

Percent of Responding Hospitals Experiencing Denied Claims Converted to Full Medical Necessity Denials during Appeals Process, 1st Quarter 2015

- Experienced Denied Claims Converted to Full Medical Necessity Denials during Appeals Process: 16%
- Did Not Experience Denied Claims Converted to Full Medical Necessity Denials during Appeals Process: 84%

Source: AHA. (April 2015). RACTrAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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.
44% of all cumulative claims appealed are still sitting in the appeals process.

Percent of Appealed Claims Pending Determination for Participating Hospitals, by Region, through 1st Quarter 2015*

*Response rates vary by quarter.

Source: AHA. (April 2015). RAC TRAC Survey

AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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 complex denials that are re-billed under Part B, hospitals report receiving 49% of the original Part A reimbursement.

*NEW* Summary of Medical Necessity Level of Care Denials Re-billed Under Part B, through 1\textsuperscript{st} Quarter, 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>Hospital Count</th>
<th>Total # Level of Care Denials Re-billed</th>
<th>Total Part A Denied Amount of Re-billed Claims</th>
<th>Total # Level of Care Denials Re-billed and Reimbursed under Part B</th>
<th>Average Part B Reimbursement</th>
<th>Average Part A Reimbursement</th>
<th>Average % of Part A Denied Amount Reimbursed Under Part B</th>
</tr>
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<tbody>
<tr>
<td>Nationwide</td>
<td>127</td>
<td>14,891</td>
<td>$71,230,799</td>
<td>9,567</td>
<td>$2,412</td>
<td>$4,914</td>
<td>49%</td>
</tr>
<tr>
<td>Region A</td>
<td>26</td>
<td>2,932</td>
<td>$16,959,592</td>
<td>1,661</td>
<td>$2,493</td>
<td>$5,449</td>
<td>46%</td>
</tr>
<tr>
<td>Region B</td>
<td>38</td>
<td>3,875</td>
<td>$20,556,879</td>
<td>1,823</td>
<td>$3,257</td>
<td>$4,471</td>
<td>73%</td>
</tr>
<tr>
<td>Region C</td>
<td>50</td>
<td>6,626</td>
<td>$29,515,517</td>
<td>5,058</td>
<td>$2,212</td>
<td>$5,145</td>
<td>43%</td>
</tr>
<tr>
<td>Region D</td>
<td>13</td>
<td>1,458</td>
<td>$4,198,809</td>
<td>1,025</td>
<td>$1,760</td>
<td>$3,691</td>
<td>48%</td>
</tr>
</tbody>
</table>

*Response rates vary by quarter.
Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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.

* too few hospital responses
Of the claims that have completed the appeals process, 73% 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 2015*

<table>
<thead>
<tr>
<th>Region</th>
<th>Appealed</th>
<th>Percent of Claims 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>218,583</td>
<td>44%</td>
<td>97,180</td>
<td>22,554</td>
<td>62,178</td>
<td>73%</td>
</tr>
<tr>
<td>Region A</td>
<td>41,130</td>
<td>40%</td>
<td>17,490</td>
<td>1,261</td>
<td>11,584</td>
<td>90%</td>
</tr>
<tr>
<td>Region B</td>
<td>36,937</td>
<td>50%</td>
<td>11,016</td>
<td>4,141</td>
<td>12,734</td>
<td>75%</td>
</tr>
<tr>
<td>Region C</td>
<td>98,695</td>
<td>45%</td>
<td>49,437</td>
<td>9,933</td>
<td>25,669</td>
<td>72%</td>
</tr>
<tr>
<td>Region D</td>
<td>41,821</td>
<td>43%</td>
<td>19,237</td>
<td>7,219</td>
<td>12,191</td>
<td>63%</td>
</tr>
</tbody>
</table>

* May include appeals withdrawn to re-bill.

*Response rates vary by quarter.
Source: AHA. (January 2015). RAC Trac Survey
AHA analysis of survey data collected from 2,545 hospitals: 2,276 reporting activity, 269 reporting no activity through December 2014. 879 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 with a RAC denial overturned had a denial reversed when additional information was provided by the hospital to substantiate the original claim.

Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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 Pre-payment Reviews
Hospitals experiencing pre-payment denials report similar average dollar amounts associated with reviewed and denied claims, when compared to retrospective denials.

* NEW * Total Number and Average Dollar Amount of Prepayment Reviews and Denials Reported by Hospitals in the Demonstration States, through 1st Quarter, 2015

<table>
<thead>
<tr>
<th></th>
<th>Nationwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number Pre-Pay Reviews</td>
<td>1,291</td>
</tr>
<tr>
<td>Average Dollar Amount Of Pre-Pay Claims Reviewed</td>
<td>$6,489</td>
</tr>
<tr>
<td>Number Pre-Pay Denials</td>
<td>634</td>
</tr>
<tr>
<td>Average Dollar Amount Of Pre-Pay Denials</td>
<td>$5,849</td>
</tr>
</tbody>
</table>

*Response rates vary by quarter.
Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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.
Half of all prepayment reviews are denied by a RAC and hospitals are appealing 73% of denied claims.

* NEW * Summary of Denial Rate, Appeal Rate and Determinations in Favor of the Provider, for Hospitals with Reported Prepayment Reviews in the Demonstration States, through 1st Quarter, 2015

- Denial Rate: 49%
- Appeal Rate: 73%
- Appeal Overturn Rate: 34%

*Response rates vary by quarter.
Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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
53% of all hospitals reported spending more than $10,000 managing the RAC process during the 1st quarter of 2015, 33% 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 2015

* Includes participating hospitals with and without RAC activity

Source: AHA. (April 2015). RAC TRAC Survey
AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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 report widespread RAC process-related issues, including multiple problems with MACs and the demand letter process.

Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 1st Quarter 2015

- Not receiving a demand letter informing the hospital of a RAC denial: 38%
- Long lag (greater than 30 days) between date on review results letter and receipt of demand letter: 37%
- Demand letters lack a detailed explanation of the RAC's rationale for denying the claim: 34%
- RAC not meeting 60-day deadline to make a determination on a claim: 30%
- Long lag (greater than 15 days) between date on demand letter and receipt of demand letter: 24%
- Problems reconciling pending and actual recoupment due to insufficient or confusing information on the remittance advice: 23%
- Receiving a demand letter announcing a RAC denial and pending recoupment AFTER the denial has been reported on the remittance: 21%

* Includes participating hospitals with and without RAC activity

Source: AHA. (April 2015). RAC Trac Survey

AHA analysis of survey data collected from 2,559 hospitals: 2,297 reporting activity, 262 reporting no activity through March 2015. 872 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