



RACTrac Quarterly Webinar

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October 5, 2011

Agenda

- RAC Update
 - Medicaid RACs begin in Jan 2012
 - CMS releases Medicare RAC report
 - New RAC Statement of Work
 - MACs sending demand letters
 - CMS rebilling policy
 - Pilot program for accepting electronic records
- AHA and CMS RAC Resources
 - CMS provider education
- RACTrac Results, July 2011
- RACTrac Data Collection Period, October 2011
- Questions and Answers





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RAC Update

RAC Update

- As of September 22, 1146 approved issues
 - 852 complex audits, including 528 DRG validations
 - 384 Medical Necessity Review issues approved
 - 15 semi-automated issues approved
- Final rule for Medicaid RAC program issued Sept. 14
- CMS releases 2010 RAC annual report
 - \$92.3 million in combined overpayments (82%) and underpayments (18%), \$41.4 million were inpatient claims.
 - Providers appealed 5% of claims collected in FY 2010, nearly one in two of those appeals resulted in decisions made in favor of the provider (2010 appeals still in the process are not factored in to these statistics).
 - RAC Accuracy Scores?
 - Update on RAC expansion to Parts C and D
 - Contains region and state specific overpayment amounts and top incorrect codes and errors.



RAC Update (cont.)

- New RAC Statement of Work (SOW)
 - More CMS oversight of RACs to increase program collections
 - Semi-automated review
 - Requires better organization of websites
 - Requires appropriate notification of reasons for denials
 - Guarantees a discussion period
- MACs sending Demand Letters— CMS MLN Matters Article
- CMS rebilling policy
- Pilot program for accepting electronic records
- RAC process problems

Final Medicaid RAC Rule--

http://www.ofr.gov/OFRUpload/OFRData/2011-23695_PI.pdf

- States must implement their RAC program by January 1, 2012
- States *may* request to be excepted
- States *may* exclude managed care payments from RAC review
- States must coordinate the recovery audit efforts of their Medicaid RACs with other auditing entities.
- States must set limits on the number and frequency of medical records to be reviewed by the Medicaid RACs
- Each RAC must hire at least one physician Medical Director.
- RACs must hire certified coders unless the state determines that certified coders are not required for the effective review of Medicaid claims.
- RACs must work with the state to develop an education and outreach program.



Final Medicaid RAC Rule--

http://www.ofr.gov/OFRUpload/OFRData/2011-23695_PI.pdf

- RACs must provide minimum customer service measures including:
 - Toll-free customer service telephone number
 - Compiling and maintaining provider approved addresses and points of contact.
 - Accepting submissions of electronic medical records on CD/DVD or via facsimile at the providers' request.
 - Notifying providers of overpayment findings within 60 calendar days.
- RACs must not review claims that are older than three years from the date of the claim.
- RACs should not audit claims that have already been audited or that are currently being audited by another entity.
- Medicaid RACs must return their contingency payment if a provider appeal reverses a Medicaid RAC overpayment determination.
- States must adequately incentivize the detection of underpayments.
- States must provide appeal rights under state law or administrative procedures.



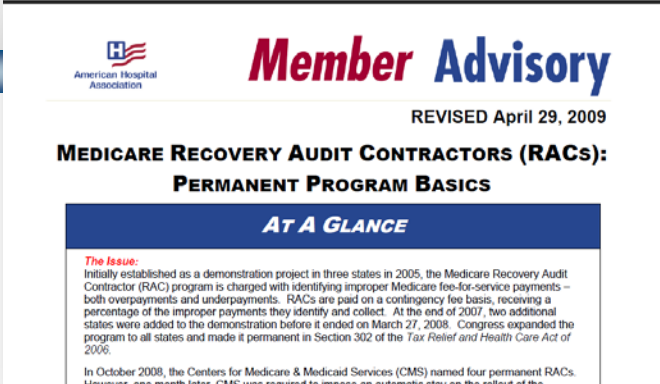


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RAC Resources

AHA RAC Resources

- AHA RAC Resources
 - www.aha.org/rac
 - CMS and RAC Contact Information
 - Education Series & Advisories
 - Medicare Appeals Process
 - Coding & Documentation Strategies
 - Preparing for RAC Audits
 - RACTrac Advisories & Webinar



Member Advisory
REVISED April 29, 2009
**MEDICARE RECOVERY AUDIT CONTRACTORS (RACs):
PERMANENT PROGRAM BASICS**

AT A GLANCE

The Issue:
Initially established as a demonstration project in three states in 2005, the Medicare Recovery Audit Contractor (RAC) program is charged with identifying improper Medicare fee-for-service payments – both overpayments and underpayments. RACs are paid on a contingency fee basis, receiving a percentage of the improper payments they identify and collect. At the end of 2007, two additional states were added to the demonstration before it ended on March 27, 2008. Congress expanded the program to all states and made it permanent in Section 302 of the *Tax Relief and Health Care Act of 2006*.

In October 2008, the Centers for Medicare & Medicaid Services (CMS) named four permanent RACs. However, one month later, CMS was required to impose an automatic stay on the rollout of the



**AHA RAC
EDUCATION
SERIES**

American Hospital Association



Member Advisory
April 24, 2009
**RACTrac:
MONITORING MEDICARE RECOVERY AUDIT
CONTRACTOR ACTIVITY**

The Issue:
The Centers for Medicare & Medicaid Services (CMS) recently named four permanent Medicare Recovery Audit Contractors (RACs) as part of the nationwide program rollout, and has begun conducting education sessions across the country. RACs are authorized by Congress to identify improper Medicare payments – both overpayments and underpayments – and receive a contingency fee based on a percentage of the improper payments they identify and collect.

RACTrac Webinars

Note: To facilitate downloads of these files, right-click on the blue links below, select the "save" (Save Target As) option on your browser, and save the file to your computer.

[View the Quarterly RACTrac Webinar](#)
Held on July 14, 2010

[Video Recording \(WMV\)](#)
[RACTrac Presentation Slides \(PDF\)](#)

[View the RACTrac Launch Webinar](#)
Held on April 6, 2010

[Video Recording \(WMV\)](#) - 1 hour, 18 minutes
[RACTrac Presentation Slides \(PDF\)](#)
[RACTrac Presentation Slides \(PPTX\)](#)

JOIN AHA'S RAC NEWS GROUP

www.aha.org/rac

RELATED RAC RESOURCES

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



HAHA Special Bulletin™

Wednesday, September 14, 2011

CMS Releases Final Rule on Medicaid RACs

CMS adds provider protections



AHA Solutions
An American Hospital Association Company™

Signature Learning Series™

Free Webinar for AHA Members:

Navigating the RAC Appeals Process

View the Recording:

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

WHAT YOU WILL LEARN:

- AHA RAC Activity & Resources
- How do you navigate the RAC Appeals process
- RAC Appeals: experiences to date
- Helpful tips and pointers

CMS RAC Program Information

– CMS RAC Program Info and Updates:

<https://www.cms.gov/recovery-audit-program/>

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

Recovery Audit Program

- » Overview
- » **Recovery Audit Program Providers**
- » Recovery Audit Demonstration
- » Recent Updates

Recovery Audit Program Providers

CMS will use this section to include updated information specific to providers.

08/15/11: **CMS Updates Additional Documentation Limits for Providers.** Click the link below to review the additional documentation limits for all providers, excluding for physicians and suppliers. The new limit increases the number of requests for providers whose calculated limit is below 35.

Downloads

- [08/15/11 Additional Documentation Limit Update for Providers \[PDF, 51 KB\]](#)
- [Additional Links for Providers \[PDF, 11 KB\]](#)
- [Provider Options Chart \[PDF, 16.20 KB\]](#)
- [FY 2011 Supplier ADR Limits \[PDF, 44.2 KB\]](#)
- [Physician ADR Limits \[PDF, 80 KB\]](#)

Related Links Inside CMS

There are no Related Links Inside CMS

Related Links Outside CMS

CMS Provider Education Resources

– CMS provider education:

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

U.S. Department of Health & Human Services www.hhs.gov

CMS Centers for Medicare & Medicaid Services

Home | Medicare | Medicaid | CHIP | About CMS | Regulations & Guidance | Research, Statistics, Data & Systems | Outreach & Education | Tools

People with Medicare & Medicaid | Questions | Careers | Newsroom | Contact CMS | Acronyms | Help | Email | Print

[CMS Home](#) > [Outreach and Education](#) > [MLN Products](#) > Provider Compliance


MLN Products	Provider Compliance
<ul style="list-style-type: none">» Overview» MLN Products Catalog» Web-Based Training (WBT)» Preventive Services» Provider Compliance» Ophthalmology Resource Information» Advanced Practice Nurses and Physician Assistants (APN/PA)» FFS Provider Web Pages» MLN Opinion Page» MLN Publications» MLN Multimedia	<div style="border: 2px solid blue; padding: 10px;"><p style="text-align: center;">FAST FACT</p><p>Issue: Outpatient Rehabilitation Services – Medical Record Documentation and Claims Submission CERT Errors</p><p>Solution: The medical record should clearly document:</p><ul style="list-style-type: none">• Complete plan of care;• Date the plan of care is modified, including how it was modified and why the previous goals were not met or could not be met;• Confirmation that the plan of care is certified (recertified when appropriate) with physician/ NPP signature and date; and• Treatment time for timed codes and total treatment time (including timed and untimed codes).</div> <p style="text-align: center;"> Official CMS Information for Medicare Fee-For-Service Providers</p> <p>The Medicare Learning Network® (MLN) Products Provider Compliance page contains educational products that inform Medicare Fee-For-Service (FFS) providers about how to avoid common billing errors and other improper activities when dealing with the Medicare Program. Since 1996, the Centers for Medicare &</p>





CMS Provider Education Resources


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

Downloads

[How To Sign Up For MLN Matters® \[PDF, 118KB\]](#) 

[Provider Compliance MLN Matters Articles \[PDF, 75KB\]](#) 

[Provider Compliance National Educational Products \[PDF, 76KB\]](#) 

[Medicare Quarterly Provider Compliance Newsletter Archive \[PDF, 135 KB\]](#) 

Related Links Inside CMS

[Comprehensive Error Rate Testing \(CERT\) Page](#)

[Annual Cert Reports](#)

[MLN General Information](#)

[MLN Product Ordering Page](#)


[MLN Educational Web Guides](#)

[MLN Matters Articles](#)

[MLN Provider Exhibit Program](#)

[Web-Based Training \(WBT\) Courses](#)

[CMS Mailing Lists](#)

Related Links Outside CMS 

There are no Related Links Outside CMS



RACTrac Results, July 2011



American Hospital Association

THANKS

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

2024 Responding Hospitals
1649 with RAC Activity, 375 without

RACTrac Background Information

- AHA created *RACTrac*—a free, web-based survey—in response to a lack of data and information provided by the Centers for Medicare & Medicaid Services (CMS) on the impact of the Recovery Audit Contractor (RAC) program on America's hospitals
 - Data are collected on a quarterly basis, capturing cumulative RAC activity in participating hospitals
 - Survey questions are designed to assess RAC activity in hospitals and the administrative burden associated the RAC program
 - Respondents use AHA's online survey application, *RACTrac* (accessed at www.aharactrac.com), to submit their data regarding the impact of the RAC program
- Since *RACTrac* began collecting data in January, 2010, more than 2,000 hospitals have participated
- *RACTrac* survey enhancements are made on a regular basis



Executive Summary

- 2024 hospitals have participated in *RAC*Trac since data collection began in January of 2010.
- Over two-thirds of medical records reviewed by RACs **did not** contain an improper payment.
- \$226 million in denied claims have been reported since the first quarter of 2010.
- The majority of medical necessity denials reported were for 1-day stays where the care was found to have been provided in the wrong setting, not because the care was not medically necessary.
- Hospitals reported appealing nearly one in four RAC denials, with a 85% success rate in the appeals process.



Executive Summary (cont.)

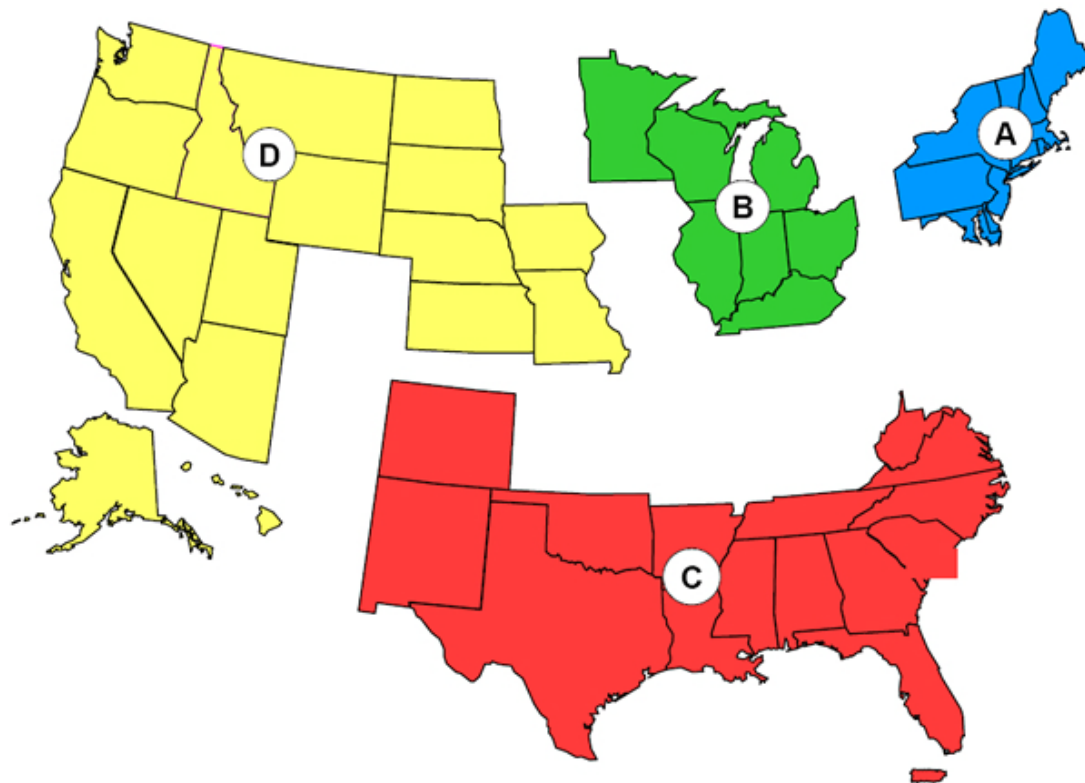
- 55% of respondents indicated they have yet to receive any education related to avoiding payment errors from CMS or its contractors.
- 48% of hospital respondents reported problems with reconciling pending and actual recoupments due to insufficient or confusing information on the remittance advice.
- Hospitals continue to report that they are receiving demand letters late and that RACs are rescinding medical record requests after the hospital has already submitted the records.
- The majority of hospital respondents indicated RAC responsiveness and overall communication was “fair” or “good.”



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 2nd Quarter, 2011

	Percent of Hospitals Nationwide	Percent of Participating Hospitals by Region
Region A	15%	15%
Region B	19%	25%
Region C	40%	35%
Region D	26%	25%



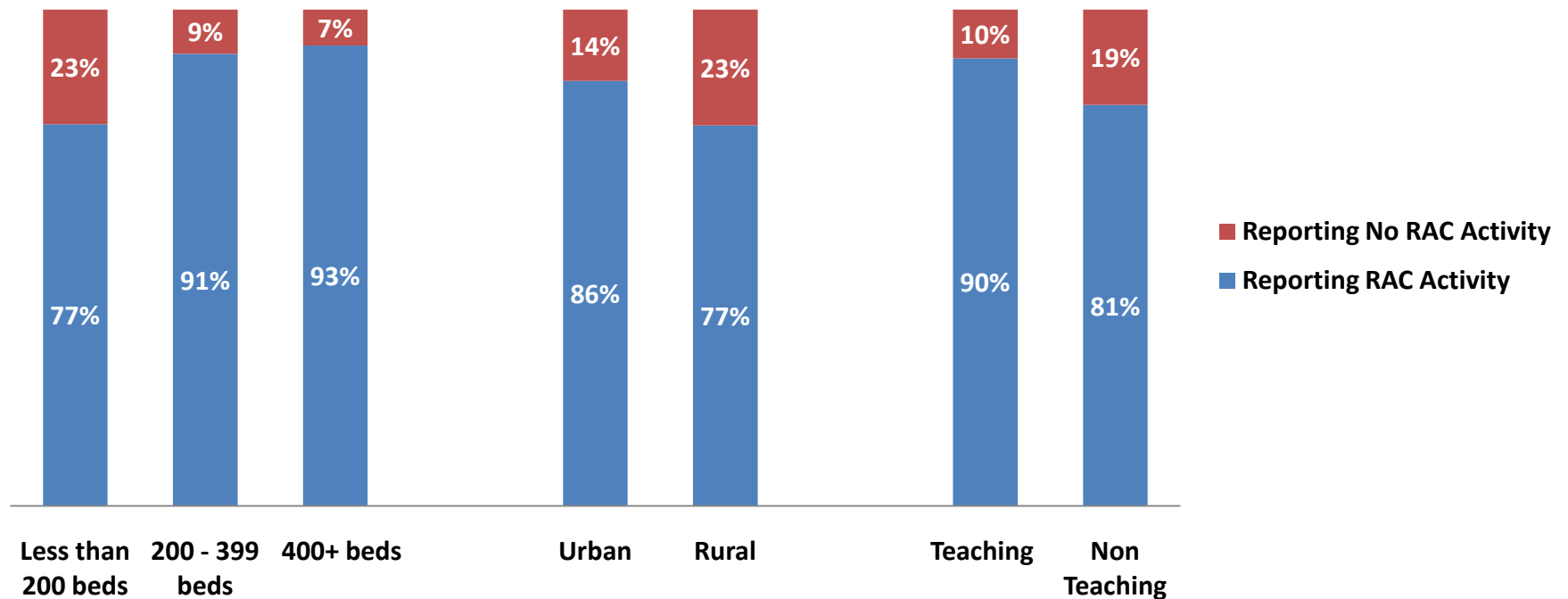
Source: Centers for Medicare and Medicaid Services



RAC Activity

Different types and sizes of hospitals reported that they were subject to RAC review.

Percent Reporting RAC Activity vs. No RAC Activity by Type of Participating Hospital, through 2nd Quarter 2011

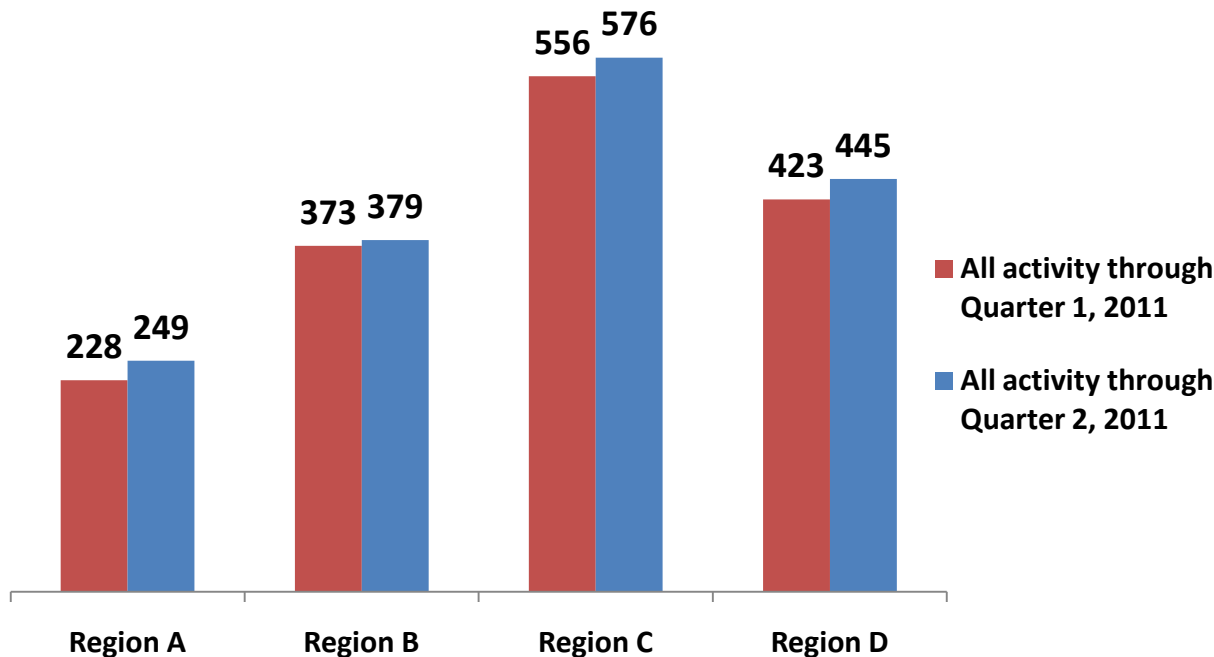


Source: AHA. (July 2011). RACTrac Survey

AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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 Region C has the highest number of hospitals reporting RAC activity.

Number of Participating Hospitals Reporting RAC Activity by Region, through 2nd Quarter 2011



States By RAC Region

Region A: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont

Region B: Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio, and Wisconsin

Region C: Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, Puerto Rico, and U.S. Virgin Islands

Region D: Alaska, Arizona, California, Hawaii, Idaho, Iowa, Kansas, Missouri, Montana, North Dakota, Nebraska, Nevada, Oregon, South Dakota, Utah, Washington, Wyoming, Guam, American Samoa, and Northern Marianas



Source: AHA. (July 2011). RACTrac Survey

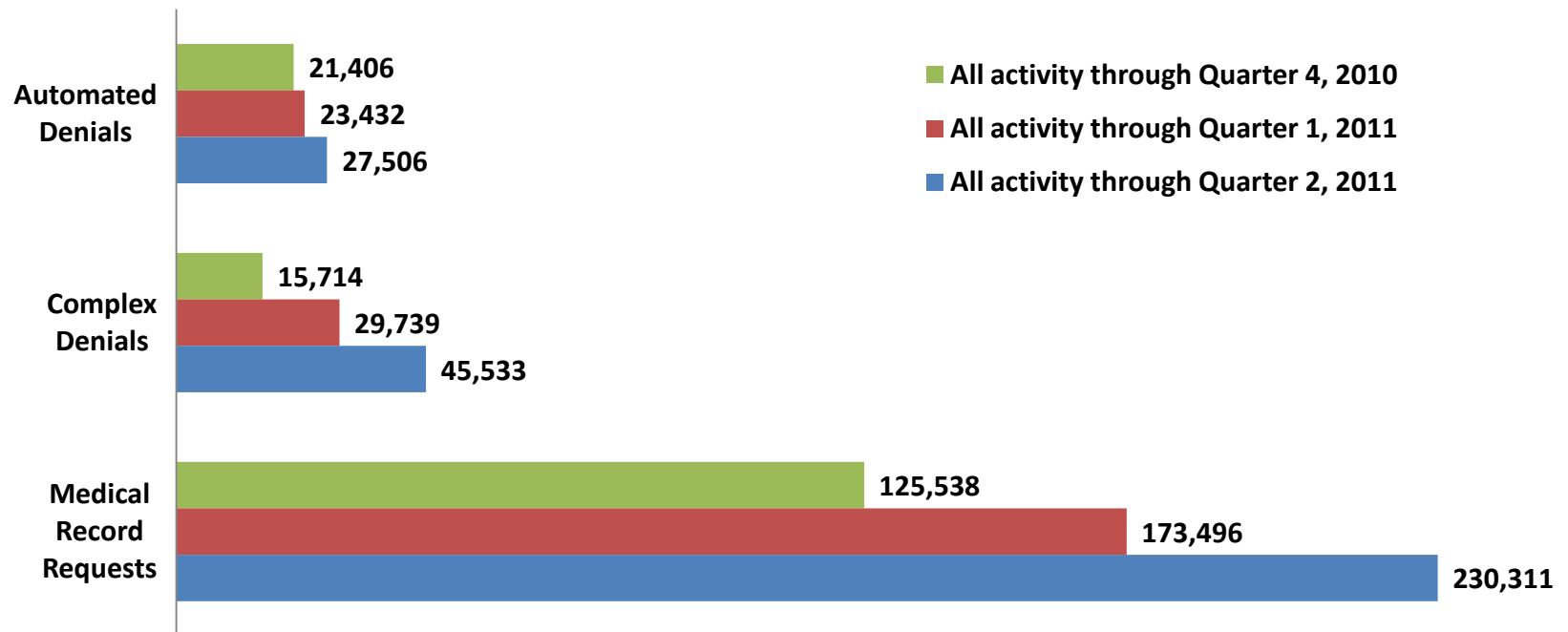
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RAC Reviews

Participants continue to report significant increases in RAC denials and medical record requests.

Reported Automated Denials, Complex Denials and Medical Records Requests by Participating Hospitals, through 2nd Quarter 2011

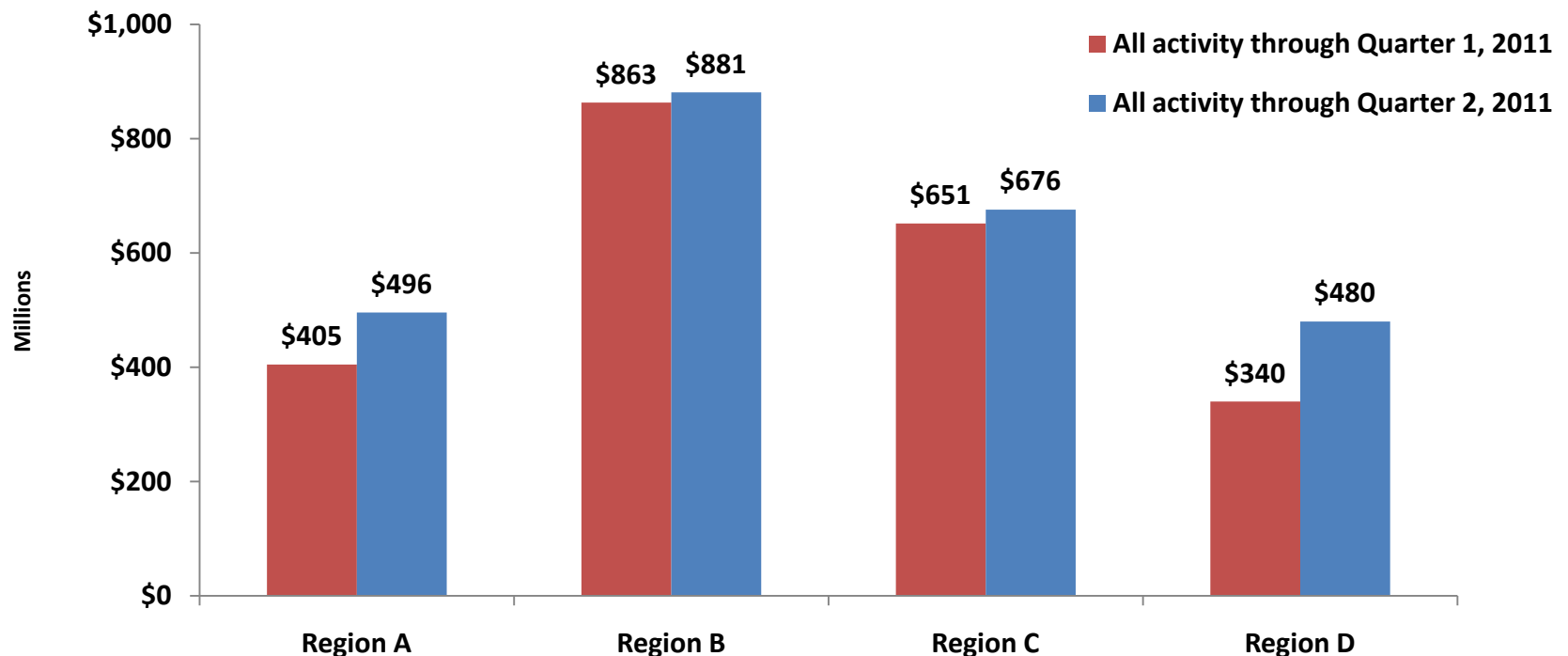


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Among participating hospitals, \$2.5 billion in Medicare payments were targeted for medical record requests through the 2nd quarter of 2011.

Medicare Payments Associated with Medical Records Requested from Participating Hospitals, through 2nd Quarter 2011, in Millions

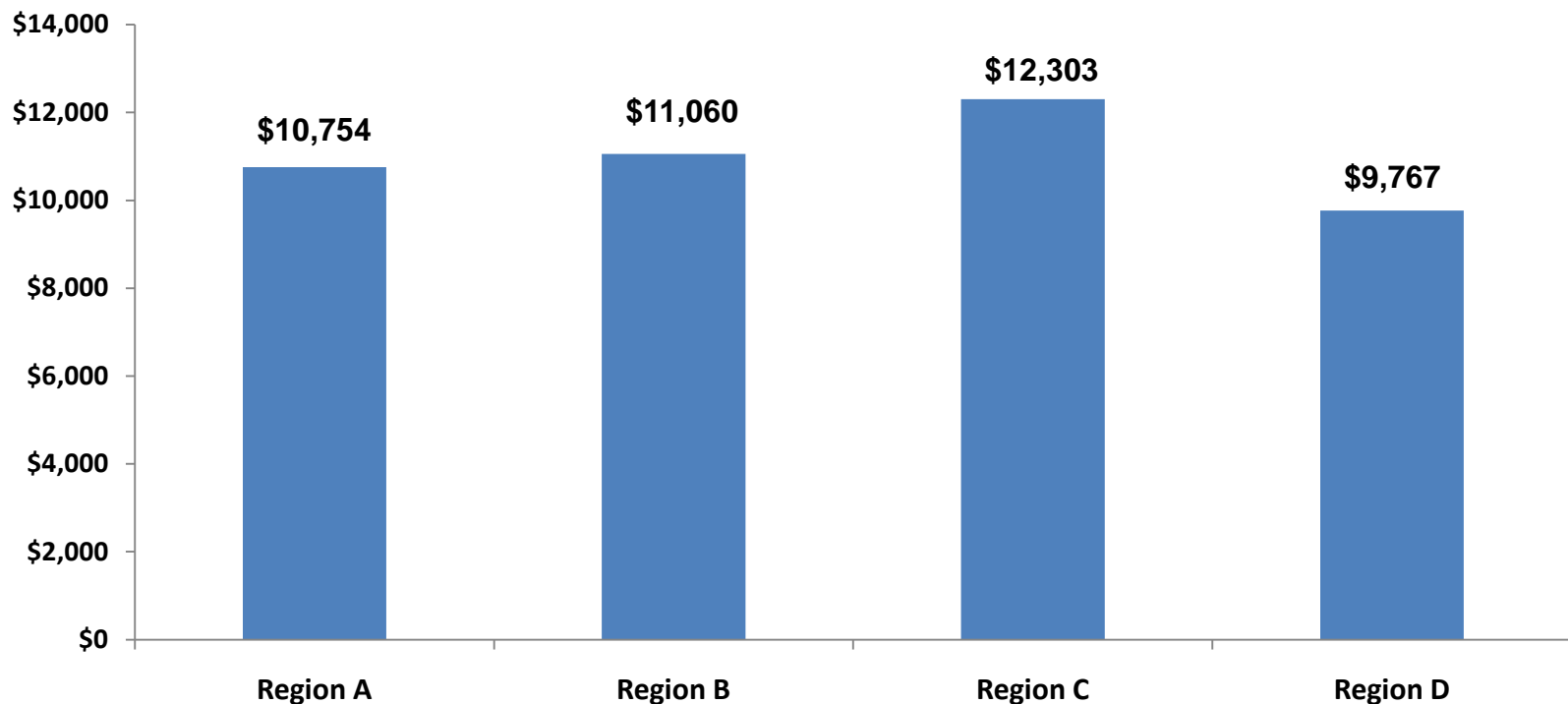


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The average value of a medical record requested in a complex review varied slightly across RAC Regions.

Average Value of a Medical Record Requested in a Complex Review Among Hospitals Reporting RAC Activity, through 2nd Quarter 2011

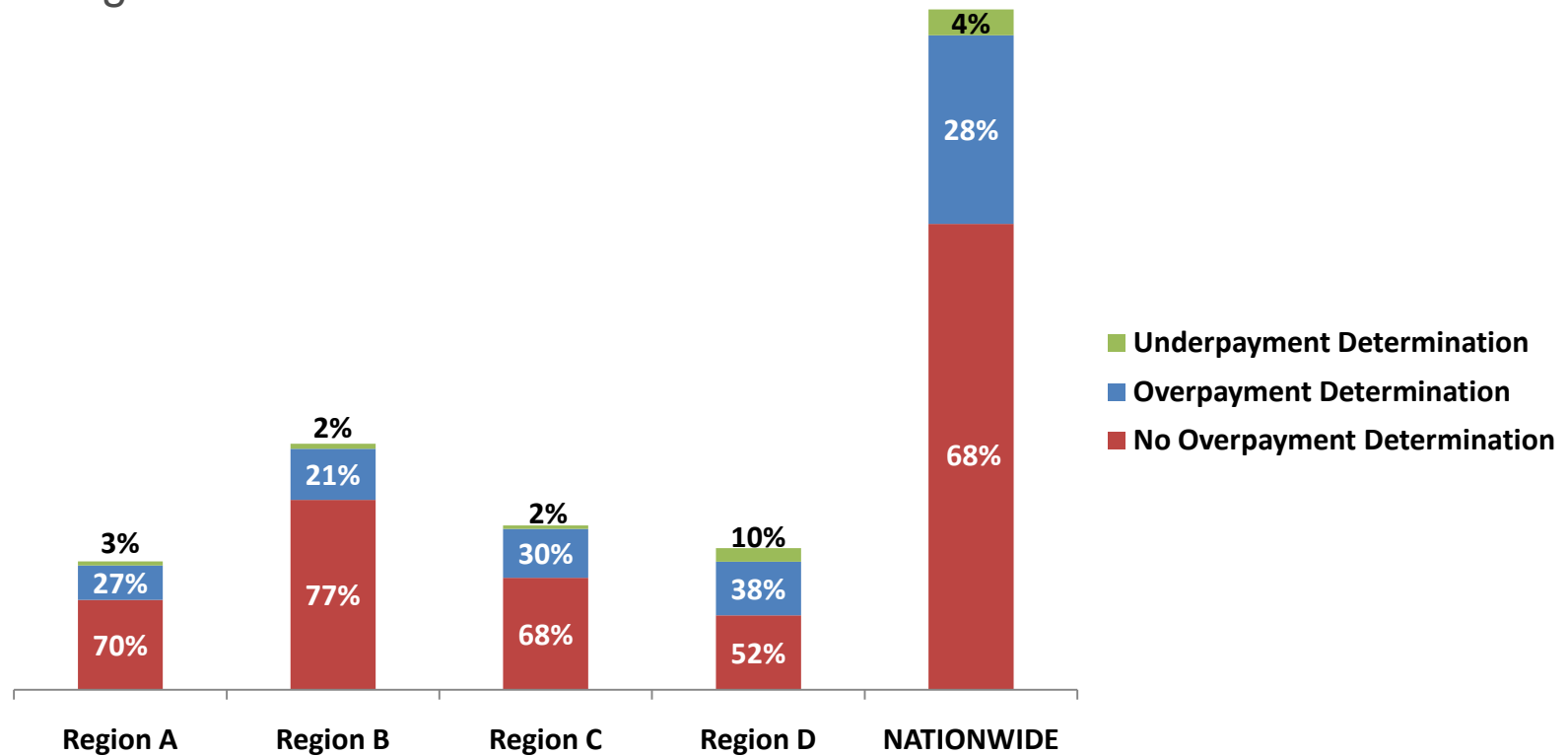


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Over two-thirds of medical records reviewed by RACs did not contain an improper payment.

Total Number and Percent of Completed Complex Reviews with and without Overpayment or Underpayment Determinations for Participating Hospitals, by Region, through 2nd Quarter 2011



Source: AHA. (July 2011). RACTrac Survey

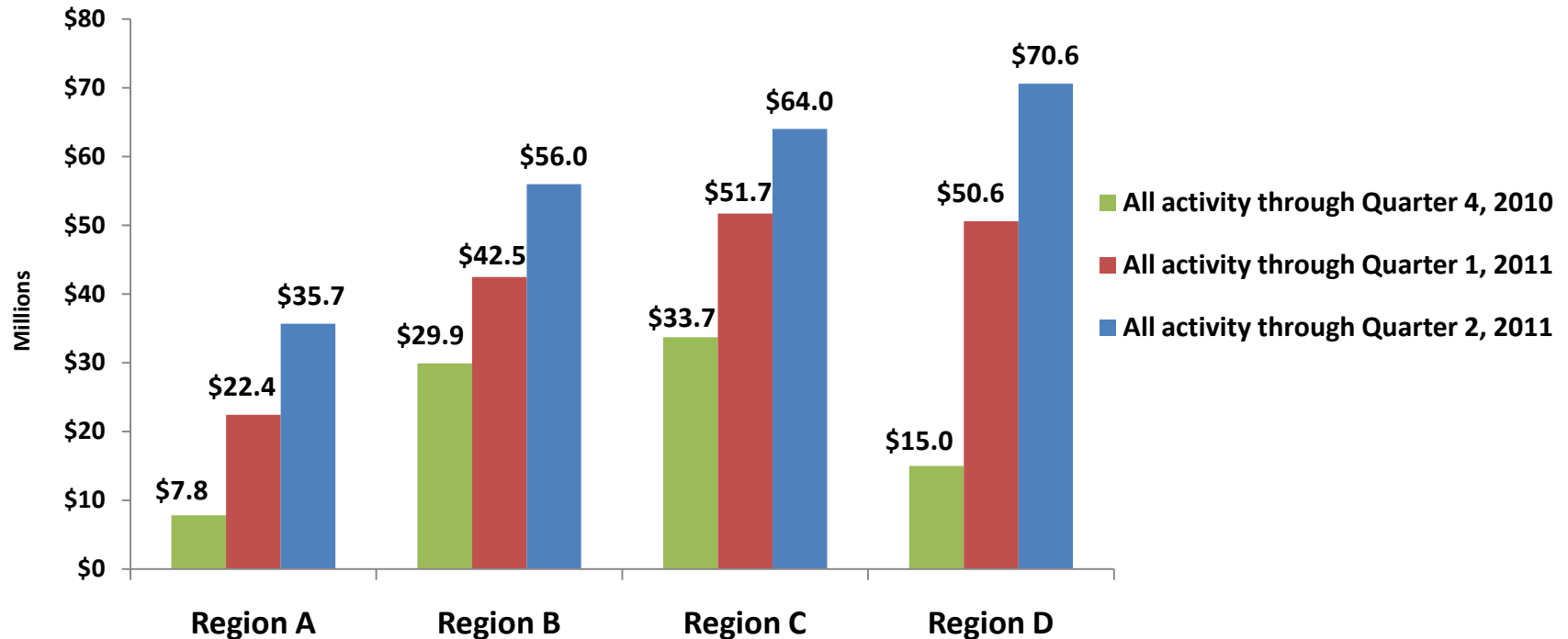
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RAC Denials

\$226 million in denials have been reported, a significant increase from the \$167 million in denials reported last quarter.

Dollar Value of Automated and Complex Denials by RAC Region for Participating Hospitals, through 2nd Quarter 2011, Millions

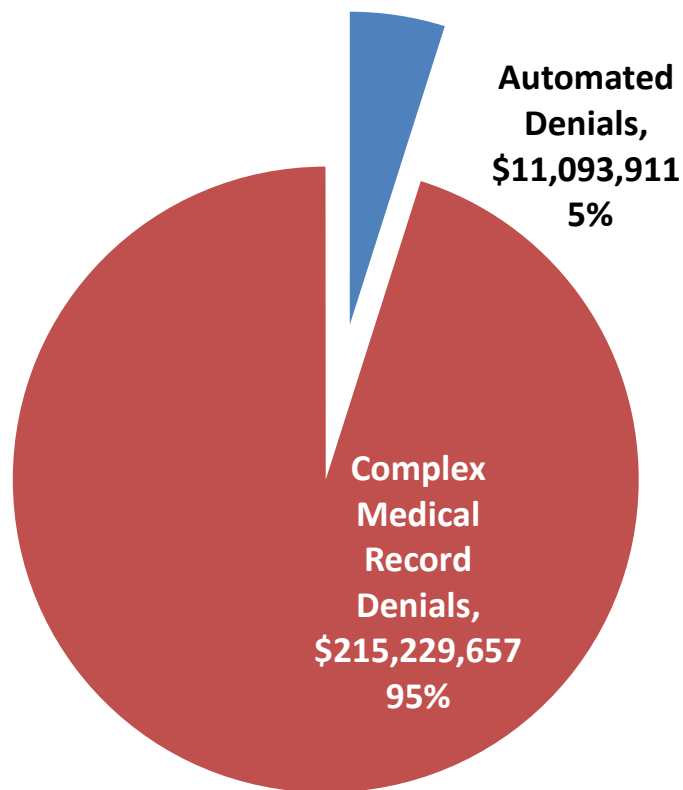


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95% of denied dollars were complex denials totaling over \$215 million dollars.

Percent and Dollar Amounts of Automated Denials Versus Complex Denials for Participating Hospitals, through 2nd Quarter 2011

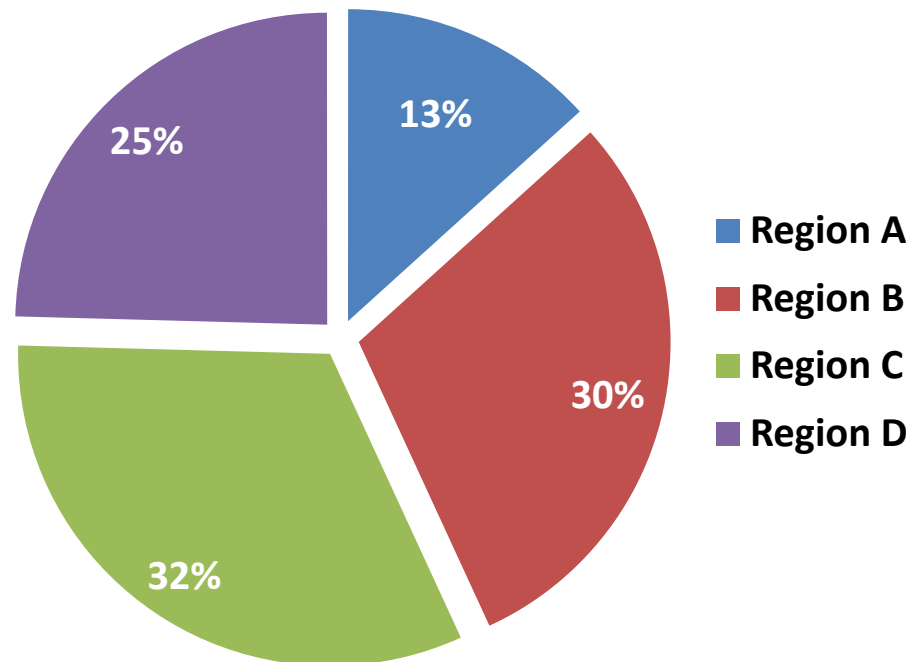


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RAC denials are spread among all four RAC regions.

Percent of Automated and Complex Denials by RAC Region for Participating Hospitals, through 2nd Quarter 2011



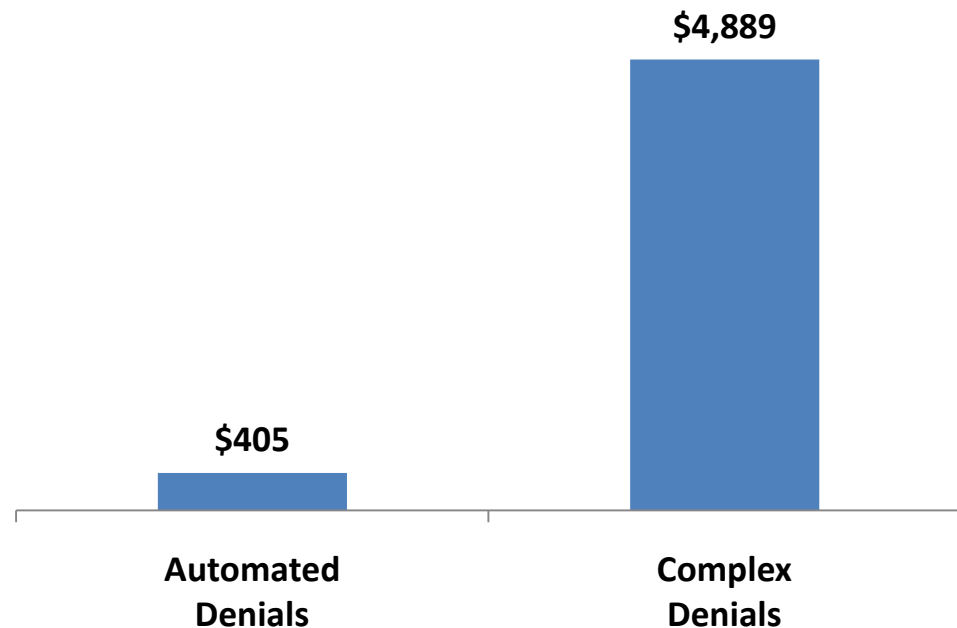
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The average dollar value of an automated denial was \$405 and the average dollar value of a complex denial was \$4,889.

Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 2nd Quarter 2011

Average Dollar Amount of Automated and Complex Denials Among Reporting Hospitals, by Region		
RAC Region	Automated Denial	Complex Denial
Region A	\$404	\$4,309
Region B	\$349	\$4,402
Region C	\$347	\$5,367
Region D	\$649	\$5,299



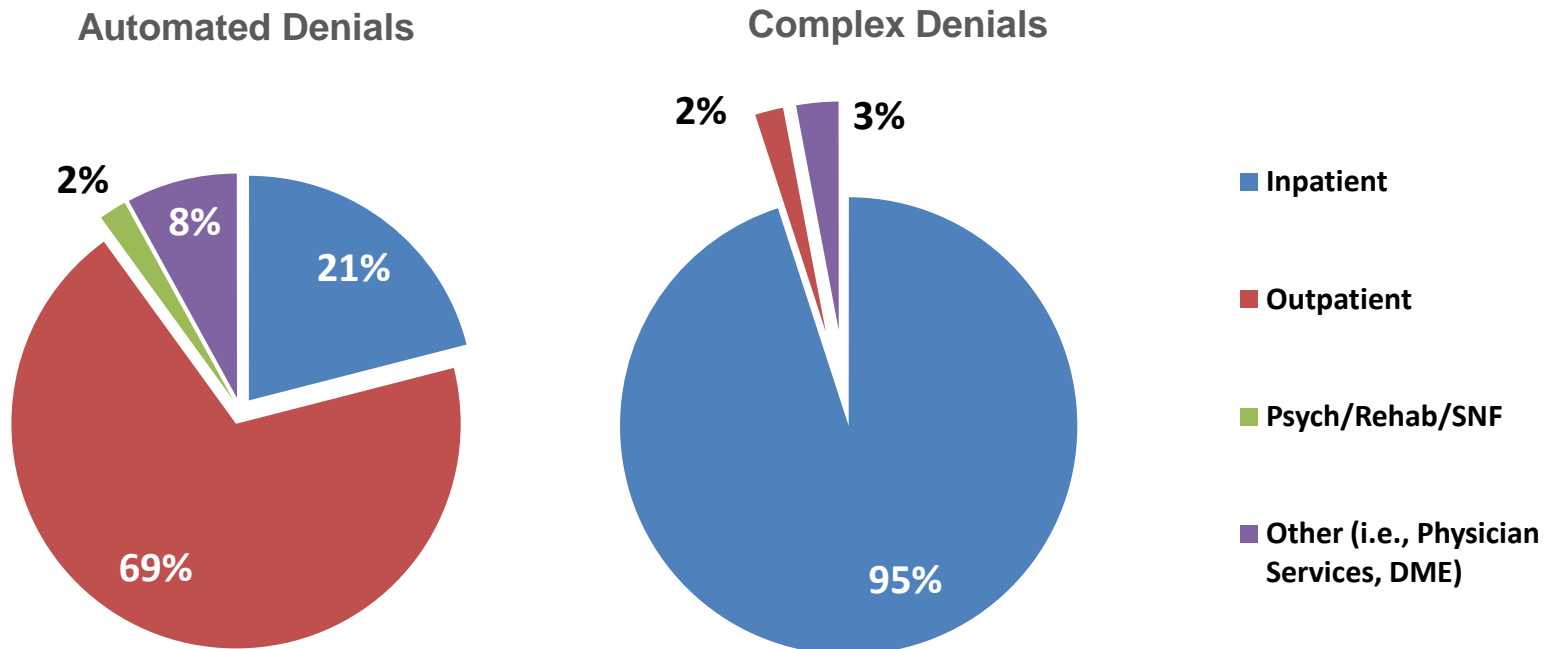
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Outpatient services had the largest financial impact through automated activity while inpatient services had the largest financial impact through complex denials.

Percent of Participating Hospitals by Top Service Area for Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 2nd Quarter 2011

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

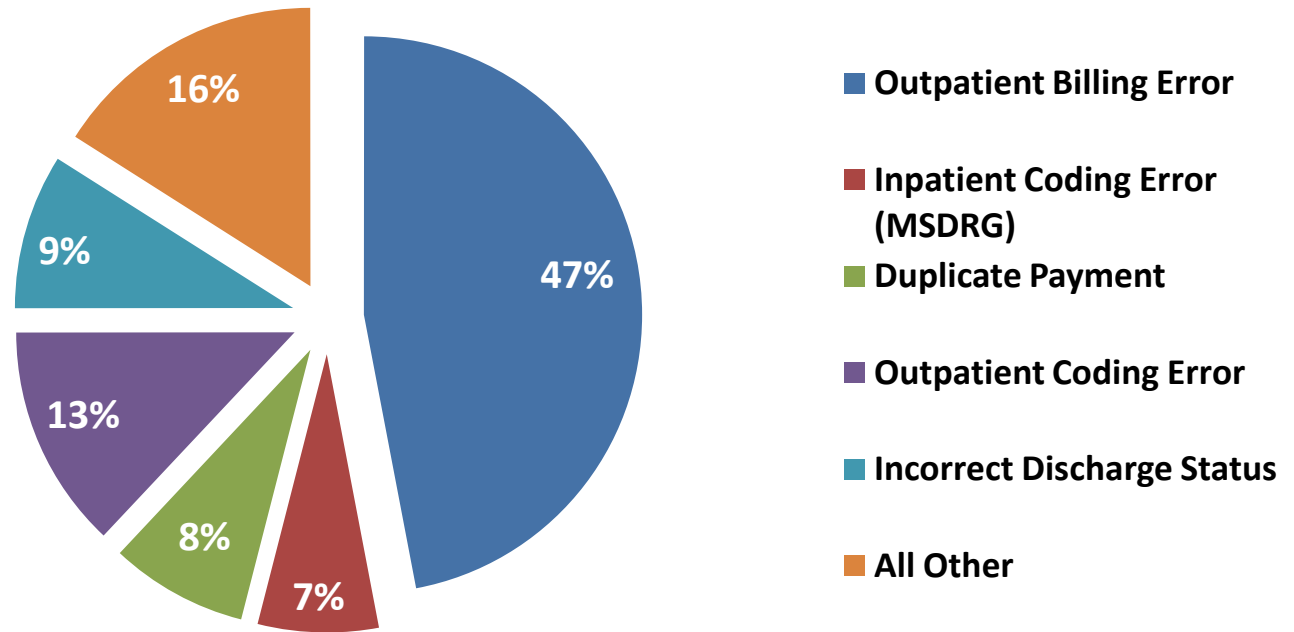


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Among automated denials, outpatient billing errors had the largest financial impact on reporting hospitals.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 2nd Quarter 2011

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



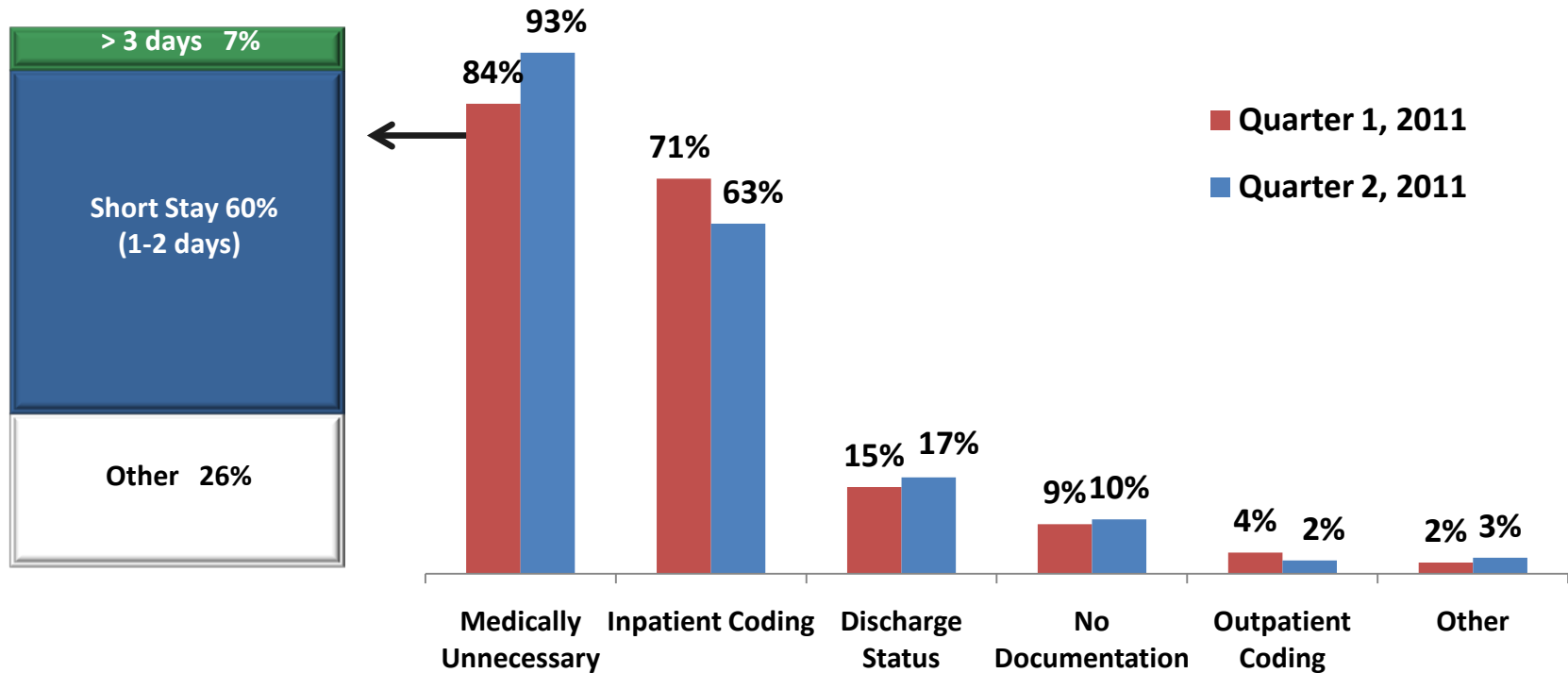
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93% of medical/surgical acute care hospitals with RAC activity reported medically unnecessary as a reason for complex denials.

Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Complex Denials by Reason, 1st and 2nd Quarter 2011

Survey participants were asked to select all reasons for denial.



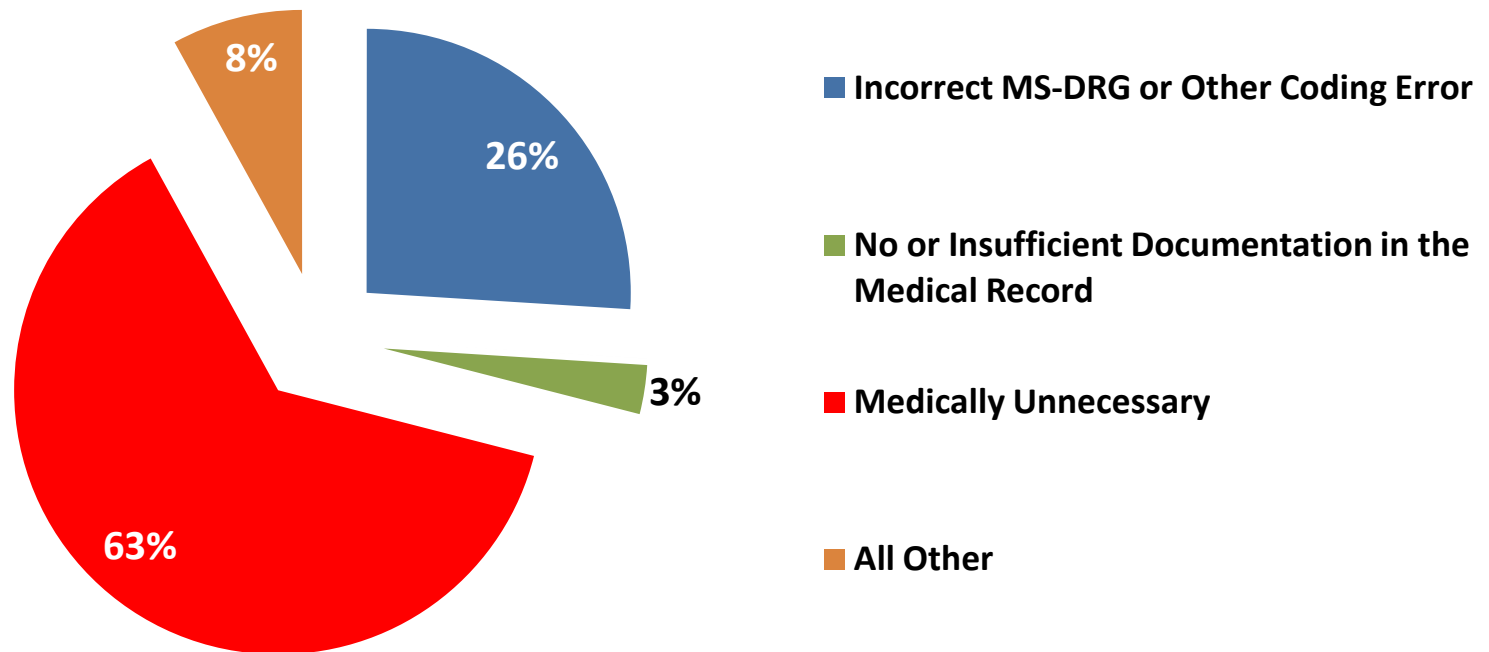
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Medical necessity denials continue to be the denials with the largest financial impact.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 2nd Quarter 2011

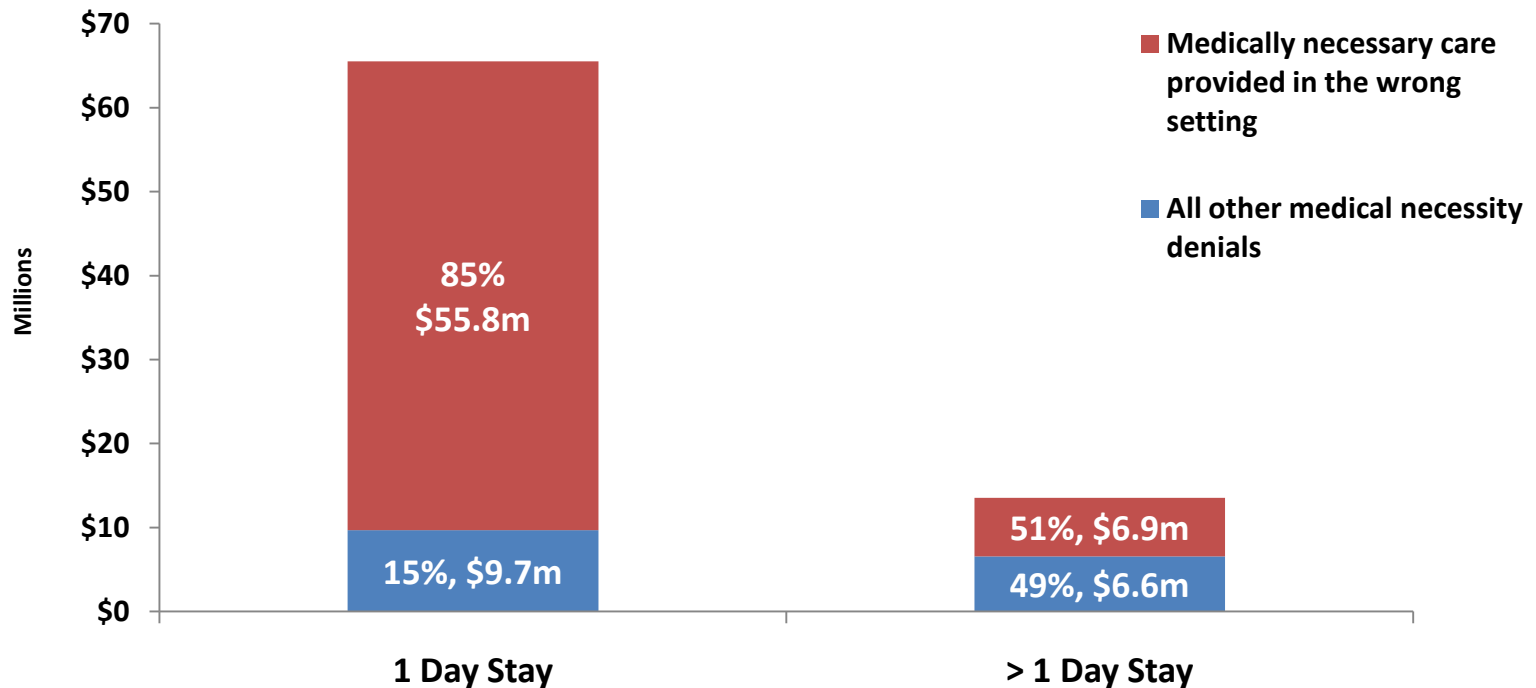
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The majority of medical necessity denials were for 1-day stays and were because the care was provided in the wrong setting, not because the care was not medically necessary.

Reason for Medical Necessity Denials by Length of Stay Among Hospitals Reporting Medical Necessity Denials, 2nd Quarter 2011



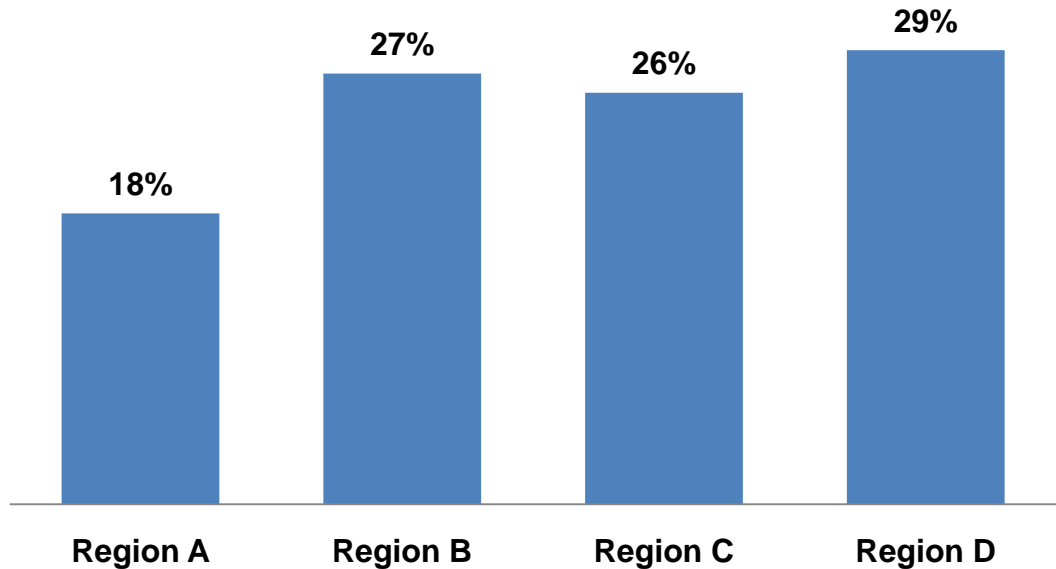
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All regions are now reporting a significant number of complex denials; Region D hospitals reported the most with 29% of all complex denials.

Percent and Number of Reported RAC Complex Denials for Participating Hospitals, by Region, through 2nd Quarter 2011

	Total Number of Claims with Overpayment Determination
Region A	8,345
Region B	12,360
Region C	11,803
Region D	13,025



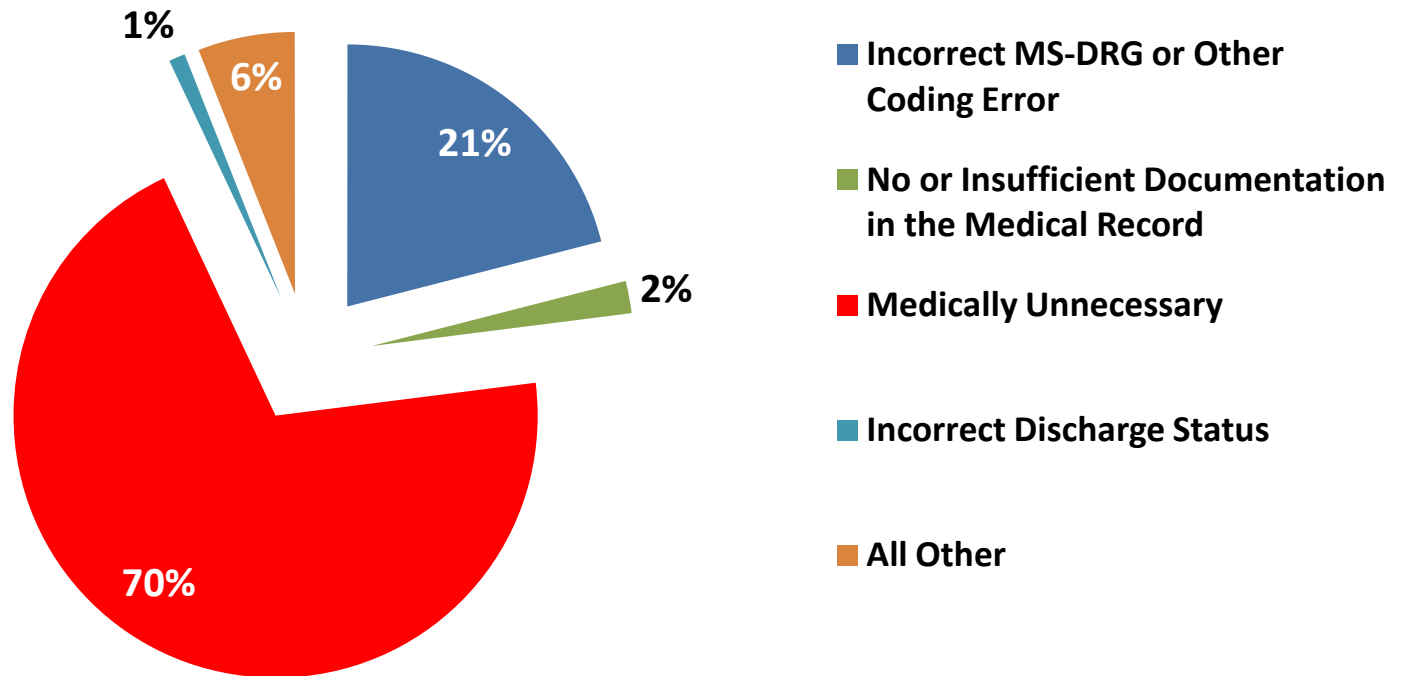
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Region A: Medically unnecessary was identified by 70% of hospitals as the top reason for complex denials.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 2nd Quarter 2011, Region A

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

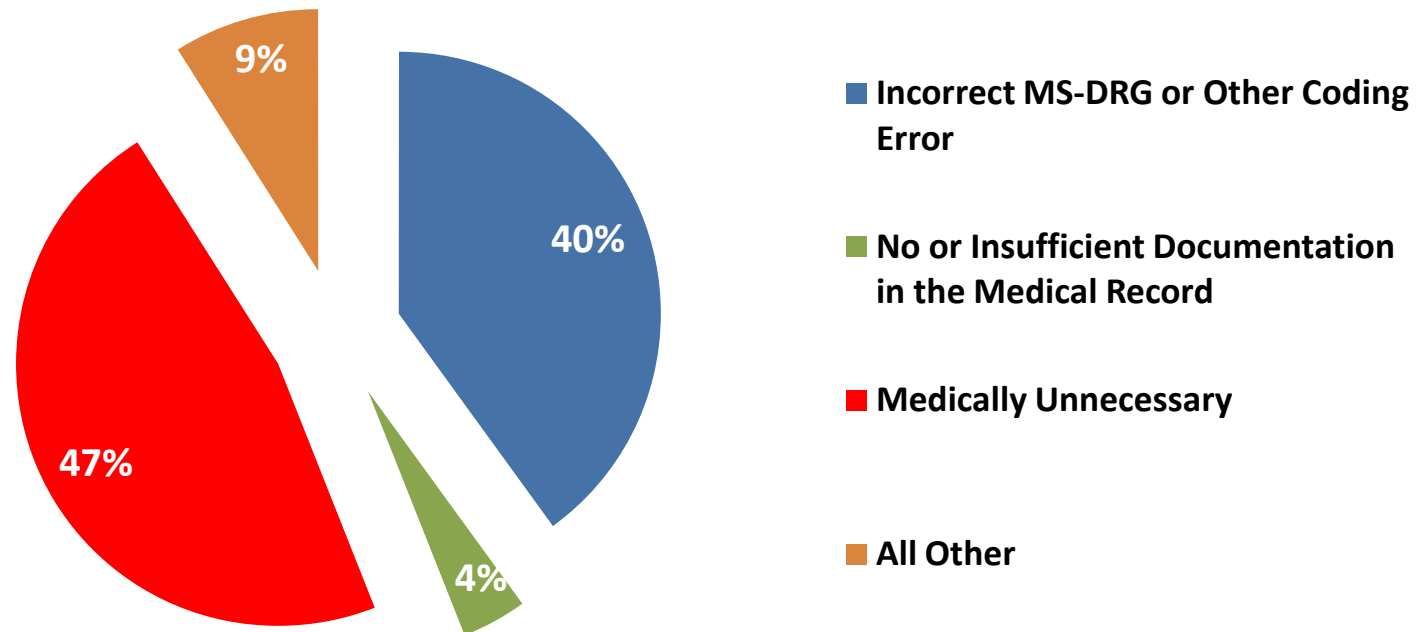


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Region B: Medically unnecessary has now surpassed incorrect MS-DRG as the top reason for complex denials.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 2nd Quarter 2011, Region B

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

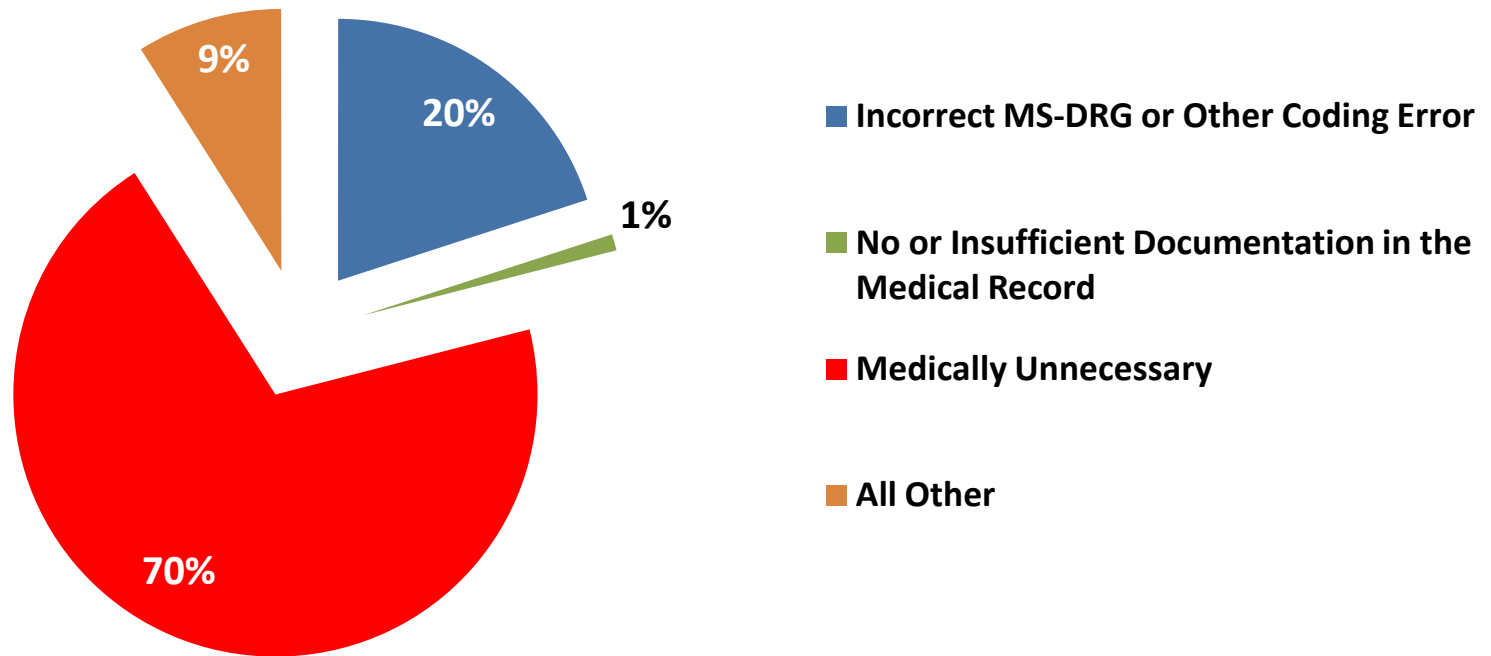


Source: AHA. (July 2011). RACTrac Survey
AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

Region C: Medically unnecessary was identified by 70% of hospitals as the top reason for complex denials.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 2nd Quarter 2011, Region C

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

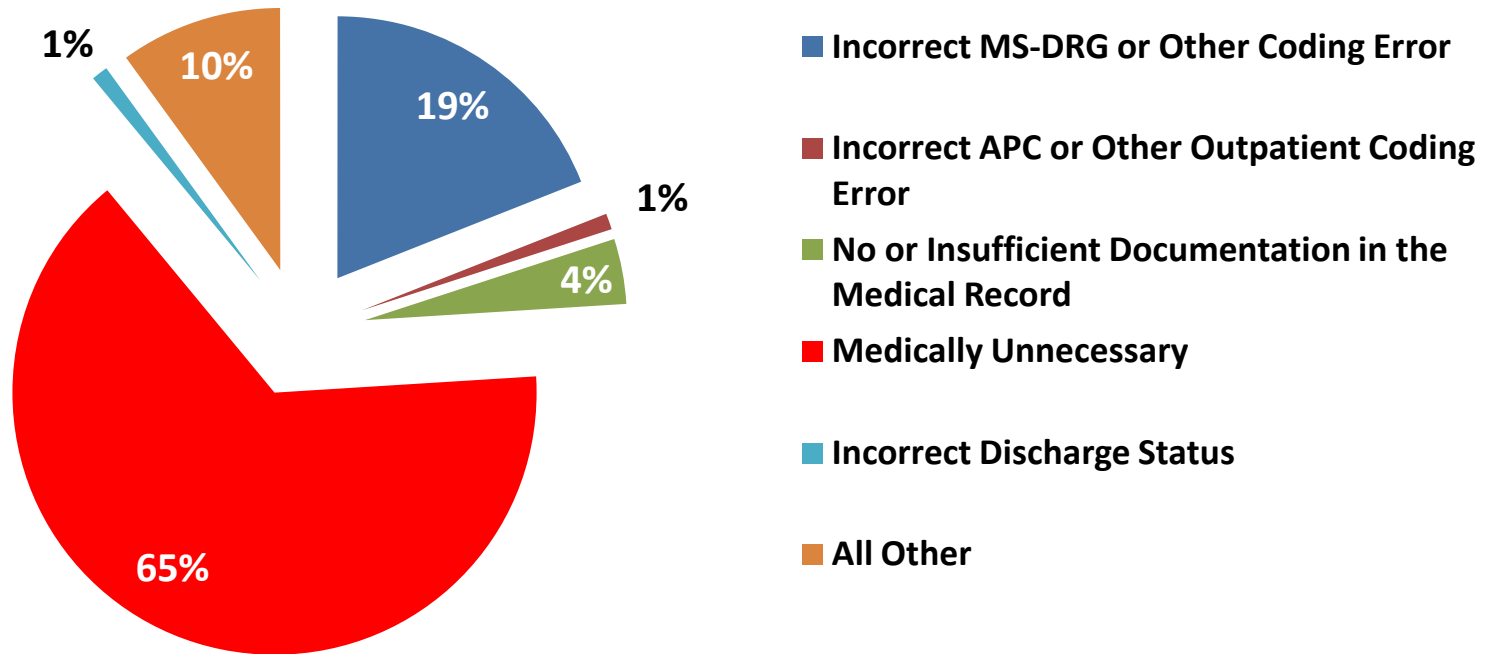


Source: AHA. (July 2011). RACTrac Survey
AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

Region D: Medically unnecessary was identified by 65% of hospitals as the top reason for complex denials.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 2nd Quarter 2011, Region D

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



Source: AHA. (July 2011). RACTrac Survey
AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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.

Syncope & Collapse was a common MS-DRG denied by RACs. Other top denied MS-DRG codes varied significantly among reporting hospitals.

Percent of Overpayment Determinations by Top Five MS-DRG for Medically Unnecessary and all other Complex Denials for Medical/Surgical Acute Participating Hospitals, 2nd Quarter 2011

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

Medical Necessity Denials

MS-DRG	Description	% of Total Denials
312	SYNCOPE & COLLAPSE	17%
313	CHEST PAIN	8%
69	TRANSIENT ISCHEMIA	6%
249	PERC CARDIOVASC PROC W NON-DRUG-ELUTING STENT W/O MCC	5%
192	CHRONIC OBSTRUCTIVE PULMONARY DISEASE W/O CC/MCC	4%

All Other Complex Denials

MS-DRG	Description	% of Total Denials
189	PULMONARY EDEMA & RESPIRATORY FAILURE	4%
682	RENAL FAILURE W MCC	4%
177	RESPIRATORY INFECTIONS & INFLAMMATIONS W MCC	4%
312	SYNCOPE & COLLAPSE	4%
982	EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS W CC	4%



Source: AHA. (July 2011). RACTrac Survey
 AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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.



Underpayments

Hospitals reported RAC identified underpayments totaling \$26.4 million dollars and nearly \$13 million of the underpayments were reported in Region D.

Total Dollar Value of Underpayment Determinations for Participating Hospitals, By Region, through 2nd Quarter 2011, Millions

	Number of RAC Underpayment Determinations
NATIONWIDE	6,240
Region A	961
Region B	1,213
Region C	806
Region D	3,260



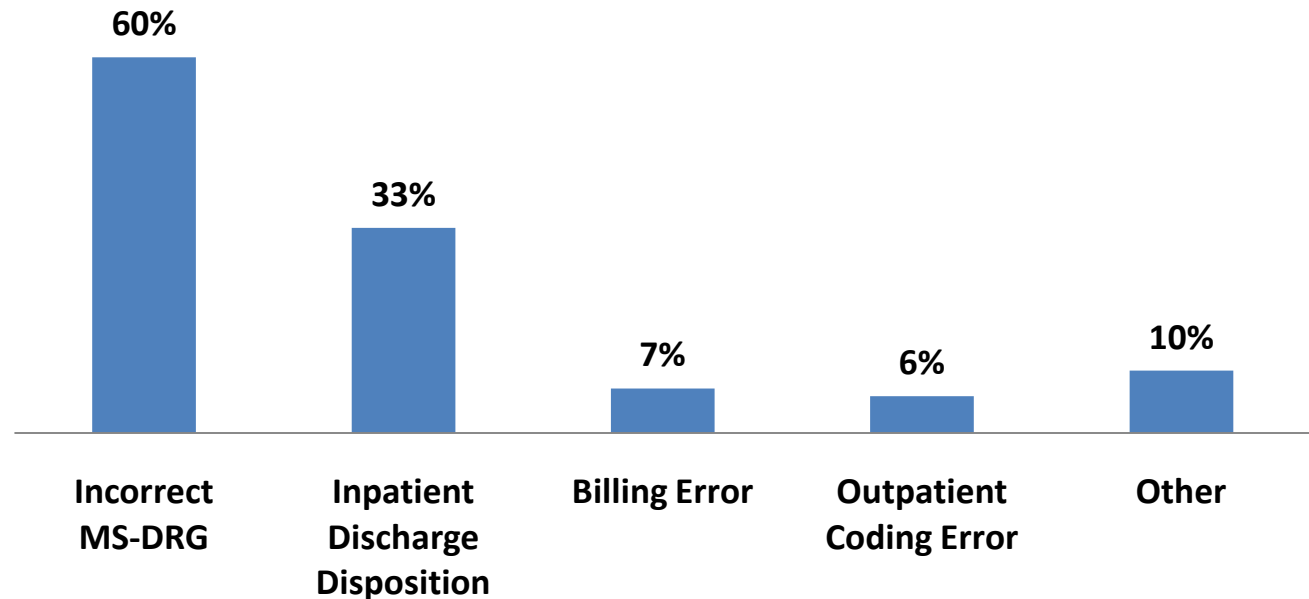
Source: AHA. (July 2011). RACTrac Survey

AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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 hospitals with underpayment determinations cited incorrect MS-DRG as a reason for the underpayment and 33% cited discharge disposition.

Percent of Participating Hospitals with RAC Activity Experiencing Underpayments by Reason, 2nd Quarter 2011

Survey participants were asked to select all reasons for underpayment.



Source: AHA. (July 2011). RACTrac Survey
AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



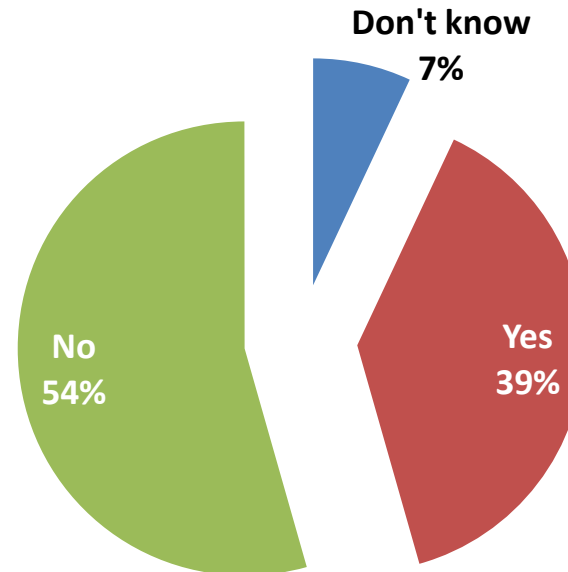
Appeals

More than one-third of participating hospitals report having a denial reversed during the discussion period.

Percent of Participating Hospitals With Denials Reversed During the Discussion Period, National and By Region, 2nd Quarter 2011

Overtured Denials by RAC Region

	Yes	No	Don't Know
Region A	35%	58%	7%
Region B	39%	54%	7%
Region C	42%	51%	7%
Region D	36%	56%	8%



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. The discussion period happens before the appeals process and is not a formal part of the Medicare appeals process.



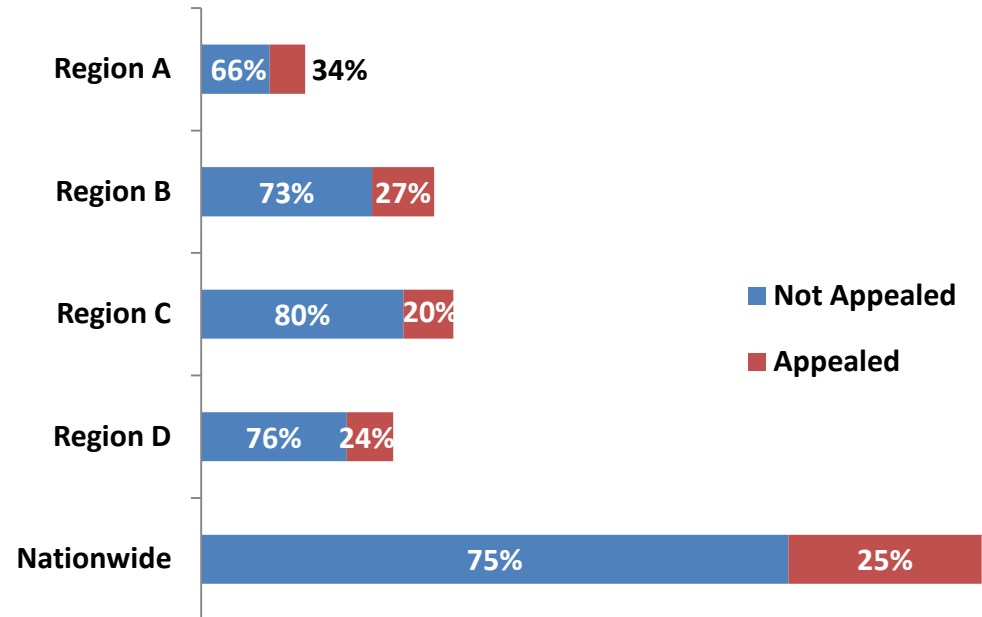
Source: AHA. (July 2011). RACTrac Survey

AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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 reported appealing one-quarter of all denials. The appeal rate was highest in Region A.

Total Number and Percent of Automated and Complex Denials Appealed by Hospitals with RAC Activity, by Region, through 2nd Quarter 2011

	Total Number of Denials Available* for Appeal	Percent of Denials Appealed
NATIONWIDE	73,039	25%
Region A	9,714	34%
Region B	21,783	27%
Region C	23,590	20%
Region D	17,952	24%



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

Source: AHA. (July 2011). RACTrac Survey

AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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.



74% of hospitals reported appealing at least one RAC denial. Appealed denials totaled \$95.3 million for reporting hospitals.

Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 2nd Quarter 2011, Millions

	Percent of Hospitals with Any Appealed Denials	Average Number of Appealed Denials per Hospital
NATIONWIDE	74%	26.7
Region A	78%	30.0
Region B	84%	30.3
Region C	71%	20.1
Region D	66%	29.9



Source: AHA. (July 2011). RACTrac Survey

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Of the claims that have completed the appeals process, 84% were overturned in favor of the provider. 66% of appealed claims are still in process.

Summary of Appeal Rate and Determinations in Favor of the Provider, for Hospitals with RAC Activity, through 2nd Quarter 2011

	Number of Denials Appealed	Percent of Denials Appealed	Number of Claims Pending Appeals Determination	Number of Claims Withdrawn from Appeals Process	Number of Denials Overturned in the Appeals Process	Percent of Appealed Denials Overturned <i>(as a Percent of Overturned or Withdrawn claims)</i>
NATIONWIDE	18,073	25%	11,829	794	4,308	84%
Region A	3,298	34%	2,437	146	416	74%
Region B	5,783	27%	2,970	217	2,228	91%
Region C	4,655	20%	3,230	270	869	76%
Region D	4,337	24%	3,192	161	795	83%

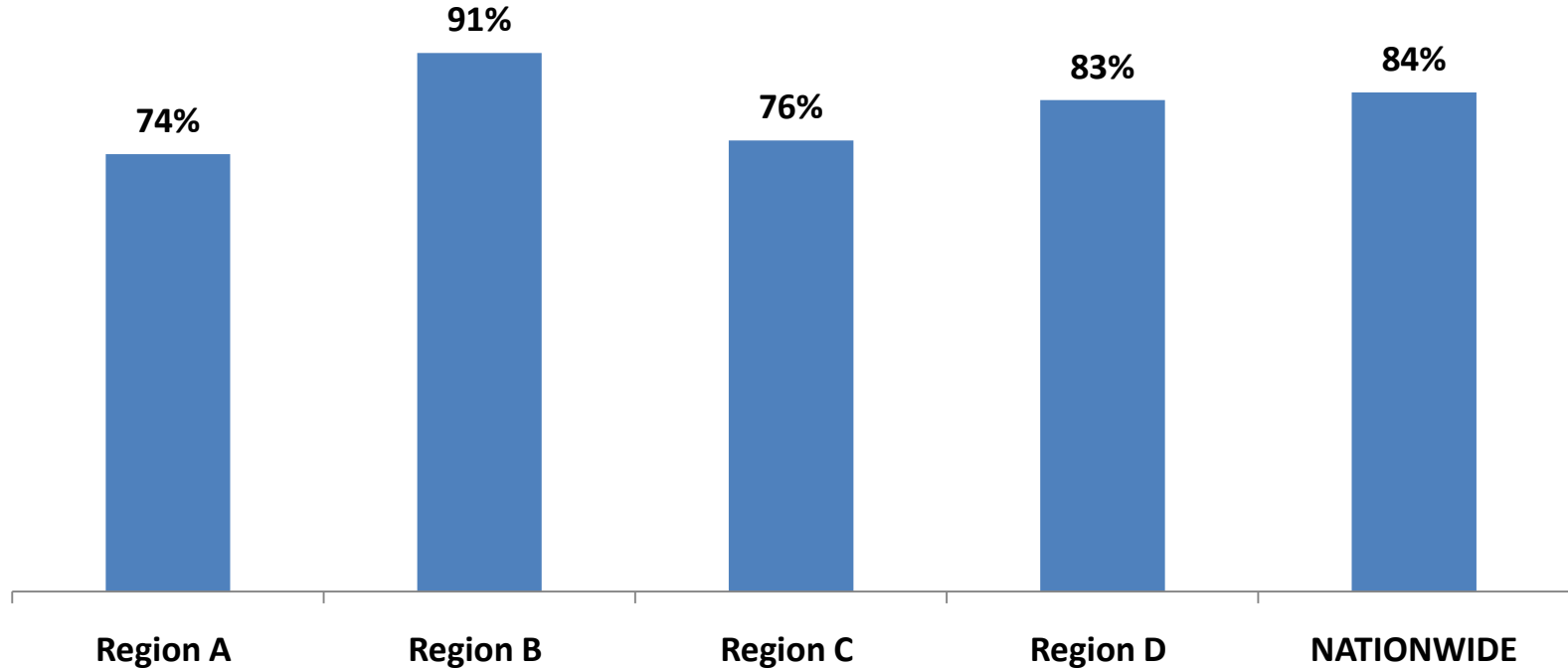
Due to survey submission marginal error, total appeals may be greater than the sum of pending/withdrawn/overturned appeals.



Source: AHA. (July 2011). RACTrac Survey
 AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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 B has the highest overturn rate upon appeal at 91%.

Percent of Completed Appeals with Denials Overturned for Participating Hospitals, by Region, through 2nd Quarter 2011

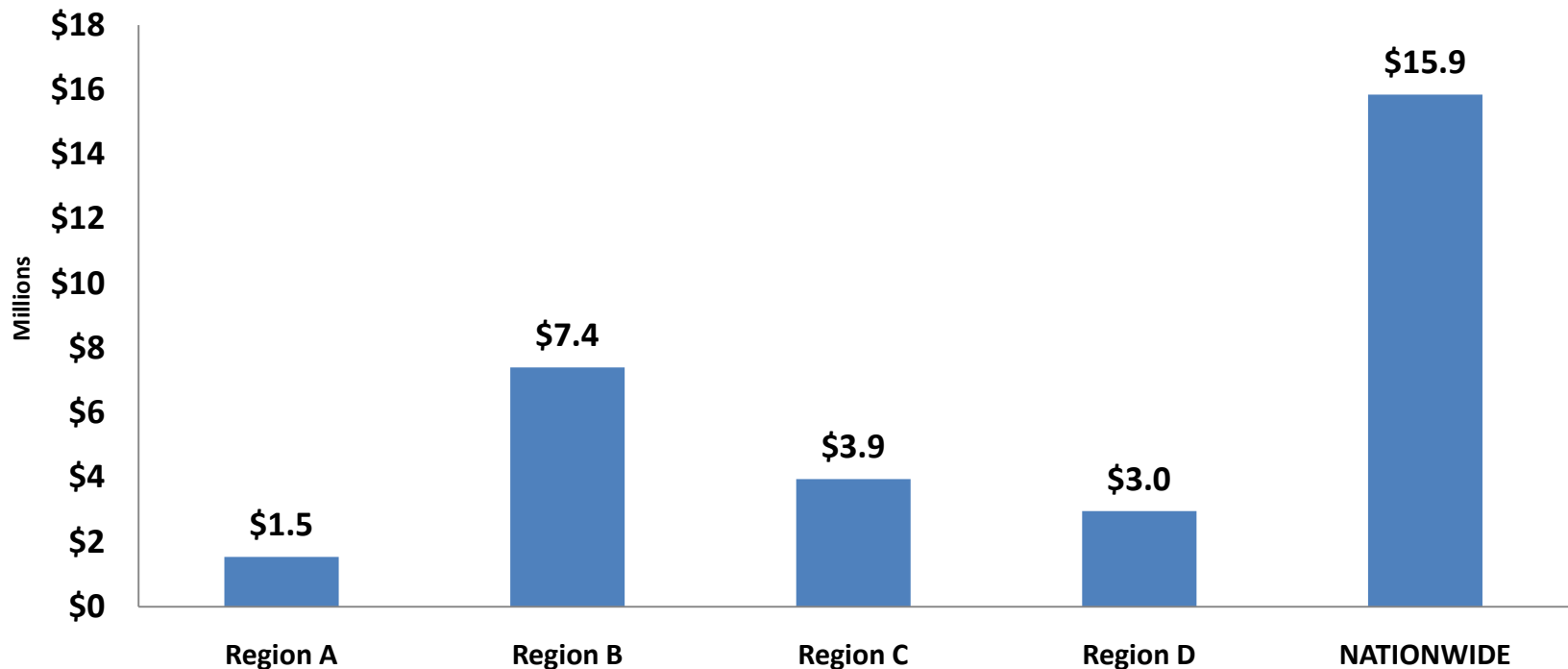


Source: AHA. (July 2011). RACTrac Survey

AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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 reported a total of \$15.9 million in overturned denials, with \$7.4 million in Region B alone.

Value of Denials Overturned in the Appeals Process, by Region, through 2nd Quarter 2011, Millions



Source: AHA. (July 2011). RACTrac Survey

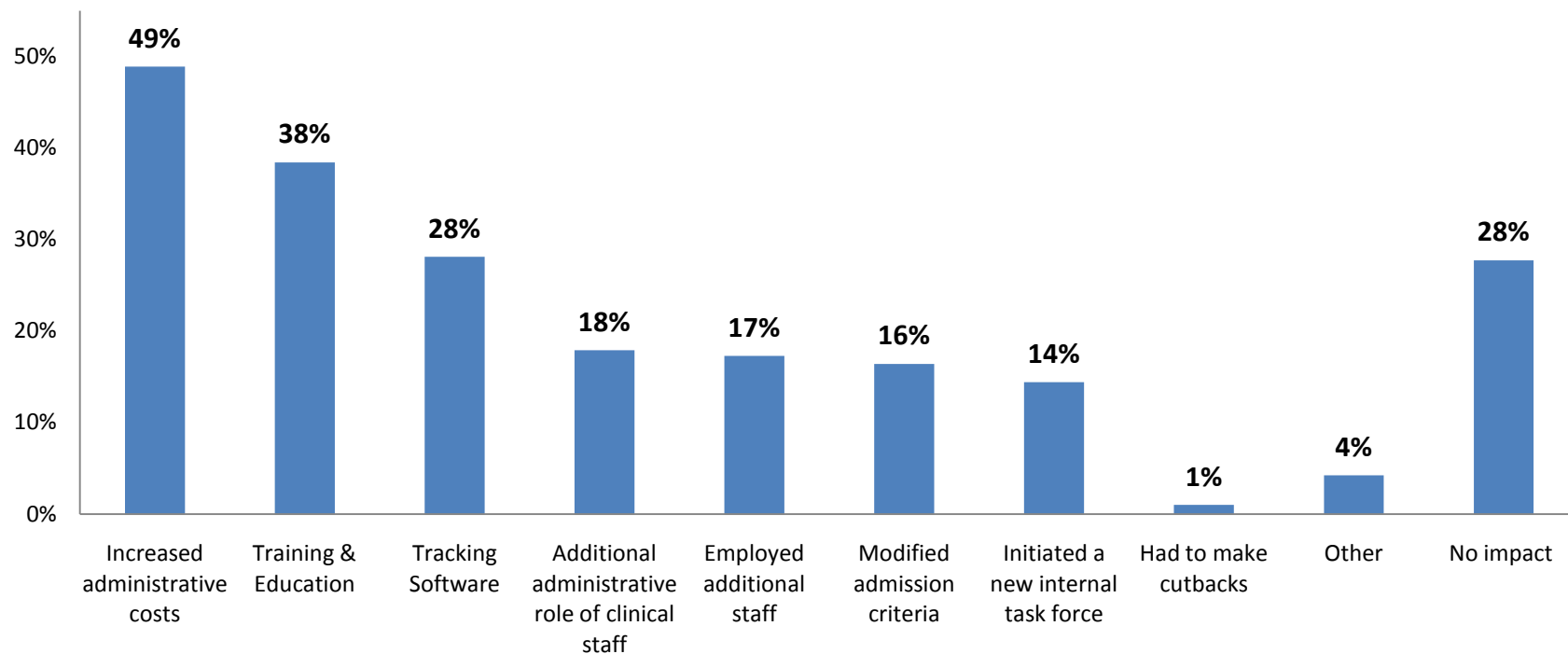
AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.



Administrative Burden

72% of participating hospitals reported that RAC impacted their organization this quarter and 49% reported increased administrative costs.

Impact of RAC on Participating Hospitals* by Type of Impact, 2nd Quarter 2011



* Includes participating hospitals with and without RAC activity

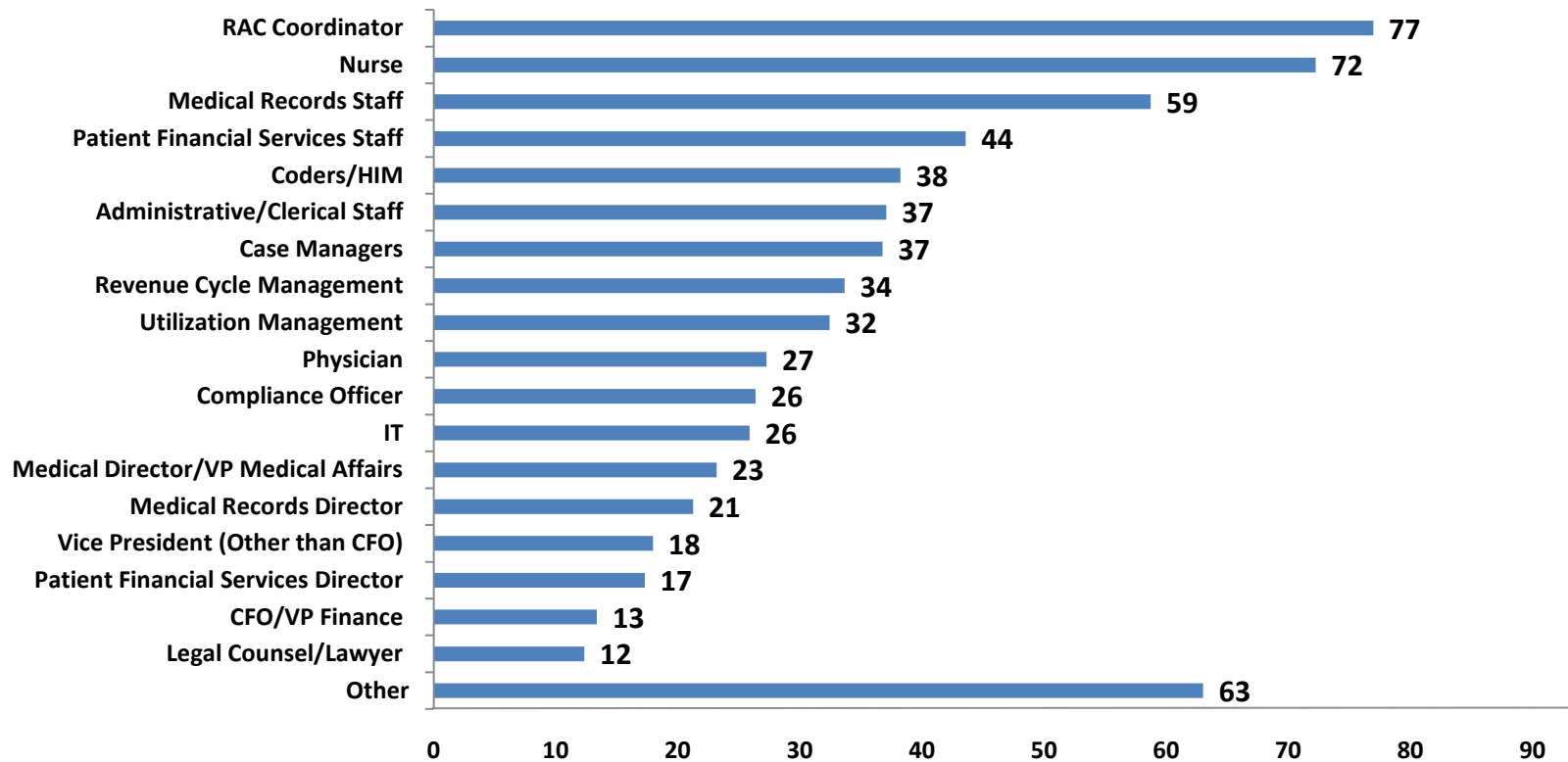
Source: AHA. (July 2011). RACTrac Survey

AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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 administrative burden of RAC is spread across all types of hospital staff. RAC coordinators spent the most time responding to RAC activity.

Average Hours of Staff Time Spent Per Participating Hospital* on RAC by Staff Type, 2nd Quarter 2011



* Includes participating hospitals with and without RAC activity

Source: AHA. (July 2011). RACTrac Survey

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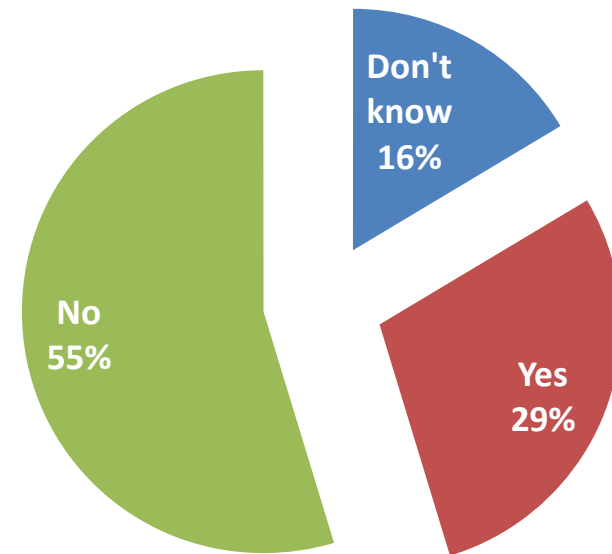


55% of respondents indicated they have yet to receive any education related to avoiding payment errors from CMS or its contractors.

Percent of Participating Hospitals Reporting they Received Education from CMS or its Contractors, National and by Region, 2nd Quarter 2011

Reported Education by RAC Region

	Yes	No	Don't Know
Region A	34%	51%	15%
Region B	28%	58%	14%
Region C	29%	54%	17%
Region D	25%	55%	20%



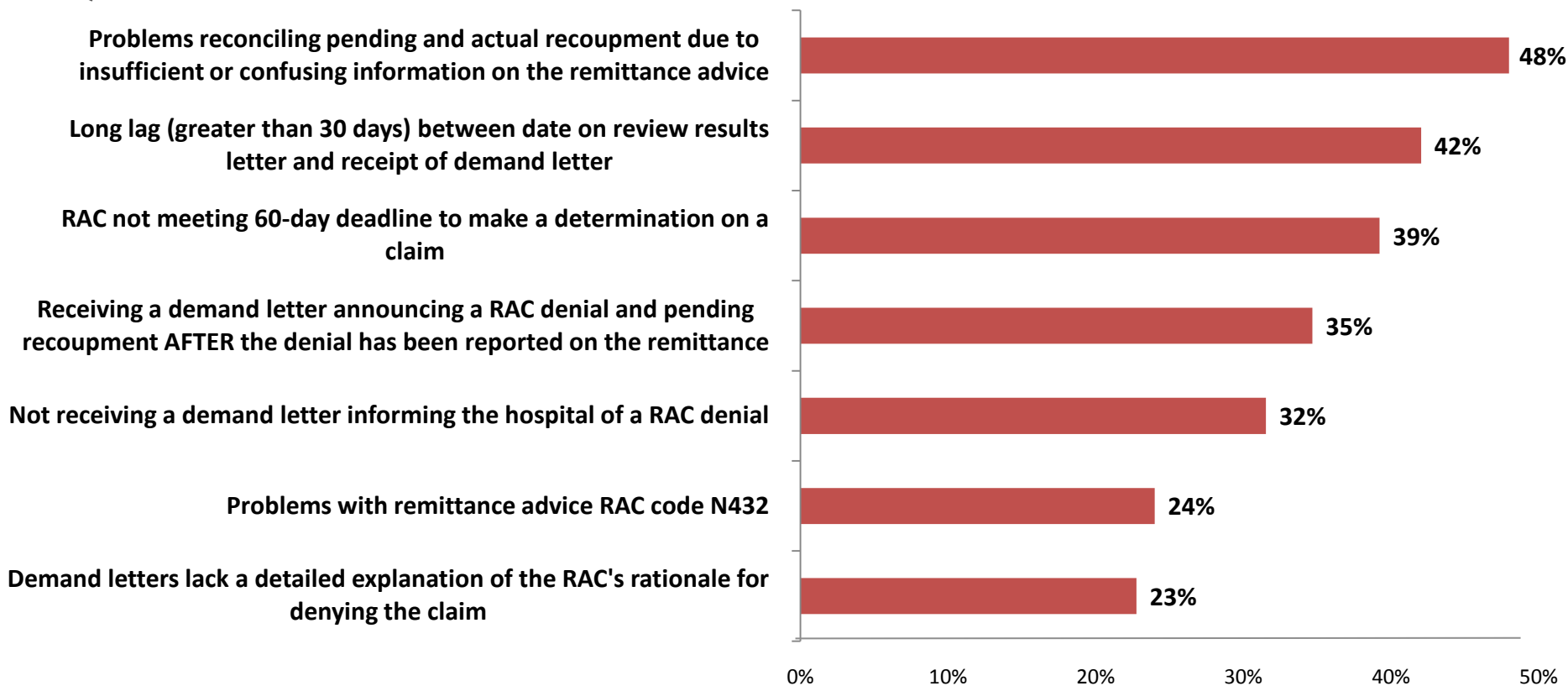
* Includes participating hospitals with and without RAC activity

Source: AHA. (July 2011). RACTrac Survey
 AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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.



48% of hospital respondents reported problems with reconciling pending and actual recoupments due to insufficient or confusing information on the remittance advice.

Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 2nd Quarter 2011



* Includes participating hospitals with and without RAC activity

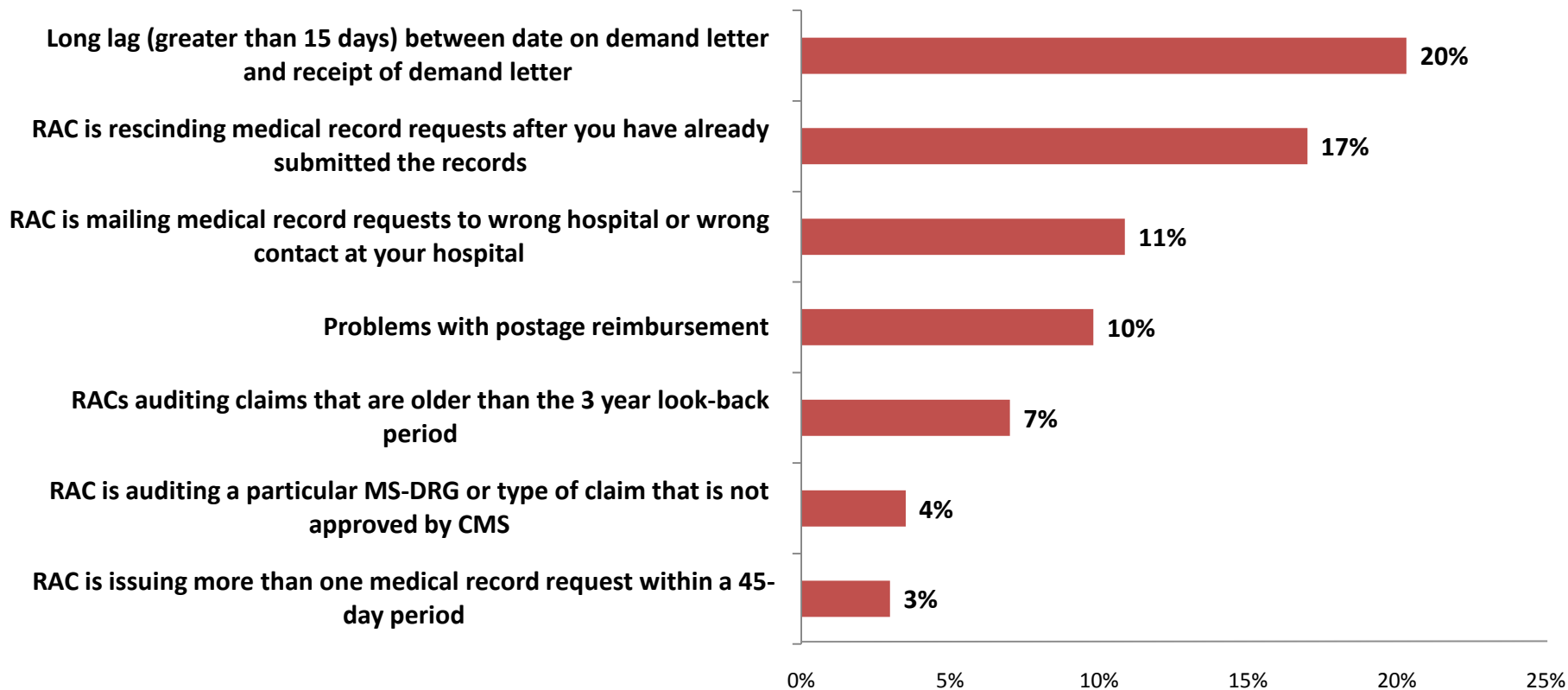
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Hospitals continue to report that they are receiving demand letters late and that RACs are rescinding medical record requests after the hospital has already submitted the records.

Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 2nd Quarter 2011



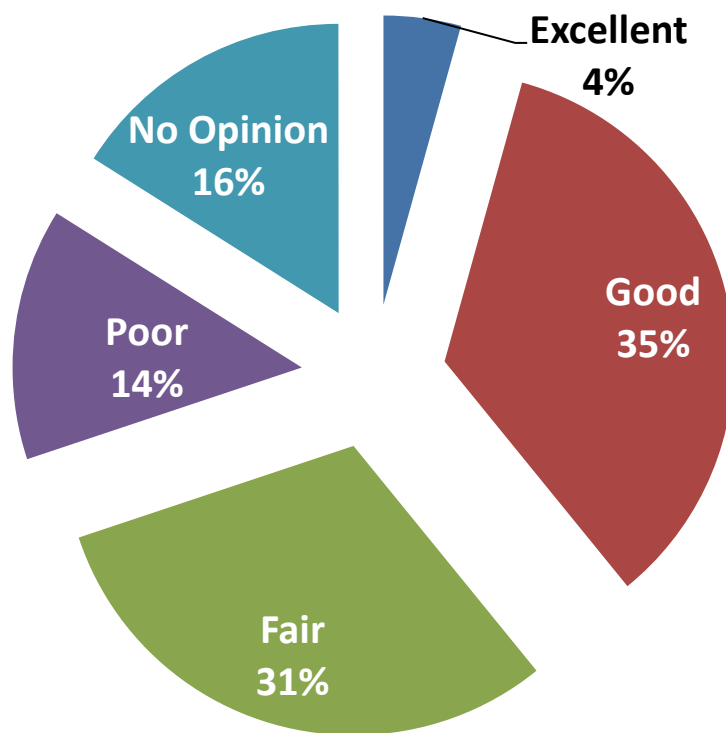
* Includes participating hospitals with and without RAC activity

Source: AHA. (July 2011). RACTrac Survey
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The majority of hospital respondents indicated RAC responsiveness and overall communication was “fair” or “good.”

Participating Hospitals Rating of RAC Responsiveness and Overall Communication, 2nd Quarter 2011



* Includes participating hospitals with and without RAC activity

Source: AHA. (July 2011). RACTrac Survey

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Participating hospitals rated RAC responsiveness and communication lowest in Region B.

Participating Hospital Rating of RAC Responsiveness and Overall Communication, by Region, 2nd Quarter 2011

	Excellent	Good	Fair	Poor	No Opinion
Region A	9%	51%	16%	6%	18%
Region B	1%	25%	39%	21%	14%
Region C	3%	35%	31%	17%	14%
Region D	8%	34%	31%	7%	20%

* Includes participating hospitals with and without RAC activity

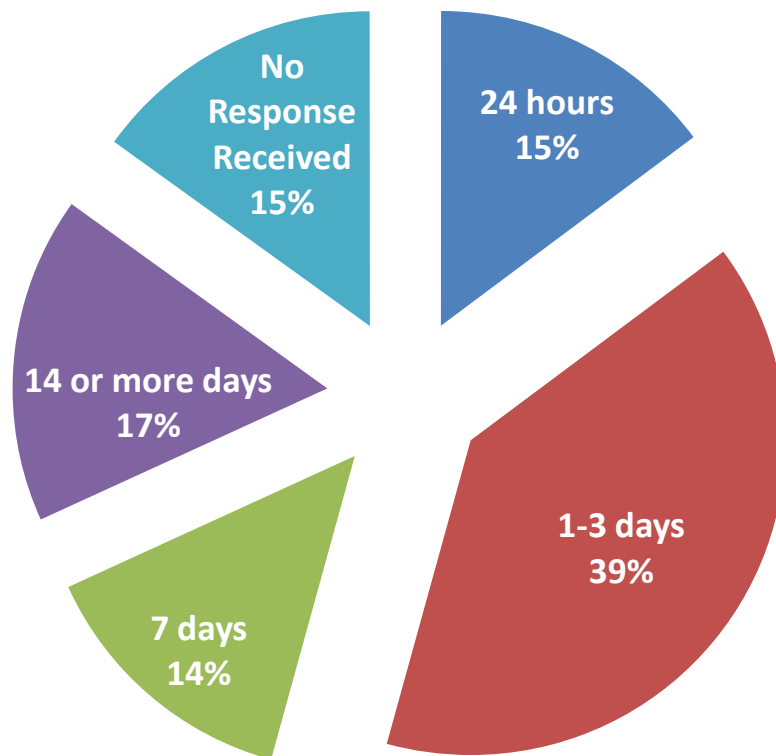
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The average wait time for a RAC response varied significantly, with 17% of hospitals reporting it took 14 days or more to receive a response from their RAC.

Average Number of Days it Took RACs to Respond to Hospital Inquiries for Participating Hospitals, 2nd Quarter 2011



* Includes participating hospitals with and without RAC activity

Source: AHA. (July 2011). RACTrac Survey

AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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. Most significantly, Regions A and D performed better than Regions B and C.

Average Number of Days For RACs to Respond to Hospital Inquiries for Participating Hospitals, by Region, 2nd Quarter 2011

	24 hours	1-3 days	7 days	14 or more days	No Response Received
Region A	24%	43%	7%	8%	18%
Region B	4%	37%	21%	20%	18%
Region C	14%	41%	12%	20%	13%
Region D	21%	37%	16%	13%	13%

* Includes participating hospitals with and without RAC activity

Source: AHA. (July 2011). RACTrac Survey

AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. 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*Trac Data Collection Period, October 2011

October 2011 RACTrac Data Collection Period

- *RACTrac is open NOW—Submit Your Data Today!*
- RACTrac will collect data October 3 through October 14
- Hospital leaders nationwide received an email with their RACTrac registration info last month
- If you need your RACTrac registration information contact **RACTrac Support** at: 1-888-722-8712 or racetracsupport@providercs.com
- RACTrac will open at the beginning of each subsequent quarter to collect data on RAC activity experienced to date



For more information visit AHA's *RAC*Trac website:

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