Exploring the Impact of the RAC Program on Hospitals Nationwide

Results of AHA RAC TRAC Survey, 3rd Quarter 2016

December 5, 2016
RAC 101

• Centers for Medicare & Medicaid Services (CMS) Recovery Audit Contractors (RACs) conduct reviews of Medicare payments to health care providers, including:
  – automated reviews that use computer software to detect improper payments
  – complex reviews that utilize human review of medical records and other medical documentation

• Improper payments include:
  – incorrect payment amounts;
  – incorrectly coded services (including Medicare severity diagnosis-related group (MS-DRG);
  – non-covered services (including services that are not reasonable and necessary); and
  – duplicate services

• Automated activity includes the traditional automated activity as described above as well as semi-automated review activity. These claims are denied in an automated manner if supporting documentation is not received on a timely basis.
AHA created RAC TRAC—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, RAC TRAC (accessed at www.aharactrac.com), to submit their data regarding the impact of the RAC program.

- Many survey questions are designed to collect cumulative RAC experience data, from the inception of a hospital’s RAC activity through the 3rd quarter of 2016.

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

- Hospitals submit data to RAC Trac through their claim tracking tools
  - 21 external vendors offer an upload function to export a hospital’s RAC data to RAC Trac, or hospitals can choose to utilize the claim-level tracking tool provided by the AHA.
Executive Summary

- 2,580 hospitals have participated in RAC TRAC since data collection began in January of 2010. 683 hospitals participated this quarter.
- 60% of reviewed claims in Q3 2016 were found to not have an overpayment.
- 56% of hospitals received a complex denial based on inpatient coding in Q3 2016, a decline of 17% from Q2 2016.
- Hospitals report appealing 45% of all RAC denials.
- 27% of hospitals report having a denial reversed in the discussion period.
- 43% of all hospitals reported spending more than $10,000 managing the RAC process during the 3rd quarter of 2016, 24% spent more than $25,000 and 4% spent over $100,000.
There are four RAC regions nationwide. Participation in RACTRAC is generally consistent with hospital representation in each of the RAC regions.

Distribution of Hospitals by RAC Region and Hospitals Participating in RACTRAC by RAC Region, through 3rd Quarter 2016.

<table>
<thead>
<tr>
<th>Region</th>
<th>Percent of Hospitals Nationwide</th>
<th>Percent of Participating Hospitals by Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Region B</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Region C</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>Region D</td>
<td>26%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Source: Centers for Medicare & Medicaid Services
RAC Reviews
The average number of medical record requests per hospital have increased slightly since Q1 2016.

Average Automated Denials, Complex Denials and Medical Record Requests Per Participating Hospital, through 3rd Quarter 2016*

- **Automated Denials**
  - All Activity Through Quarter 1, 2016: 124
  - All Activity Through Quarter 2, 2016: 131
  - All Activity Through Quarter 3, 2016: 148

- **Complex Denials**
  - All Activity Through Quarter 1, 2016: 609
  - All Activity Through Quarter 2, 2016: 627
  - All Activity Through Quarter 3, 2016: 617

- **Medical Record Requests**
  - All Activity Through Quarter 1, 2016: 1,500
  - All Activity Through Quarter 2, 2016: 1,527
  - All Activity Through Quarter 3, 2016: 1,504

*Response rates vary by quarter.

Source: AHA. (October 2016). RAC TRAC Survey

AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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 3rd Quarter 2016*

<table>
<thead>
<tr>
<th>Region</th>
<th>All activity through Quarter 2, 2016</th>
<th>All activity through Quarter 3, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>2,148</td>
<td>2,094</td>
</tr>
<tr>
<td>Region B</td>
<td>1,259</td>
<td>1,467</td>
</tr>
<tr>
<td>Region C</td>
<td>1,291</td>
<td>1,241</td>
</tr>
<tr>
<td>Region D</td>
<td>1,632</td>
<td>1,630</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2016). RAC TRAC Survey
AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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.
60% 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 3rd Quarter 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>Underpayment Determination</th>
<th>Overpayment Determination</th>
<th>No Overpayment Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1%</td>
<td>35%</td>
<td>64%</td>
</tr>
<tr>
<td>B</td>
<td>1%</td>
<td>34%</td>
<td>65%</td>
</tr>
<tr>
<td>C</td>
<td>5%</td>
<td>43%</td>
<td>52%</td>
</tr>
<tr>
<td>D</td>
<td>4%</td>
<td>49%</td>
<td>47%</td>
</tr>
<tr>
<td>Nationwide</td>
<td>3%</td>
<td>40%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2016). RAC TRAC Survey
AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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 $721 and the average dollar value of a complex denial was $5,574.

Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 3rd Quarter 2016

<table>
<thead>
<tr>
<th>RAC Region</th>
<th>Automated Denial</th>
<th>Complex Denial</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONWIDE</td>
<td>$721</td>
<td>$5,574</td>
</tr>
<tr>
<td>Region A</td>
<td>$715</td>
<td>$5,664</td>
</tr>
<tr>
<td>Region B</td>
<td>$1,425</td>
<td>$4,796</td>
</tr>
<tr>
<td>Region C</td>
<td>$633</td>
<td>$5,467</td>
</tr>
<tr>
<td>Region D</td>
<td>$483</td>
<td>$6,319</td>
</tr>
</tbody>
</table>

Source: AHA. (October 2016). RAC TRAC Survey
AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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
Hospitals report a diverse set of reasons for automated denials, by dollar impact.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016

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

- Outpatient Billing Error: 44%
- Inpatient Coding Error (MSDRG): 23%
- Duplicate Payment: 16%
- Outpatient Coding Error: 10%
- Incorrect Discharge Status: 5%
- All Other: 2%

Source: AHA. (October 2016). RAC TRAC Survey
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Region A: There were not enough responses from Region A to report on this question in Q3 2016.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016, Region A

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

- Outpatient Billing Error
- Inpatient Coding Error (MSDRG)
- Duplicate Payment
- Outpatient Coding Error
- Incorrect Discharge Status
- All Other

* Too few responses to report

Source: AHA. (October 2016). RAC Trac Survey
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Region B: Hospitals reported incorrect discharge status as the top reason for automated denials, by dollar impact.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016, Region B

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

- Outpatient Billing Error: 20%
- Inpatient Coding Error (MSDRG): 11%
- Duplicate Payment: 6%
- Outpatient Coding Error: 6%
- Incorrect Discharge Status: 63%
- All Other

Source: AHA. (October 2016). RAC TRAC Survey
AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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: Hospitals reported outpatient billing error as the top reason for automated denials, by dollar impact.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016, Region C

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

- **Outpatient Billing Error**: 30%
- **Inpatient Coding Error (MSDRG)**: 24%
- **Duplicate Payment**: 21%
- **Outpatient Coding Error**: 12%
- **Incorrect Discharge Status**: 6%
- **All Other**: 6%

Source: AHA. (October 2016). RAC TRAC Survey
AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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 D: Hospitals reported inpatient coding error as the top reason for automated RAC denials, by dollar impact.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016, Region D

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

- **46%**: All Other
- **31%**: Outpatient Coding Error
- **15%**: Inpatient Coding Error (MSDRG)
- **8%**: Duplicate Payment
- **Outpatient Billing Error**

Source: AHA. (October 2016). RACTRAC Survey
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Complex RAC Denials
The most commonly cited reason for a complex denial is inpatient coding error.

Survey participants were asked to select all reasons for denial.

Source: AHA. (October 2016). RAC TRAC Survey
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Nationally, hospitals reported incorrect MS-DRG or other coding error as the top reason for complex RAC denials, by overall dollar impact.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016

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

Source: AHA. (October 2016). RAC TRAC Survey
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Region A: A very high percentage of hospitals reported incorrect MS-DRG or other coding error as the most impactful complex denial type, by dollar impact.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016, Region A

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

Source: AHA. (October 2016). RAC Trac Survey
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Region B: Two-thirds of hospitals reported incorrect MS-DRG or other coding error constituted the most impactful type of complex denial, by dollar impact.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016, Region B

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

Source: AHA. (October 2016). RAC TRAC Survey
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Region C: Almost half of hospitals reported incorrect MS-DRG or other coding error was the top reason for complex denial, by dollar impact.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016, Region C

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

- 48%: Incorrect MS-DRG or Other Coding Error
- 14%: Incorrect Discharge Status
- 14%: Short Stay Medically Unnecessary Less Than 2-midnights
- 10%: Medically Unnecessary Inpatient Stay Greater than or equal to 2-midnights
- 10%: Other Medically Unnecessary
- 3%: No or Insufficient Documentation in the Medical Record
- Other: Incorrect APC or Other Outpatient Coding/Billing Error

Source: AHA. (October 2016). RACTrac Survey
AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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 D: Over half of hospitals reported incorrect MS-DRG or other coding error as the top reason for complex denial, by dollar impact.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 3rd Quarter 2016, Region D

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

- Short Stay Medically Unnecessary Less Than 2-midnights: 13%
- Medically Unnecessary Inpatient Stay Greater than or equal to 2-midnights: 13%
- Other Medically Unnecessary: 7%
- Incorrect MS-DRG or Other Coding Error: 13%
- No or Insufficient Documentation in the Medical Record: 54%
- Incorrect APC or Other Outpatient Coding/Billing Error: 13%
- Incorrect Discharge Status: 13%
- All Other: 7%

Source: AHA. (October 2016). RAC TRAC Survey
AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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
27% 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, 3rd Quarter 2016

<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>34%</td>
<td>44%</td>
<td>26%</td>
</tr>
<tr>
<td>Region B</td>
<td>26%</td>
<td>73%</td>
<td>2%</td>
</tr>
<tr>
<td>Region C</td>
<td>25%</td>
<td>63%</td>
<td>12%</td>
</tr>
<tr>
<td>Region D</td>
<td>27%</td>
<td>64%</td>
<td>9%</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 2016). RAC TRAC Survey
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Nationwide hospitals report appealing 45% of RAC denials including almost 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 3rd Quarter 2016

<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>319,621</td>
<td>144,033</td>
</tr>
<tr>
<td>Region A</td>
<td>47,072</td>
<td>19,414</td>
</tr>
<tr>
<td>Region B</td>
<td>57,474</td>
<td>27,095</td>
</tr>
<tr>
<td>Region C</td>
<td>135,376</td>
<td>64,335</td>
</tr>
<tr>
<td>Region D</td>
<td>79,699</td>
<td>33,189</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 2016). RAC Trac Survey
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44% of all hospitals filing an appeal of a RAC denial – to any level of the appeals system – during Q3 2016 reported appealing inpatient coding denials.

Source: AHA. (October 2016). RAC TRAC Survey
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For 74% of claims that are appealed to the administrative law judge (ALJ), the ALJ 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 2016

Source: AHA. (October 2016). RAC TRAC Survey
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17% of reporting hospitals reported having claims denied for DRG validation converted into full medical necessity denials when the determination was appealed.

Source: AHA. (October 2016). RAC TRAC Survey
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26% of all cumulative claims appealed are still sitting in the appeals process.

Percent of Appealed Claims Pending Determination for Participating Hospitals, by Region, through 3rd Quarter 2016*

*Response rates vary by quarter.

Source: AHA. (October 2016). RAC TRAC Survey
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For complex denials that are re-billed under Part B, hospitals report receiving 45% of the original Part A reimbursement.

Summary of Medical Necessity Level of Care Denials Re-billed Under Part B, through 3rd Quarter, 2016

<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>
</thead>
<tbody>
<tr>
<td>Nationwide</td>
<td>102</td>
<td>11,475</td>
<td>$64,058,624</td>
<td>8,271</td>
<td>$2,210</td>
<td>$4,889</td>
<td>45%</td>
</tr>
<tr>
<td>Region A</td>
<td>27</td>
<td>2,532</td>
<td>$14,763,776</td>
<td>1,187</td>
<td>$2,370</td>
<td>$5,139</td>
<td>46%</td>
</tr>
<tr>
<td>Region B</td>
<td>20</td>
<td>808</td>
<td>$3,782,563</td>
<td>794</td>
<td>$790</td>
<td>$4,700</td>
<td>17%</td>
</tr>
<tr>
<td>Region C</td>
<td>48</td>
<td>6,817</td>
<td>$37,684,949</td>
<td>5,434</td>
<td>$2,202</td>
<td>$4,811</td>
<td>46%</td>
</tr>
<tr>
<td>Region D</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

*Too few hospital responses. Response rates vary by quarter.

Source: AHA. (October 2016). RAC TRAC Survey

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Of the claims that have completed the appeals process, 62% 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 2016*

<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>144,033</td>
<td>45%</td>
<td>36,949</td>
<td>33,497</td>
<td>54,188</td>
<td>62%</td>
</tr>
<tr>
<td>Region A</td>
<td>19,414</td>
<td>41%</td>
<td>4,418</td>
<td>4,972</td>
<td>7,135</td>
<td>59%</td>
</tr>
<tr>
<td>Region B</td>
<td>27,095</td>
<td>47%</td>
<td>4,327</td>
<td>8,269</td>
<td>12,012</td>
<td>59%</td>
</tr>
<tr>
<td>Region C</td>
<td>64,335</td>
<td>48%</td>
<td>19,269</td>
<td>13,829</td>
<td>19,476</td>
<td>58%</td>
</tr>
<tr>
<td>Region D</td>
<td>33,189</td>
<td>42%</td>
<td>8,935</td>
<td>6,427</td>
<td>15,565</td>
<td>71%</td>
</tr>
</tbody>
</table>

* May include appeals withdrawn to re-bill.

*Response rates vary by quarter.
Source: AHA. (October 2016). RAC TRAC Survey
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53% of hospitals with a RAC denial overturned had a denial reversed when additional information was provided by the hospital to substantiate the original claim.

Percent of Participating Hospitals that Had a Denial Overturned by Reason, 3rd Quarter 2016

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

- 53% of hospitals with a RAC denial overturned had a denial reversed when additional information was provided by the hospital to substantiate the claim.
- 33% of hospitals with a RAC denial overturned had a denial reversed when additional information was provided by the hospital.
- 23% of hospitals with a RAC denial overturned had a denial reversed due to the RAC making an error in its determination process.
- 19% of hospitals with a RAC denial overturned had a denial reversed because the claim is currently under review by a different auditor.
- 7% of hospitals had other reasons for appeal overturn.

Source: AHA. (October 2016). RAC TRAC Survey

AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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
43% of all hospitals reported spending more than $10,000 managing the RAC process during the 3rd quarter of 2016, 24% spent more than $25,000 and 4% spent over $100,000.

Percent of Participating Hospitals* Reporting Average Cost Dealing with the RAC Program, 3rd Quarter 2016

* Includes participating hospitals with and without RAC activity

Source: AHA. (October 2016). RAC TRAC Survey
AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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 Medicare administrative contractors (MACs) and the demand letter process.

**Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 3rd Quarter 2016**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long lag (greater than 30 days) between date on review results letter and receipt of demand letter</td>
<td>39%</td>
</tr>
<tr>
<td>Demand letters lack a detailed explanation of the RAC’s rationale for denying the claim</td>
<td>37%</td>
</tr>
<tr>
<td>Not receiving a demand letter informing the hospital of a RAC denial</td>
<td>34%</td>
</tr>
<tr>
<td>Long lag (greater than 15 days) between date on demand letter and receipt of demand letter</td>
<td>28%</td>
</tr>
<tr>
<td>RAC not meeting 60-day deadline to make a determination on a claim</td>
<td>28%</td>
</tr>
<tr>
<td>Problems reconciling pending and actual recoupment due to insufficient or confusing information on the remittance advice</td>
<td>22%</td>
</tr>
<tr>
<td>Receiving a demand letter announcing a RAC denial and pending recoupment after the denial has been reported on the remittance</td>
<td>19%</td>
</tr>
</tbody>
</table>

* Includes participating hospitals with and without RAC activity

Source: AHA. (October 2016). RAC TRAC Survey

AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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 continue to report a wide variety of RAC process problems.

### Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 3rd Quarter 2016

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAC is mailing medical record requests to wrong hospital or wrong contact at your hospital</td>
<td>15%</td>
</tr>
<tr>
<td>Problems with remittance advice RAC code N432</td>
<td>13%</td>
</tr>
<tr>
<td>RAC is rescinding medical record requests after you have already submitted the records</td>
<td>7%</td>
</tr>
<tr>
<td>RAC auditing claims that are older than the 3 year look-back period</td>
<td>4%</td>
</tr>
<tr>
<td>RAC is auditing a particular MS-DRG or type of claim that is not approved by CMS</td>
<td>4%</td>
</tr>
<tr>
<td>Problems with postage reimbursement</td>
<td>1%</td>
</tr>
<tr>
<td>RAC is issuing more than one medical record request within a 45-day period</td>
<td>0%</td>
</tr>
<tr>
<td>Other issues/problems</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Includes participating hospitals with and without RAC activity

Source: AHA. (October 2016). RAC TRAC Survey

AHA analysis of survey data collected from 2,580 hospitals: 2,325 reporting activity, 255 reporting no activity through October 2016. 683 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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http://www.aha.org/ractrac