



# Exploring the Impact of the RAC Program on Hospitals Nationwide

*Results of AHA RACTrac Survey, 2<sup>nd</sup> Quarter 2011*

August 29, 2011

# RAC 101

- Centers for Medicare & Medicaid Services (CMS) Recovery Audit Contractors (RACs) conduct *automated reviews* of Medicare payments to health care providers—using computer software to detect improper payments. RACs also conduct *complex reviews* of provider payments—using human review of medical records and other medical documentation to identify improper payments to providers.
- Improper payments include:
  - incorrect payment amounts;
  - incorrectly coded services (including Medicare Severity diagnosis-related group (MS-DRG) miscoding;
  - non-covered services (including services that are not reasonable and necessary); and
  - duplicate services.



# RACTrac Background

- AHA created *RACTrac*—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, *RACTrac* (accessed at [www.aharactrac.com](http://www.aharactrac.com)), to submit their data regarding the impact of the RAC program.
  - Survey questions are designed to collect *cumulative* RAC experience data, from the inception of a hospital's RAC activity through the 2<sup>nd</sup> quarter of 2011.
  - Survey registration information and *RACTrac* support can be accessed at [ractracsupport@providerchs.com](mailto:ractracsupport@providerchs.com) or 1-888-722-8712.
- The AHA recently enhanced the *RACTrac* survey to capture more detailed information on medical necessity review denials and the administrative burden due to problems with the RAC process.



# 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.
- 93% of participating hospitals with complex denials cited medically unnecessary as a reason for denial.
- 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.
- Two-thirds of participating hospitals with RAC activity reported receiving at least one underpayment determination.
- Hospitals reported appealing nearly one in four RAC denials, with a 85% success rate in the appeals process.



## Executive Summary (cont.)

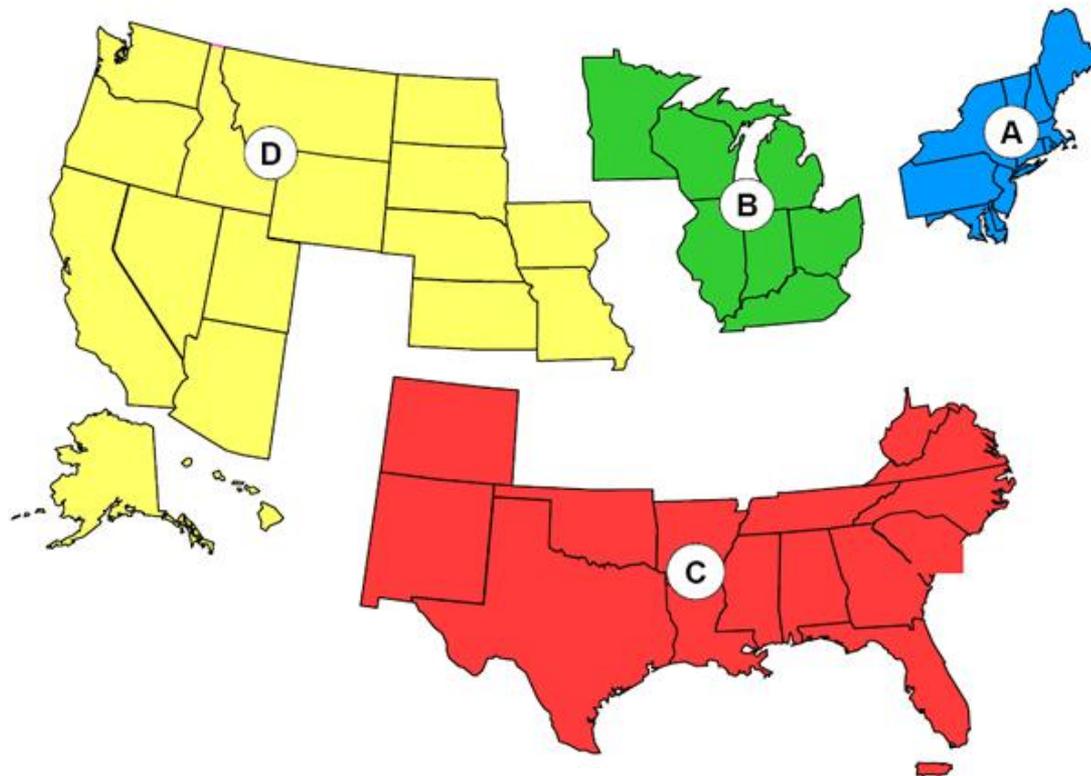
- 72% of participating hospitals reported that RAC impacted their organization this quarter and 49% reported increased administrative costs.
- 55% of respondents indicated they have yet to receive any education related to avoiding payment errors from CMS or its contractors.
- 48% of hospital respondents 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.”
- 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.



# 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 2<sup>nd</sup> 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%



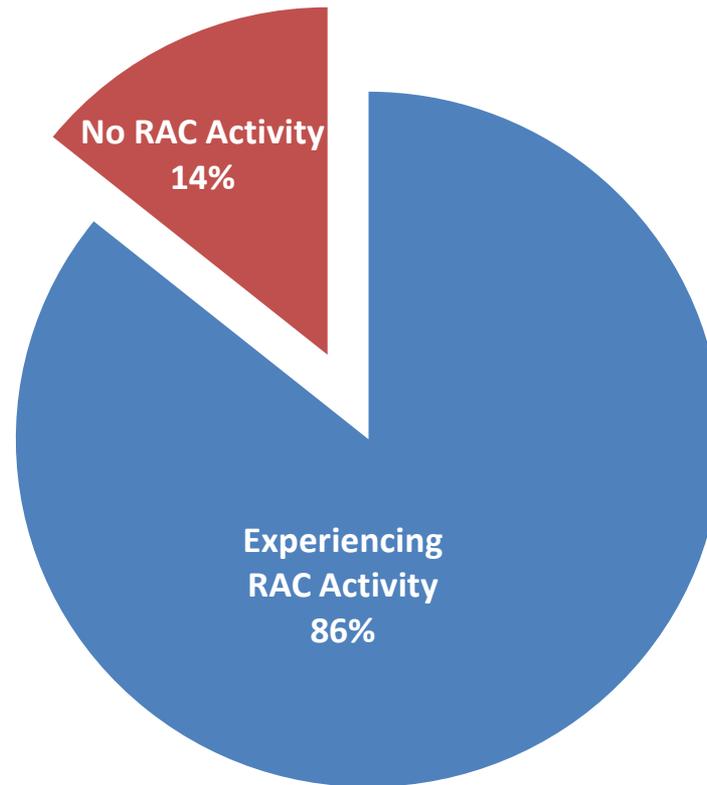
Source: Centers for Medicare and Medicaid Services



## RAC Activity

# More than four out of five hospitals participating in RACTrac reported experiencing RAC activity through June of 2011.

## Percent of Participating Hospitals Experiencing RAC Activity, 2<sup>nd</sup> Quarter 2011

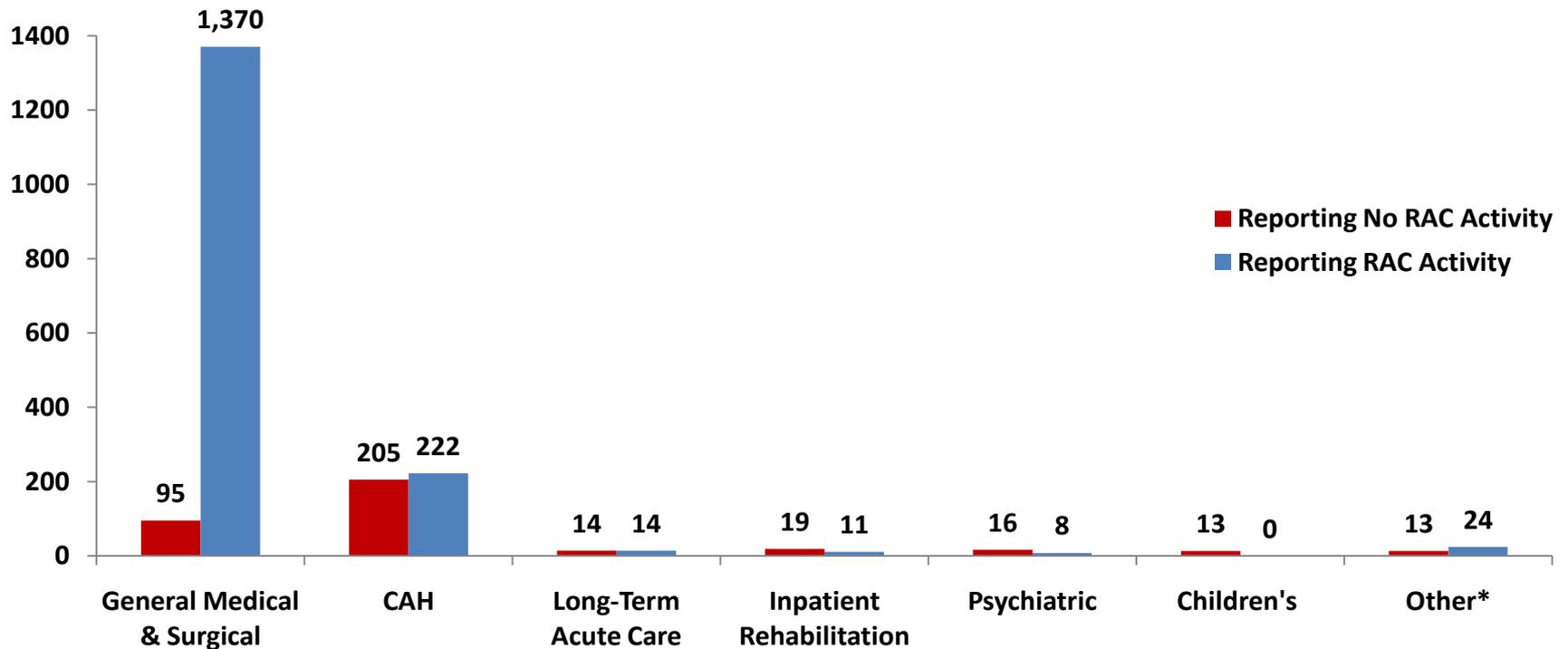


Source: AHA. (July 2011). *RACTrac Survey*

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.

# The majority of hospitals reporting RAC activity were general medical and surgical hospitals.

Number of Hospitals Reporting RAC Activity by Hospital Type, through 2<sup>nd</sup> Quarter 2011



\*Other includes: Cancer, Chronic Disease, Alcohol and Other Chemical Dep., Heart, Obstetrics & Gynecology, Orthopedic and Surgical hospitals.

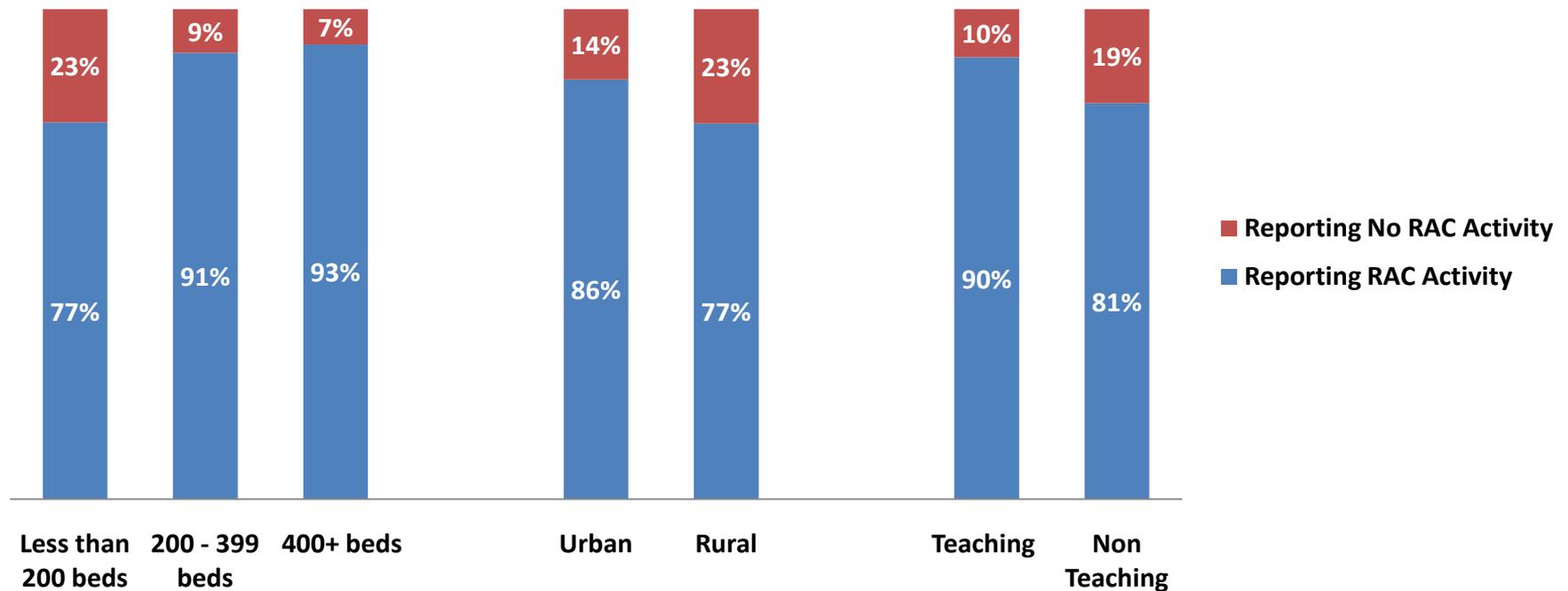
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# Different types and sizes of hospitals reported that they were subject to RAC review.

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

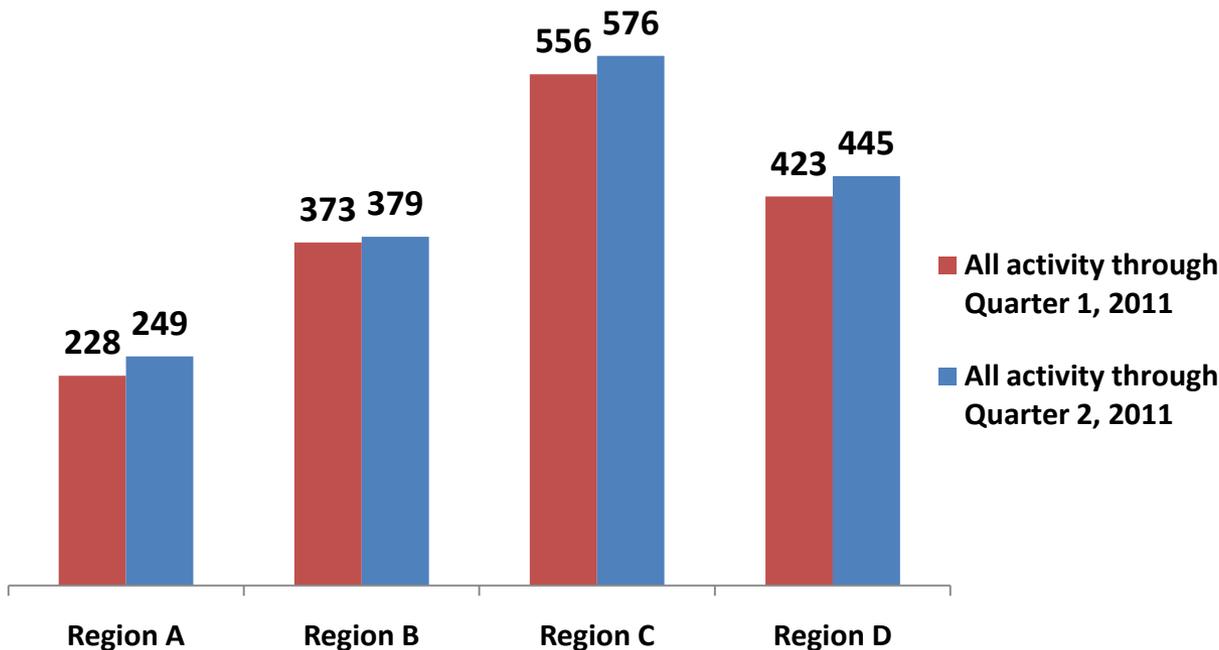


Source: AHA. (July 2011). RACTrac Survey

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# RAC Region C has the highest number of hospitals reporting RAC activity.

Number of Participating Hospitals Reporting RAC Activity by Region, through 2<sup>nd</sup> 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

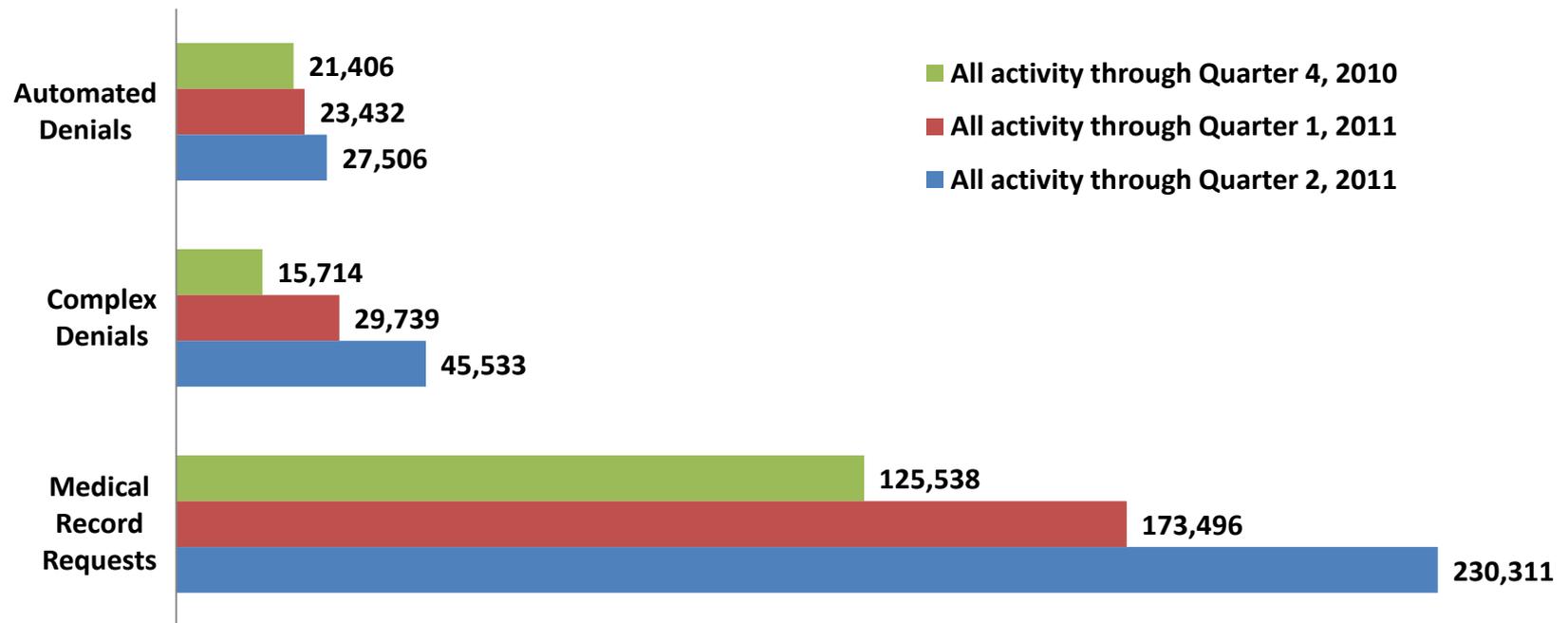
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## RAC Reviews

# 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 2<sup>nd</sup> Quarter 2011



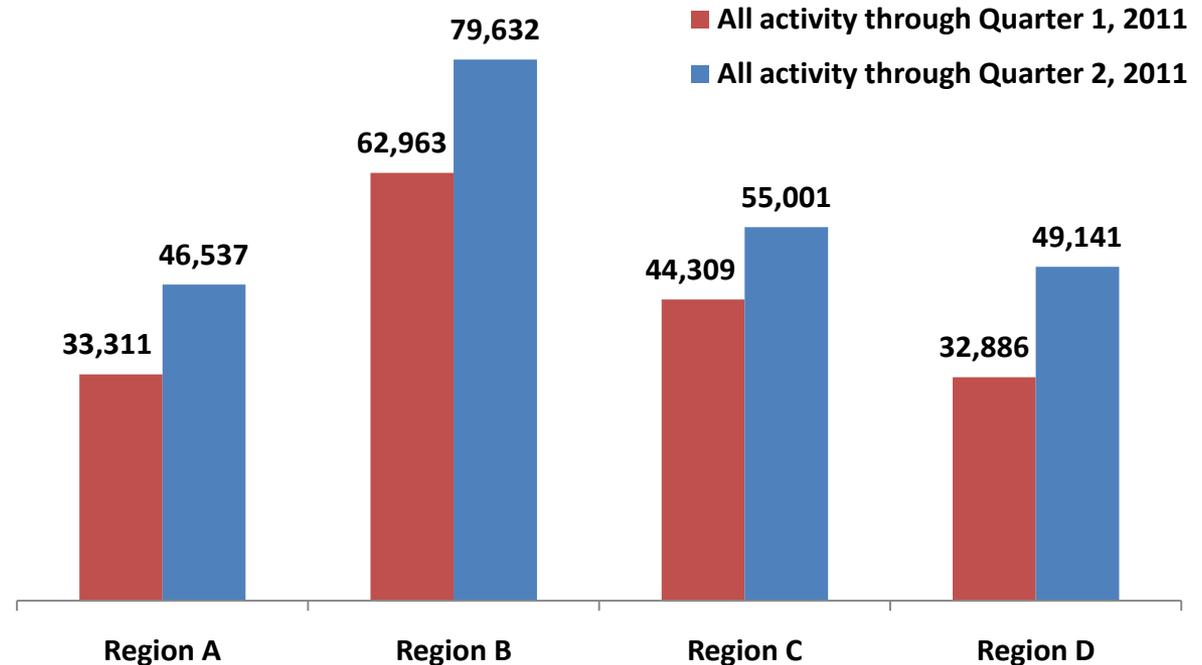
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# Region B hospitals are experiencing the greatest volume of medical record requests overall, and per hospital.

Number of Medical Records Requested from Participating Hospitals With Complex Medical Record RAC Activity, through 2<sup>nd</sup> Quarter 2011

Average Number of Medical Record Requests per Reporting Hospital, through Q2, 2011	
Region A	332
Region B	357
Region C	170
Region D	278

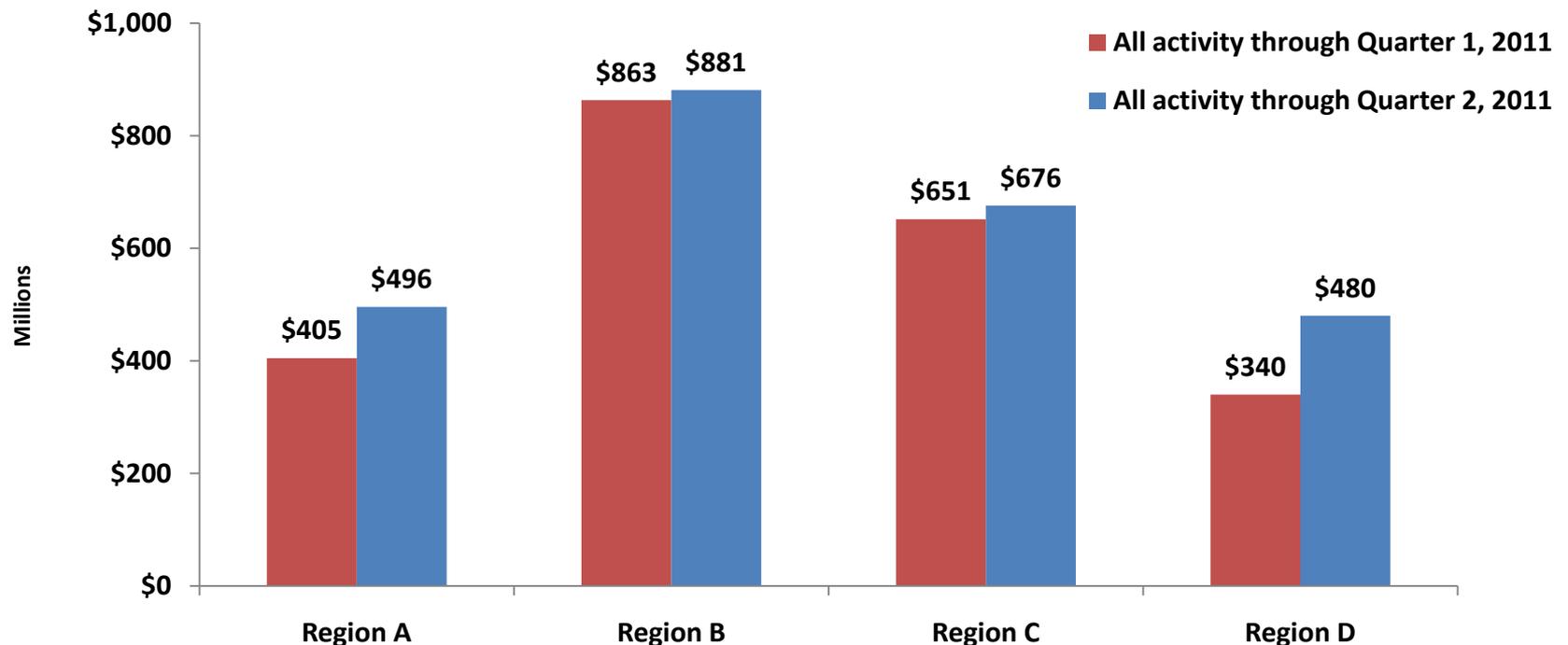


Source: AHA. (July 2011). RACTrac Survey

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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 2<sup>nd</sup> Quarter 2011, in Millions

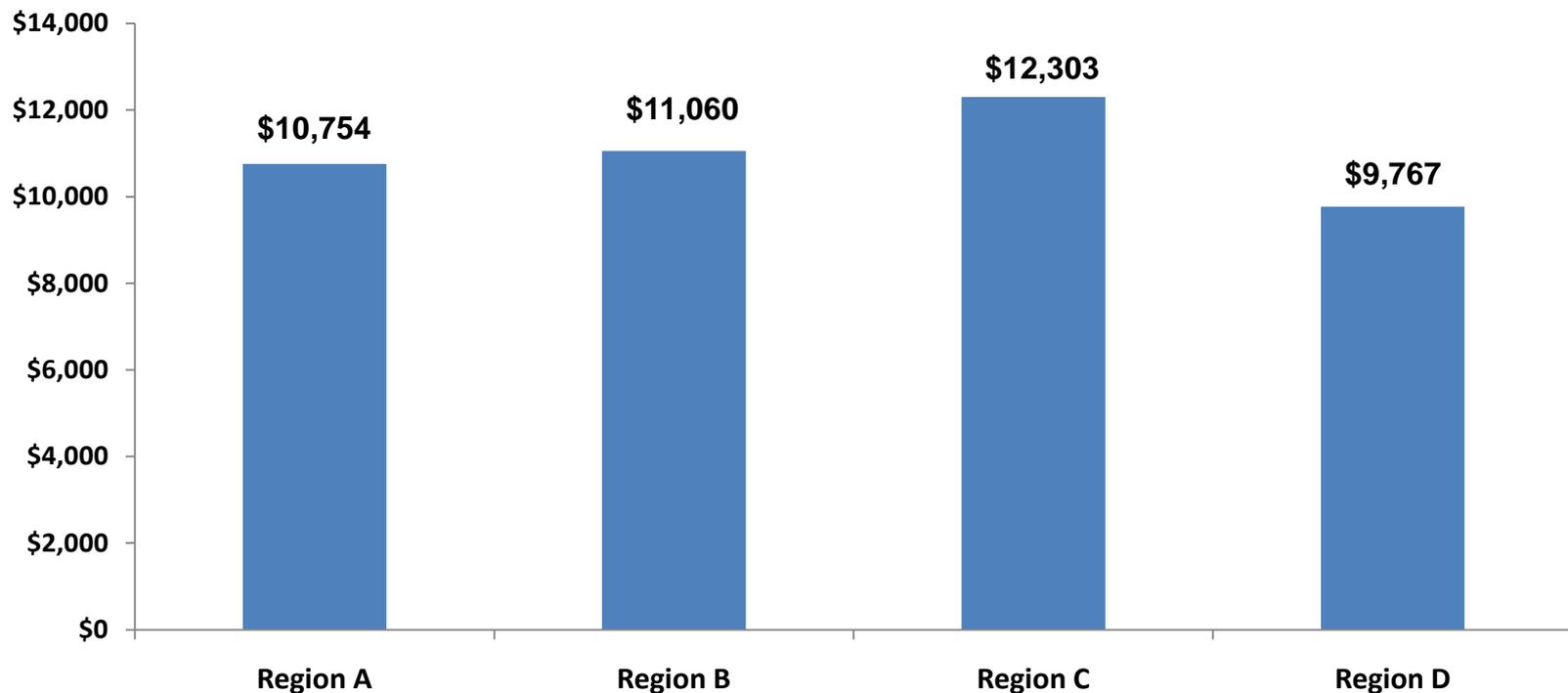


Source: AHA. (July 2011). RACTrac Survey

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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 2<sup>nd</sup> Quarter 2011

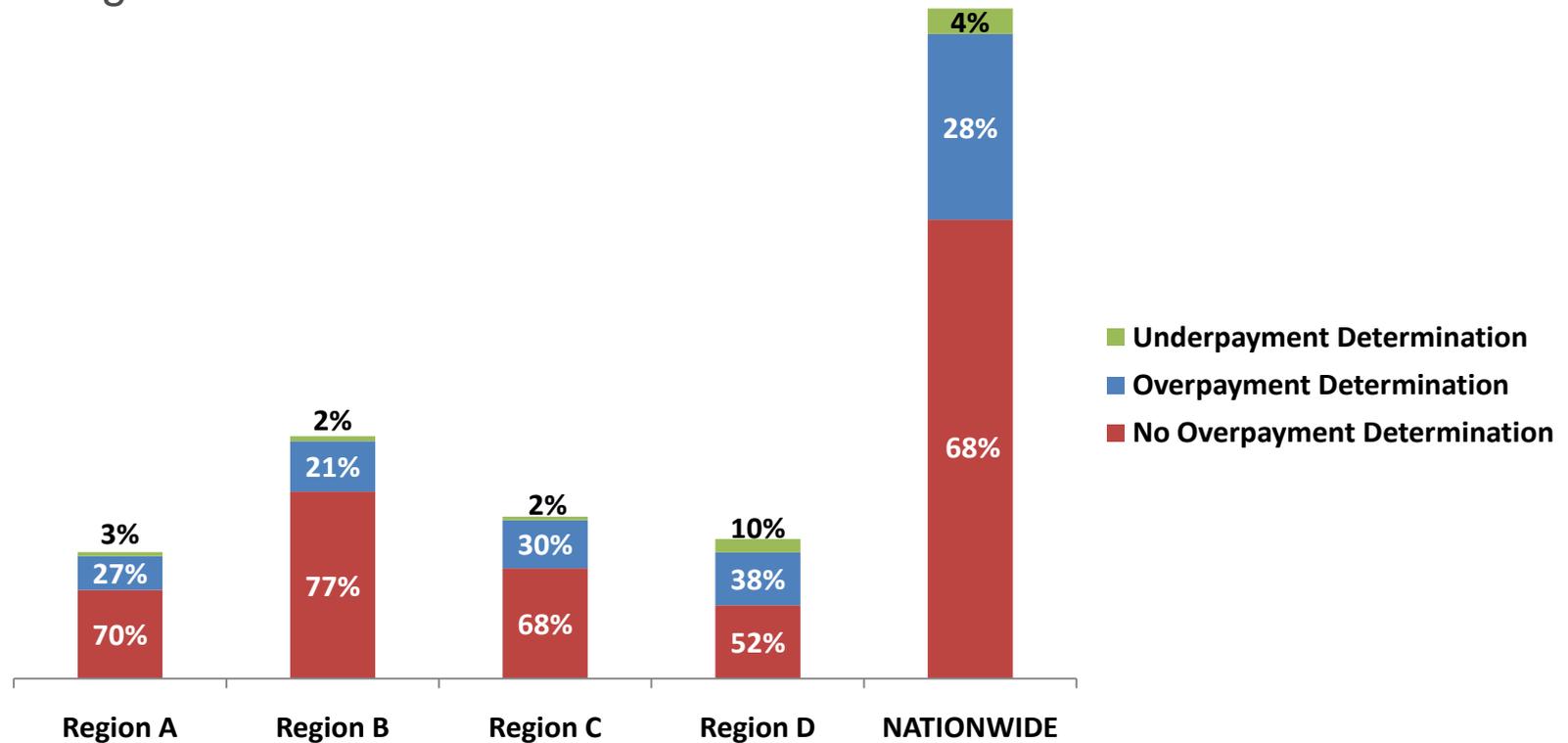


Source: AHA. (July 2011). *RACTrac Survey*

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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 2<sup>nd</sup> Quarter 2011



Source: AHA. (July 2011). RACTrac Survey

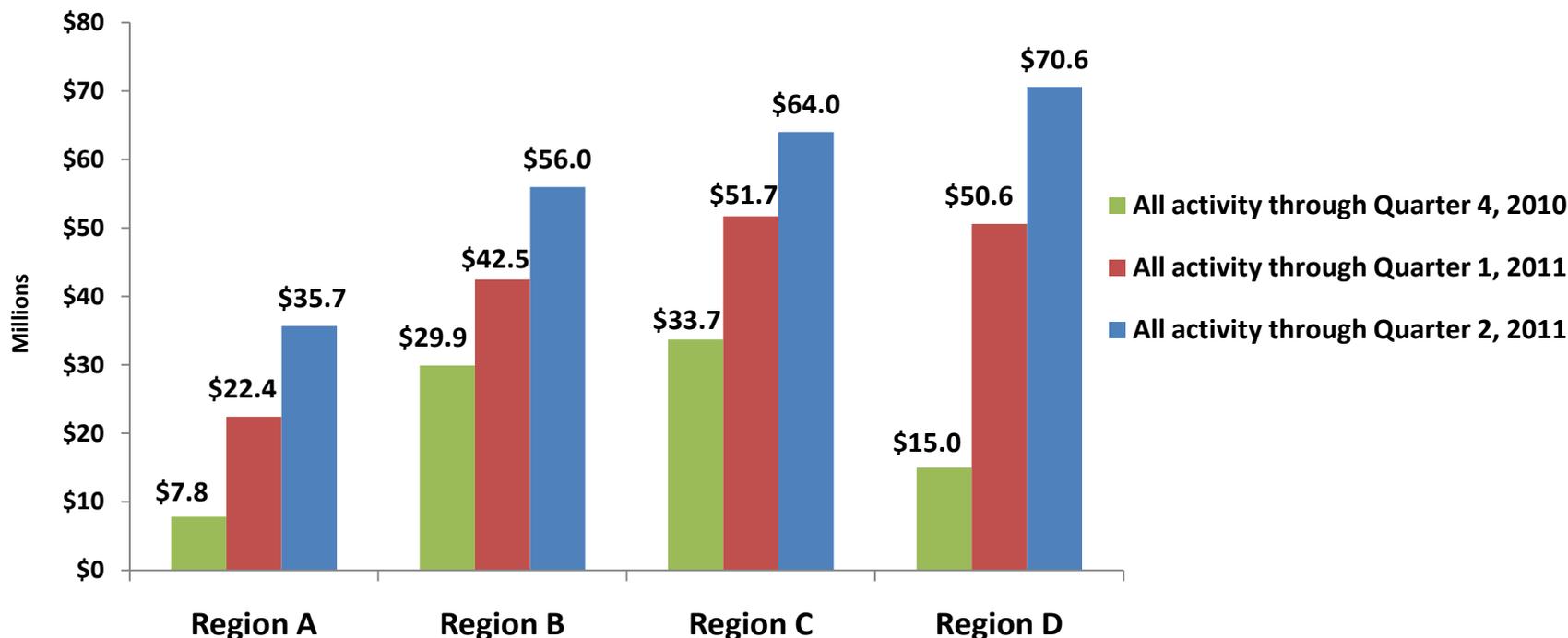
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## RAC Denials

\$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 2<sup>nd</sup> Quarter 2011, Millions

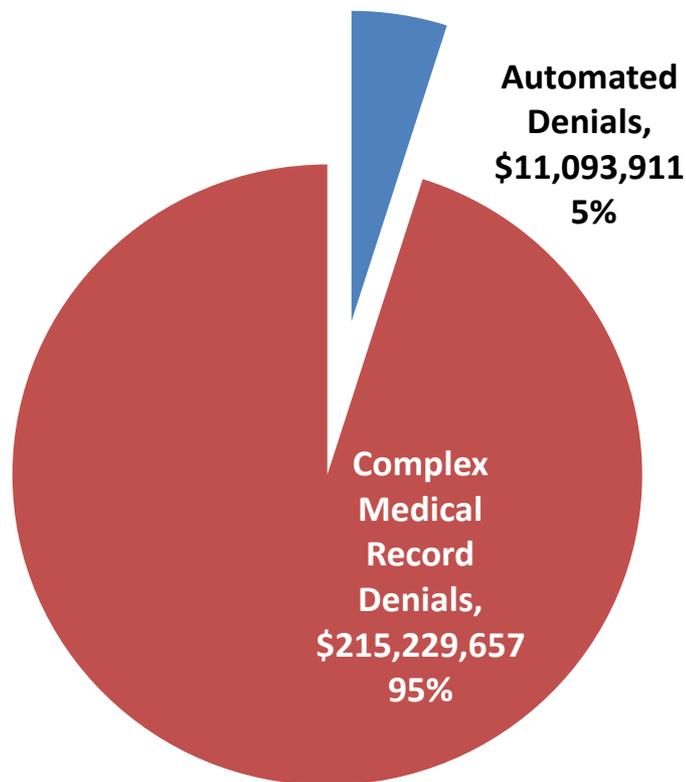


Source: AHA. (July 2011). RACTrac Survey

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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 2<sup>nd</sup> Quarter 2011

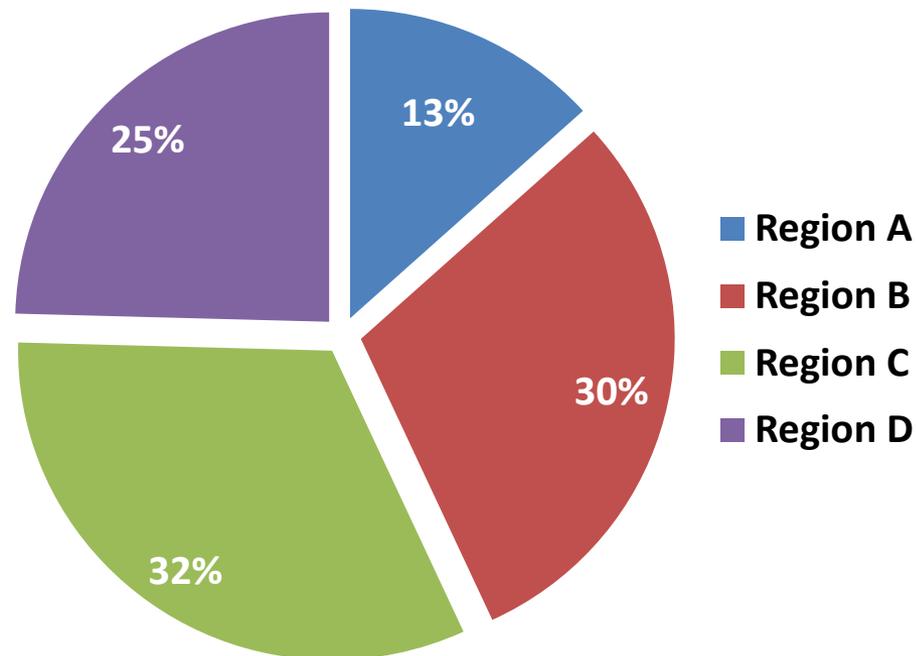


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# RAC denials are spread among all four RAC regions.

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



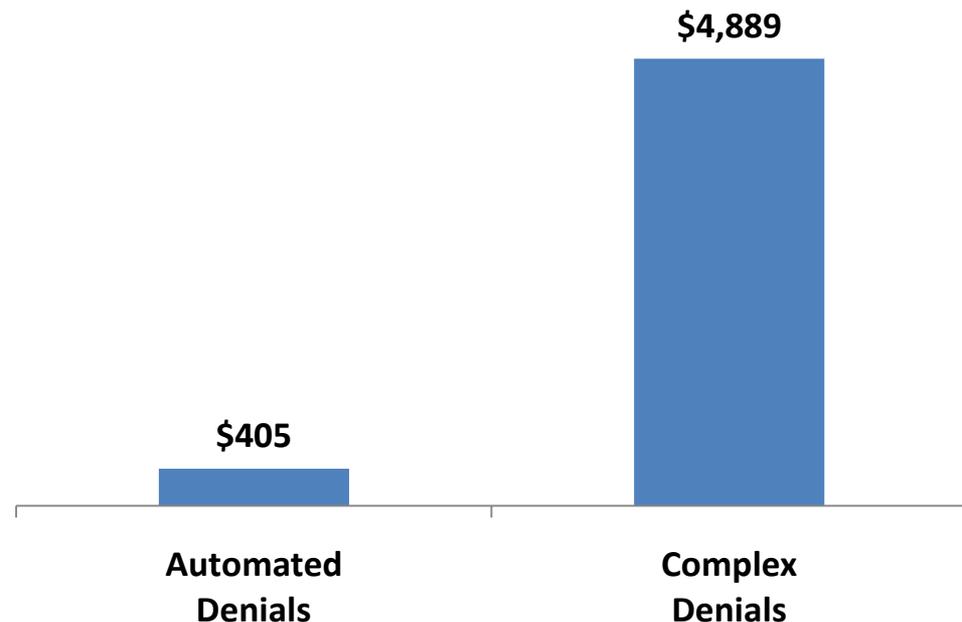
Source: AHA. (July 2011). *RACTrac Survey*

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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 2<sup>nd</sup> 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



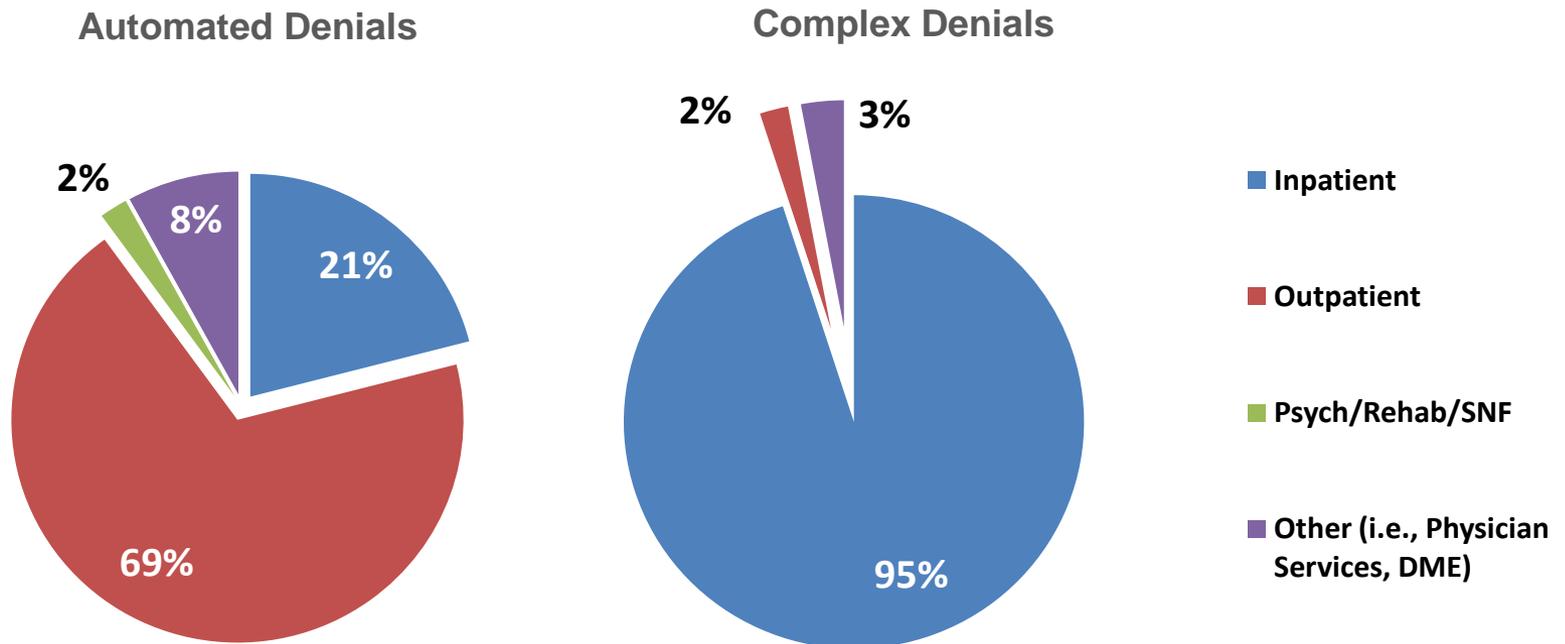
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# Outpatient services had the largest financial impact through automated activity while inpatient services had the largest financial impact through complex denials.

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

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



Source: AHA. (July 2011). RACTrac Survey  
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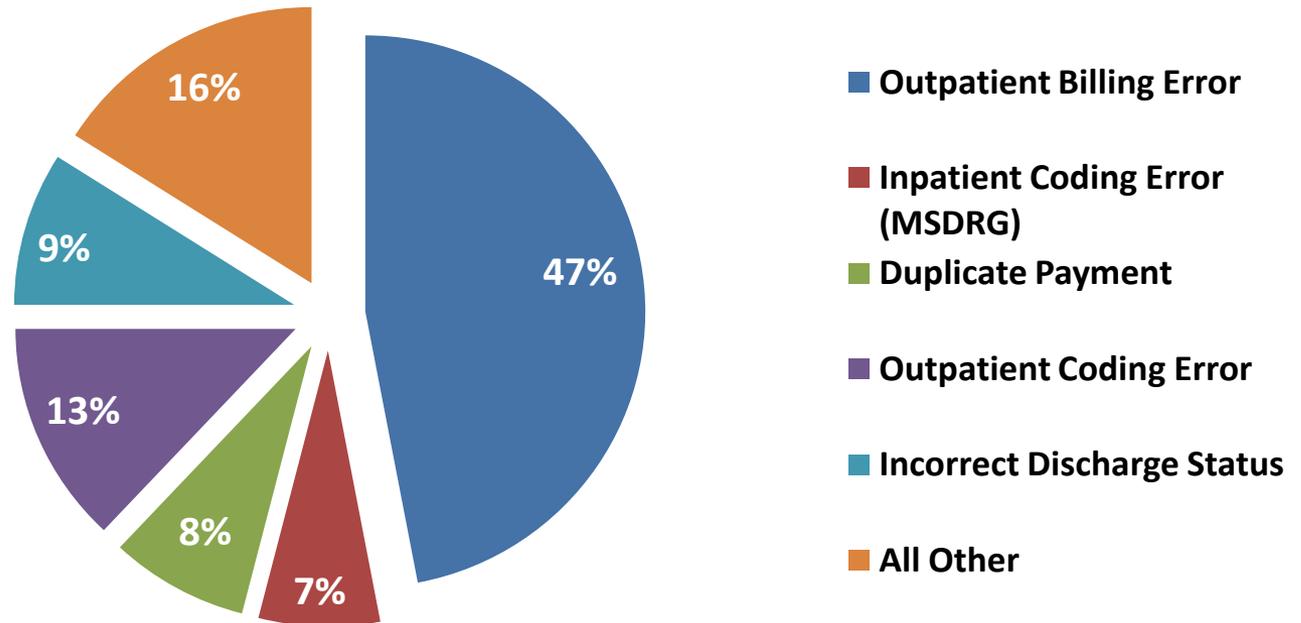


Automated RAC Denials

# 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, 2<sup>nd</sup> Quarter 2011

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



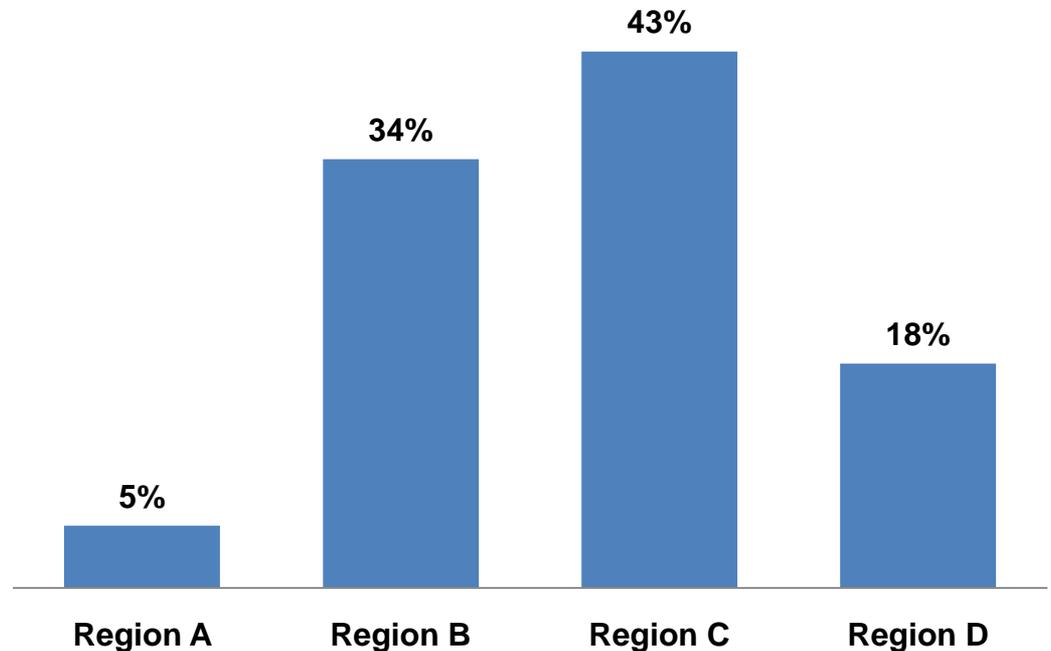
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# Region C has experienced 43% of all reported automated denials.

Percent and Number of Reported Automated Denials for Participating Hospitals, by Region, through 2<sup>nd</sup> Quarter 2011

	Total Number of Automated Denials by RAC Region
Region A	1,369
Region B	9,423
Region C	11,787
Region D	4,927



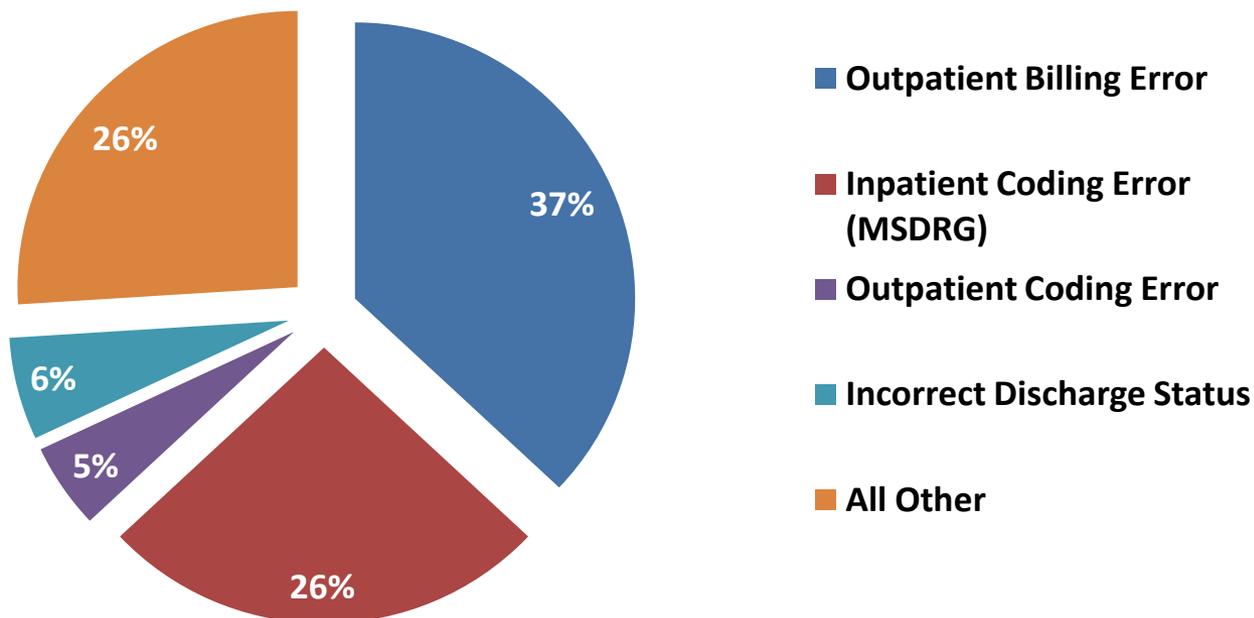
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# Region A: Hospitals more commonly ranked inpatient coding error as the top reason for automated denials than in other regions.

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

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



*Only 19 survey participants represented in this chart.*

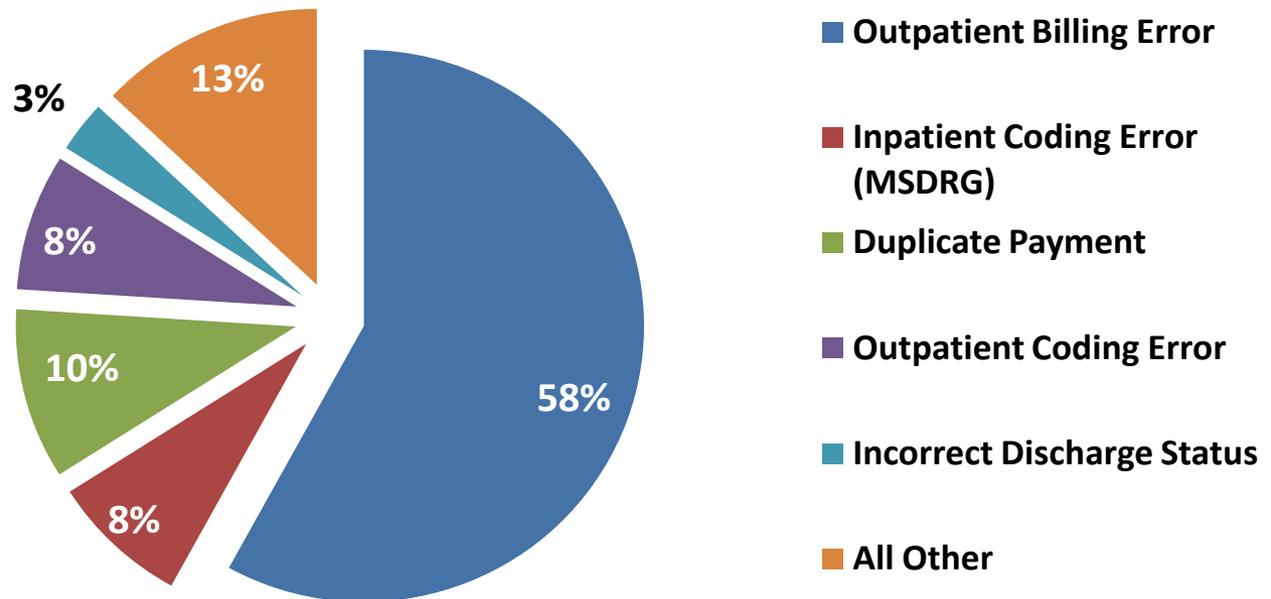
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# Region B: Top denial reasons were consistent with national trend.

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

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



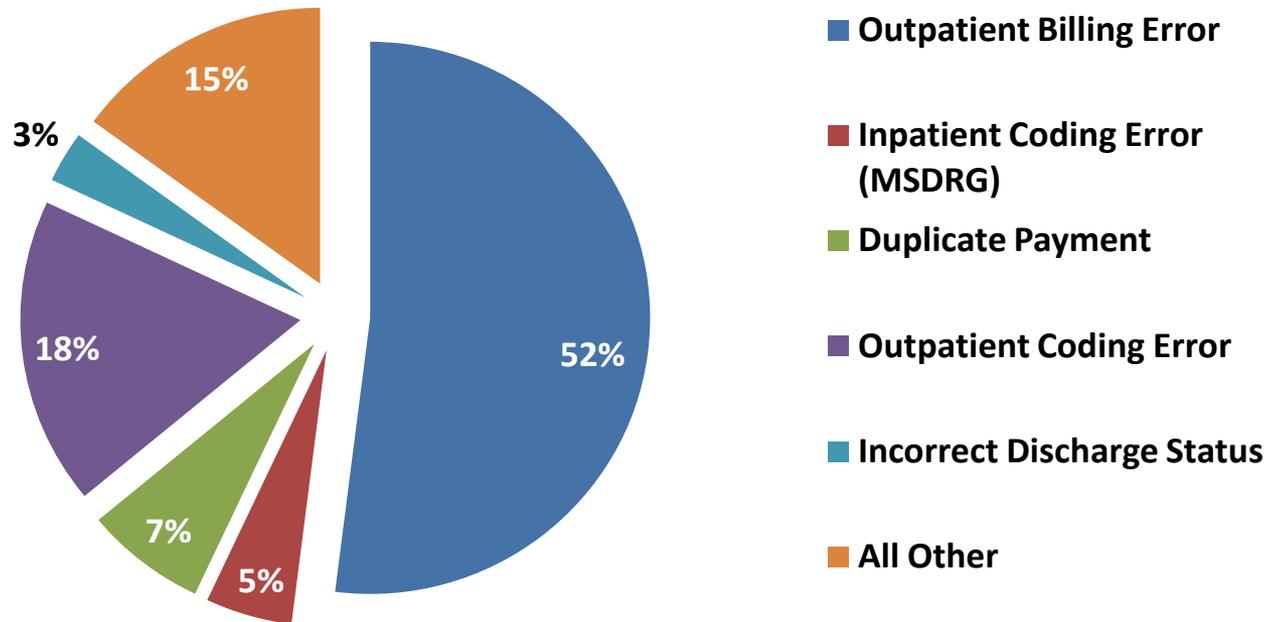
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# Region C: Top denial reasons were consistent with national trend.

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

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



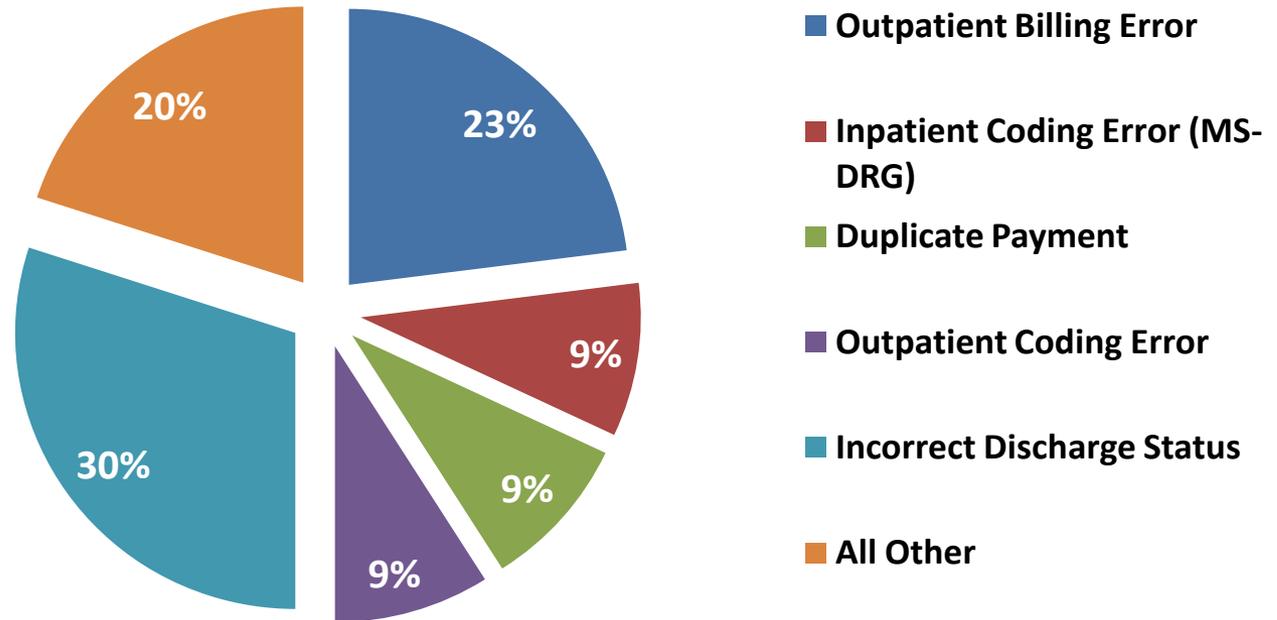
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# Region D: A significant portion of hospitals cited discharge status as the top reason for automated denial only in Region D.

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

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



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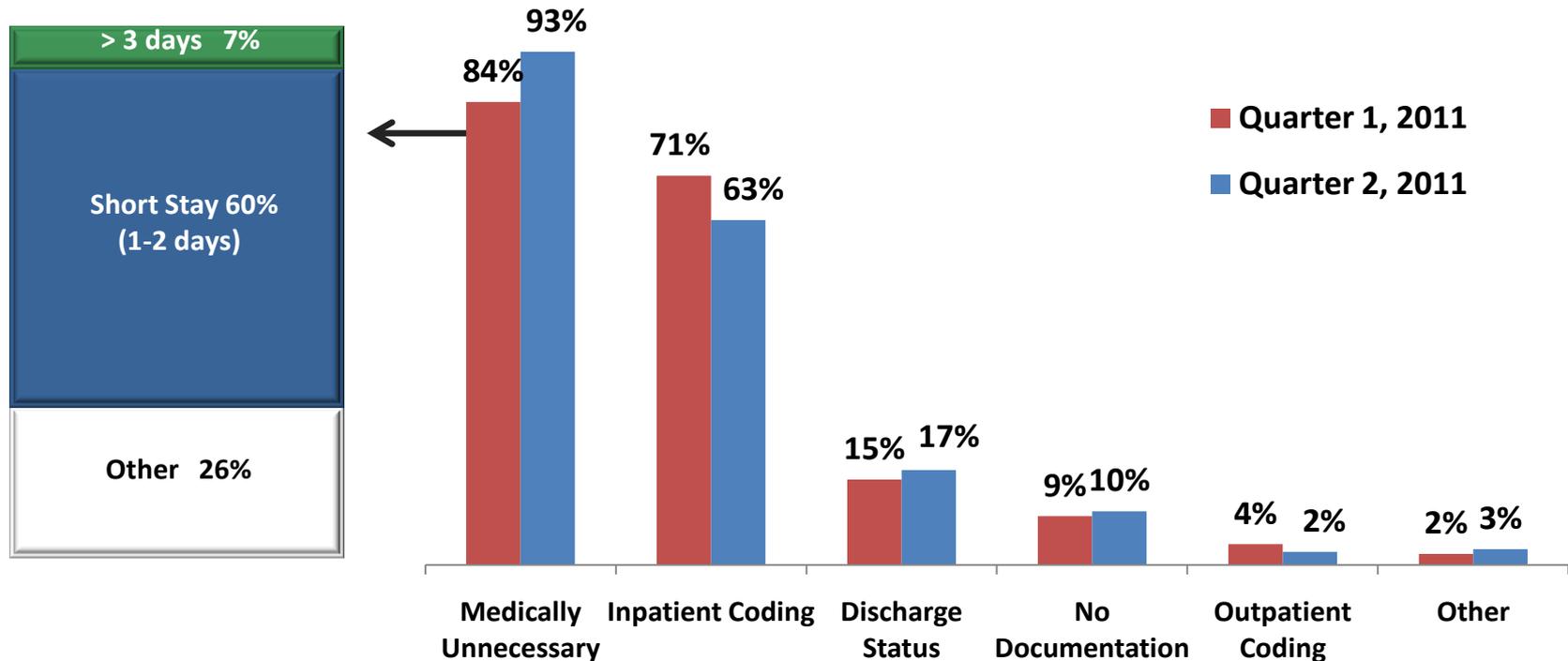


## Complex RAC Denials

# 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, 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2011

Survey participants were asked to select all reasons for denial.



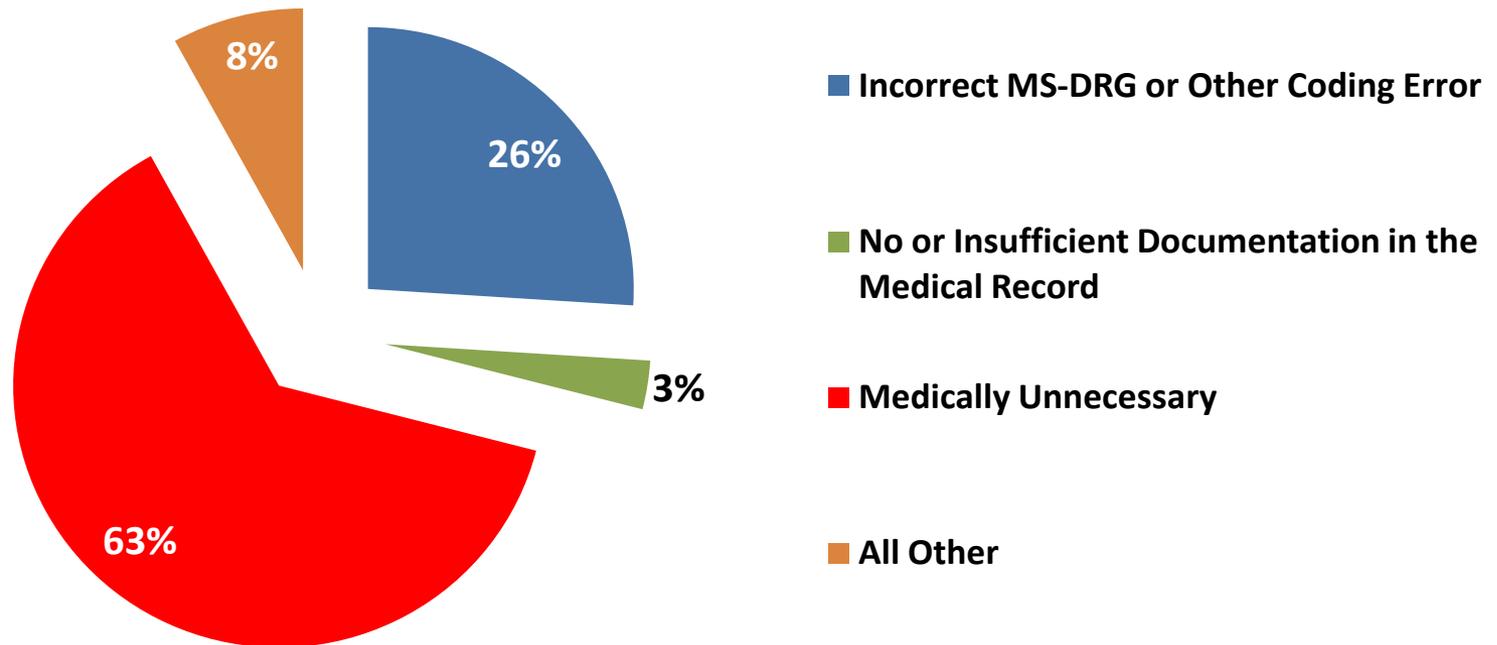
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# Medical necessity denials continue to be the denials with the largest financial impact.

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

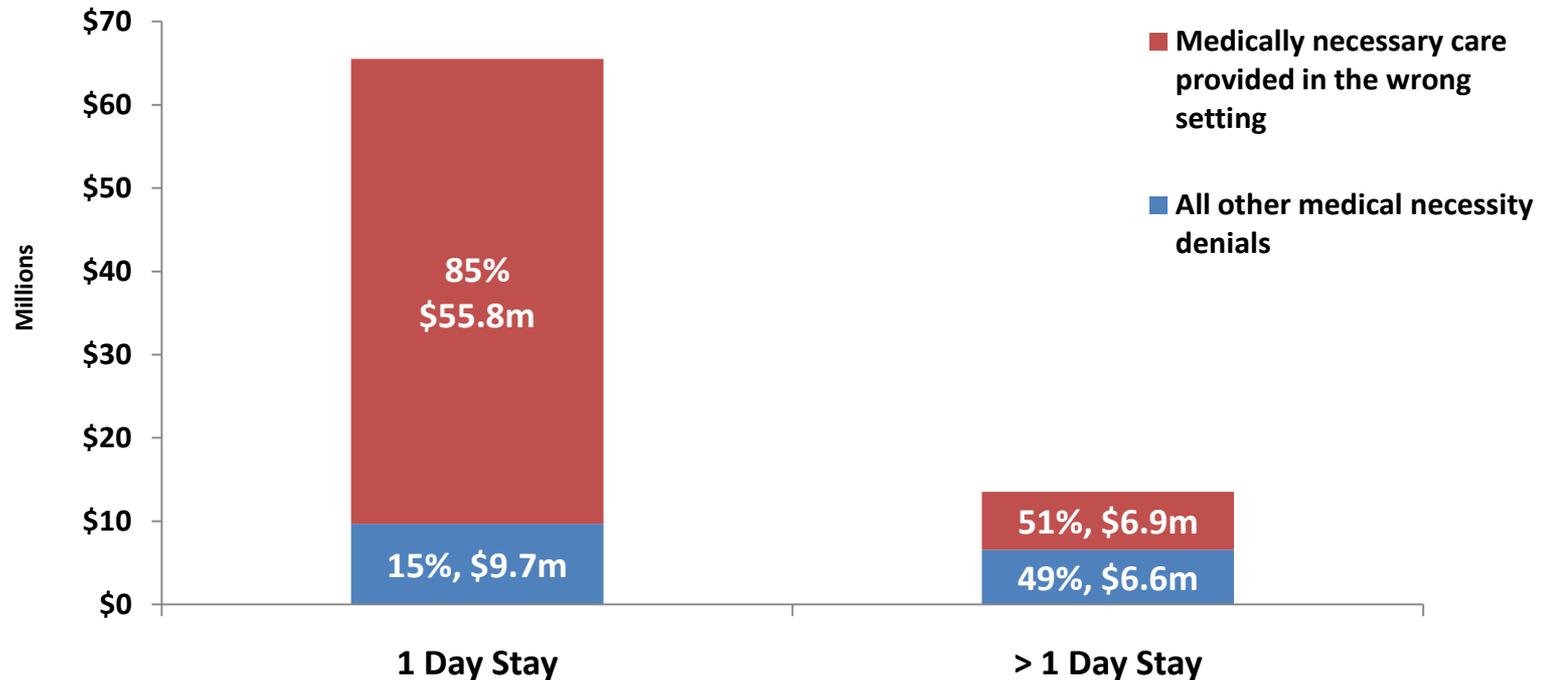
Survey participants were asked to rank denials by reason, according to dollars impacted.



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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, 2<sup>nd</sup> Quarter 2011



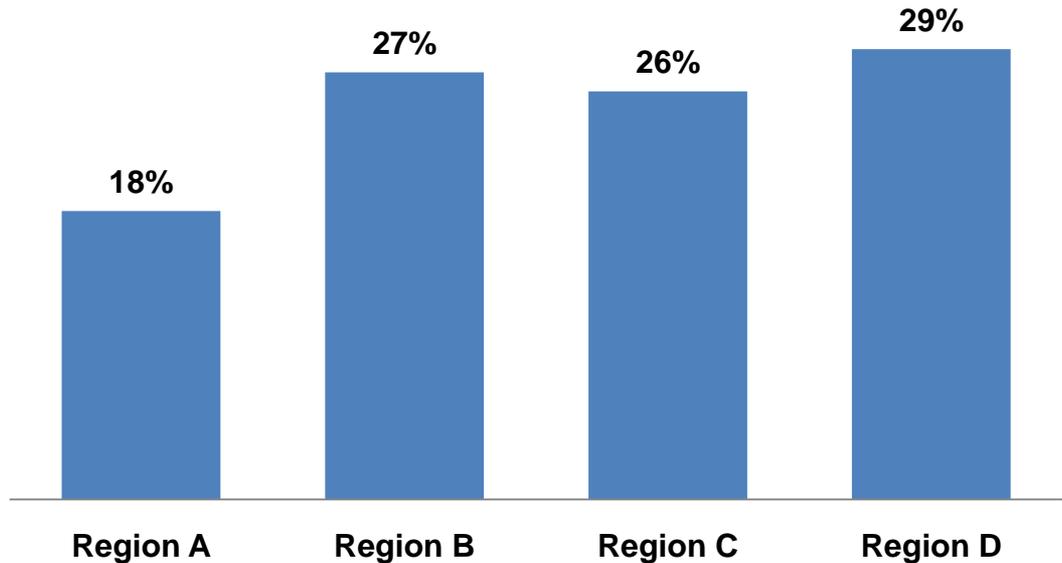
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All regions are now reporting a significant number of complex denials; Region D hospitals reported the most with 29% of all complex denials.

Percent and Number of Reported RAC Complex Denials for Participating Hospitals, by Region, through 2<sup>nd</sup> 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



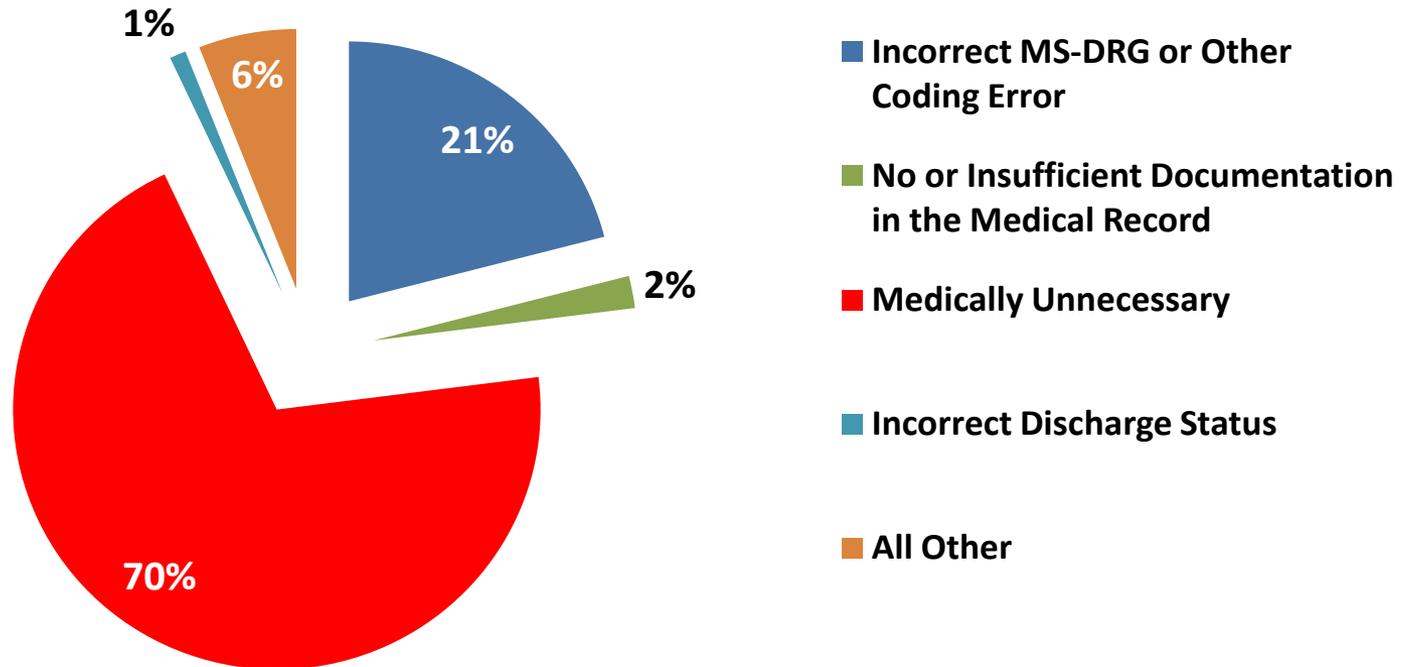
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# Region A: Medically unnecessary was identified by 70% of hospitals as the top reason for complex denials.

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

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

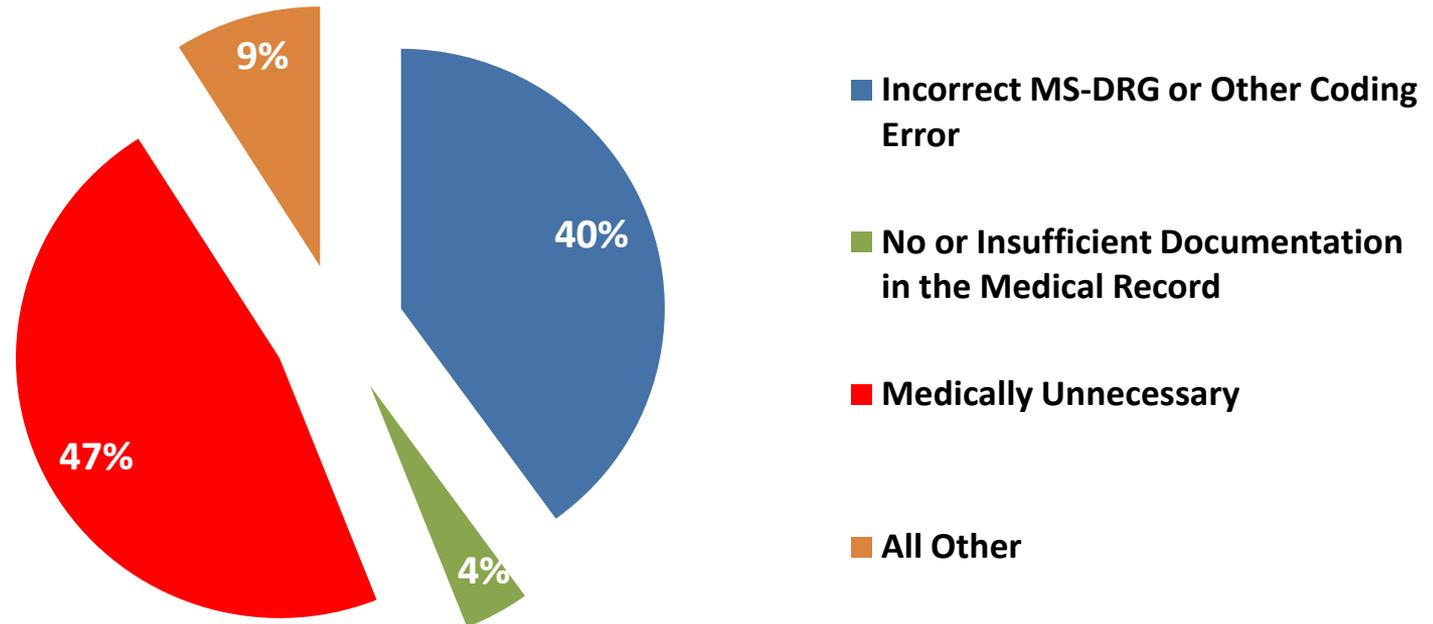


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# Region B: Medically unnecessary has now surpassed incorrect MS-DRG as the top reason for complex denials.

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

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



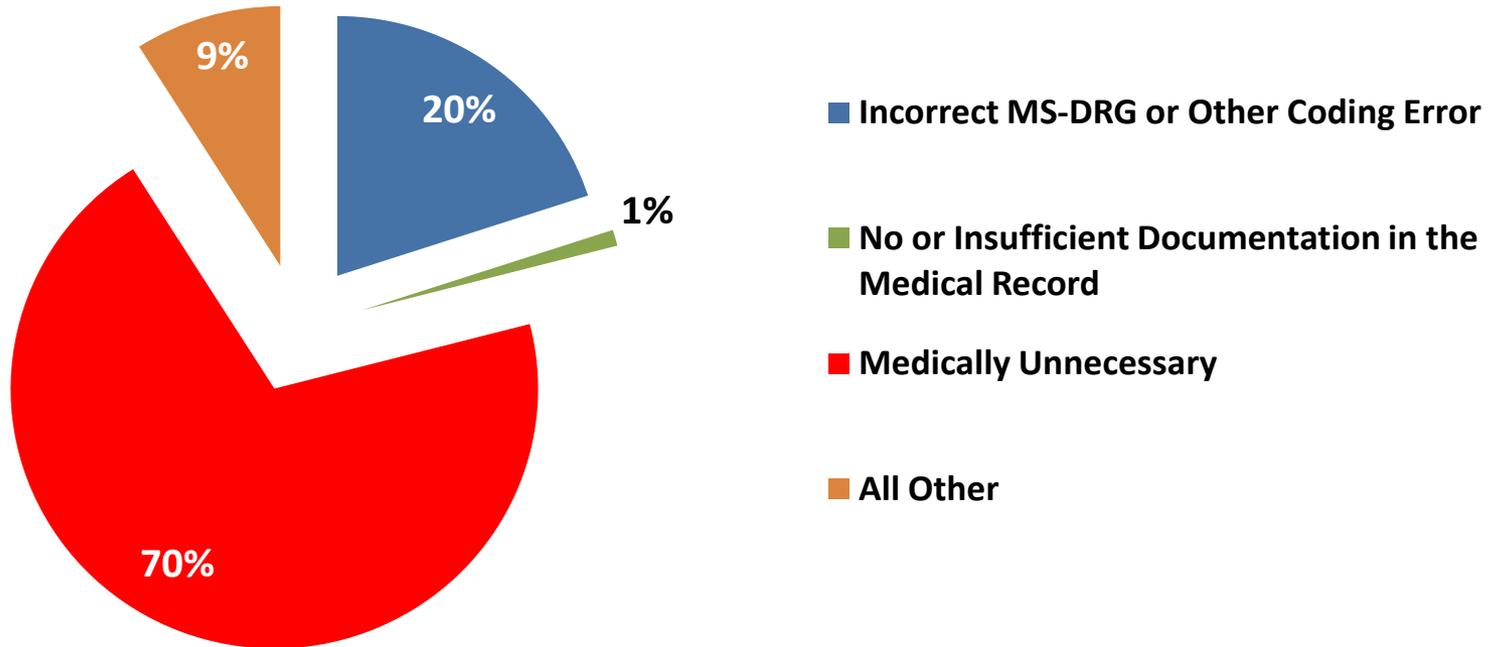
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# Region C: Medically unnecessary was identified by 70% of hospitals as the top reason for complex denials.

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

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

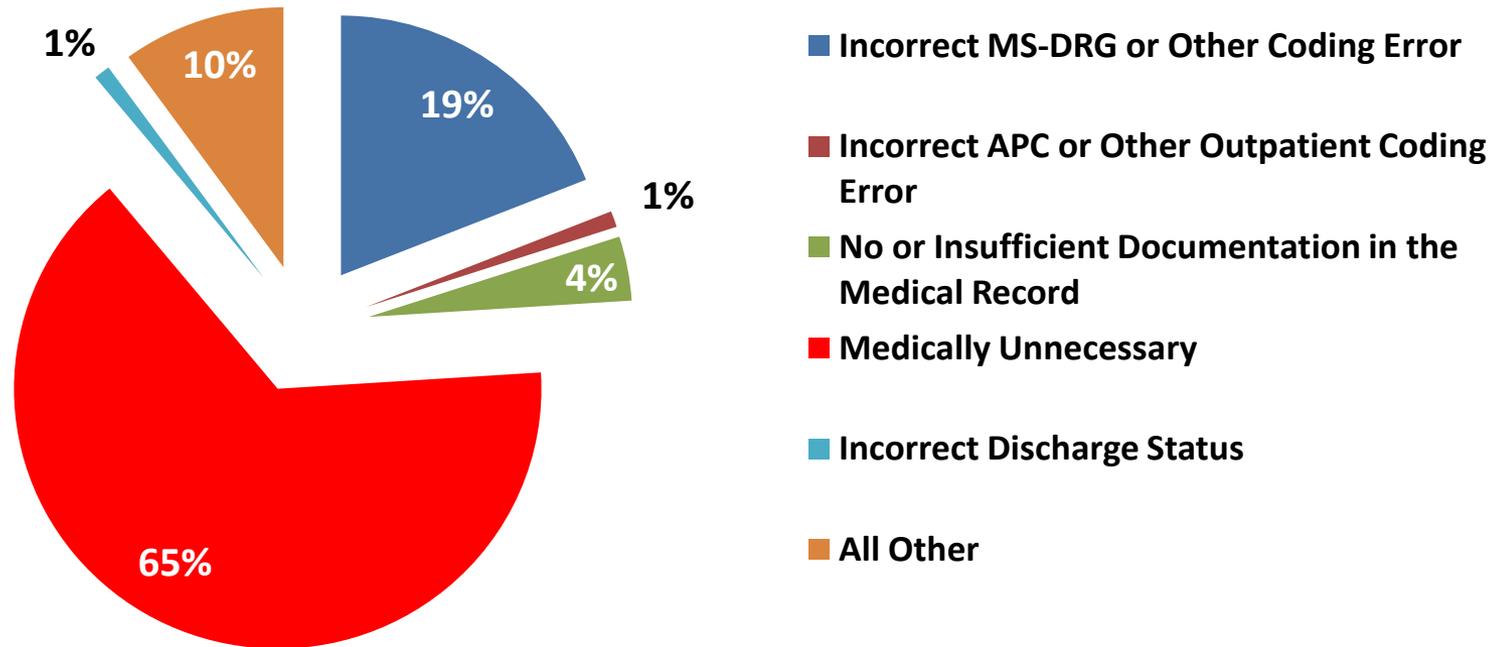


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# Region D: Medically unnecessary was identified by 65% of hospitals as the top reason for complex denials.

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

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



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# 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, 2<sup>nd</sup> 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%



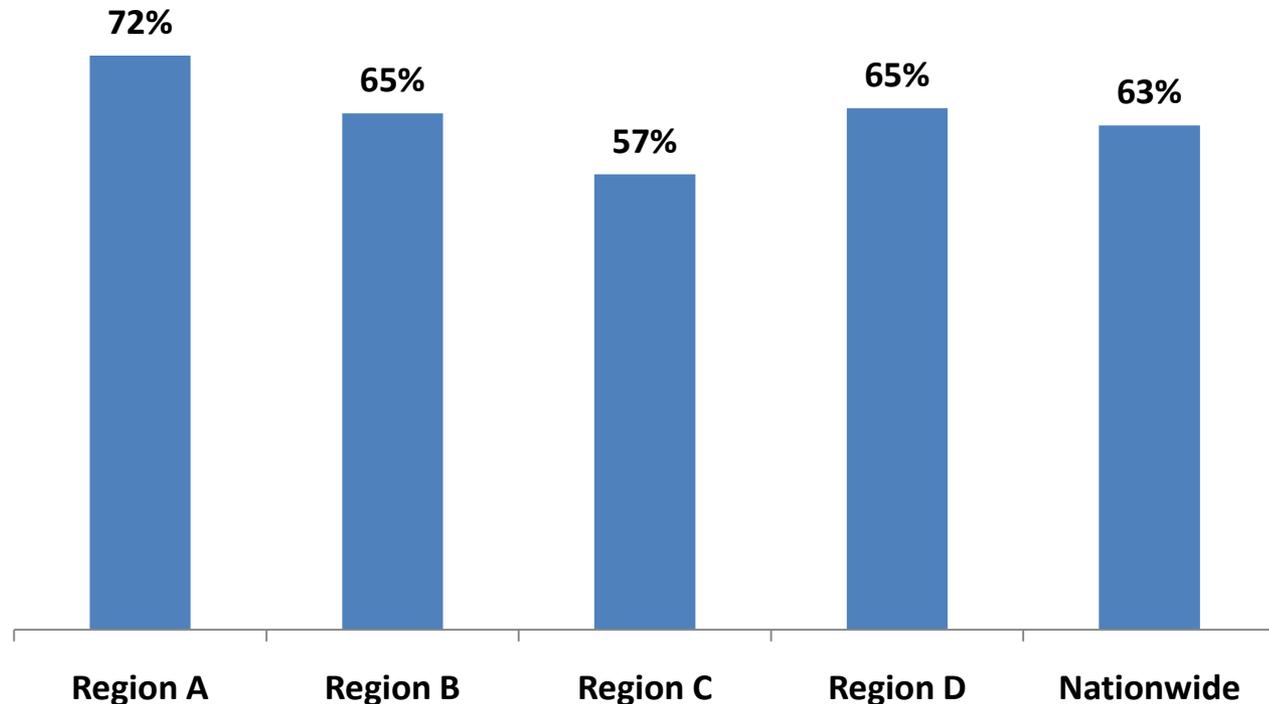
Source: AHA. (July 2011). RACTrac Survey  
 AHA analysis of survey data collected from 2,024 hospitals: 1,649 reporting activity, 375 reporting no activity through June 2011. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals),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



Underpayments

# Two-thirds of participating hospitals nationwide with RAC activity reported receiving at least one underpayment determination.

Percent of Hospitals Reporting Underpayment Determinations, By Region, through 2<sup>nd</sup> 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 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 2<sup>nd</sup> 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



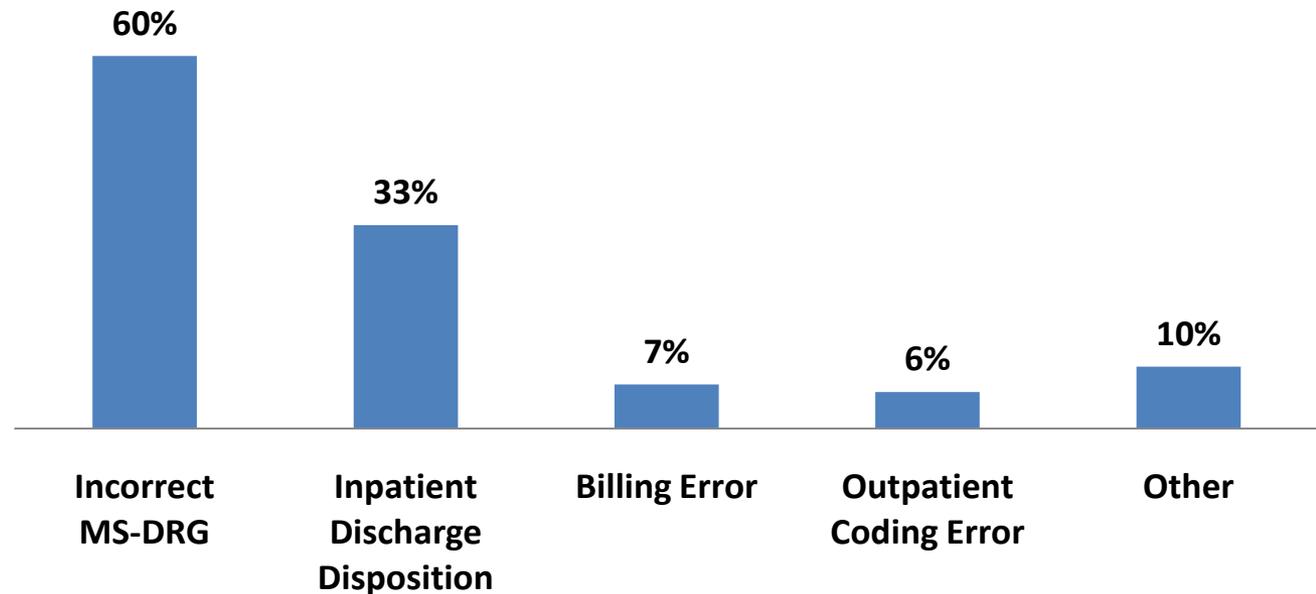
Source: AHA. (July 2011). RACTrac Survey

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, 2<sup>nd</sup> 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.



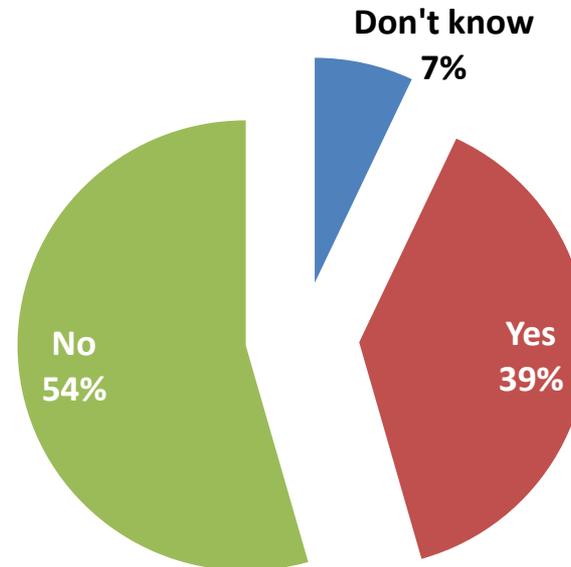
Appeals

# 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, 2<sup>nd</sup> 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.



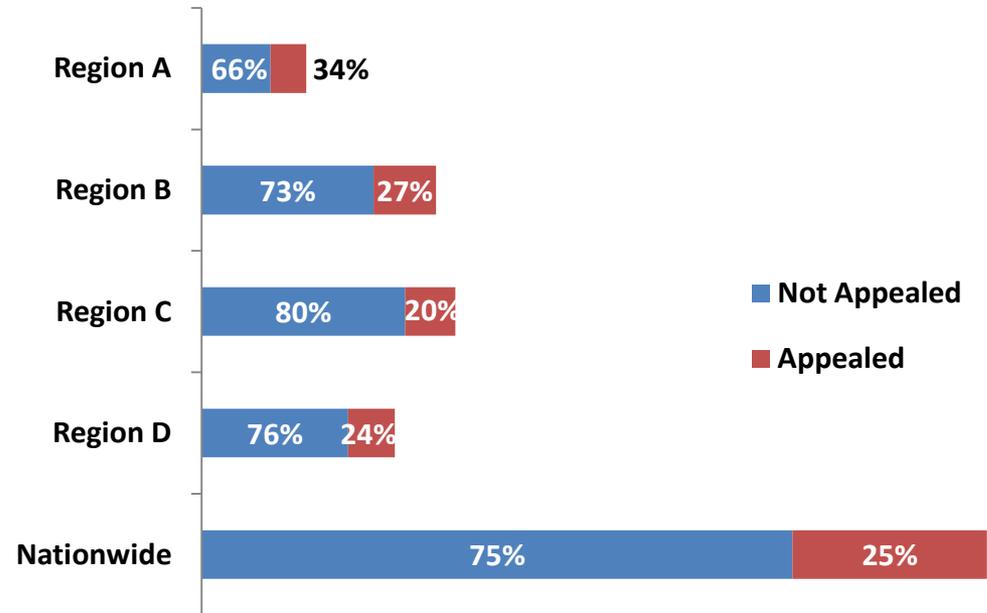
Source: AHA. (July 2011). RACTrac Survey

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 2<sup>nd</sup> 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 2<sup>nd</sup> 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

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.

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 2<sup>nd</sup> 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%

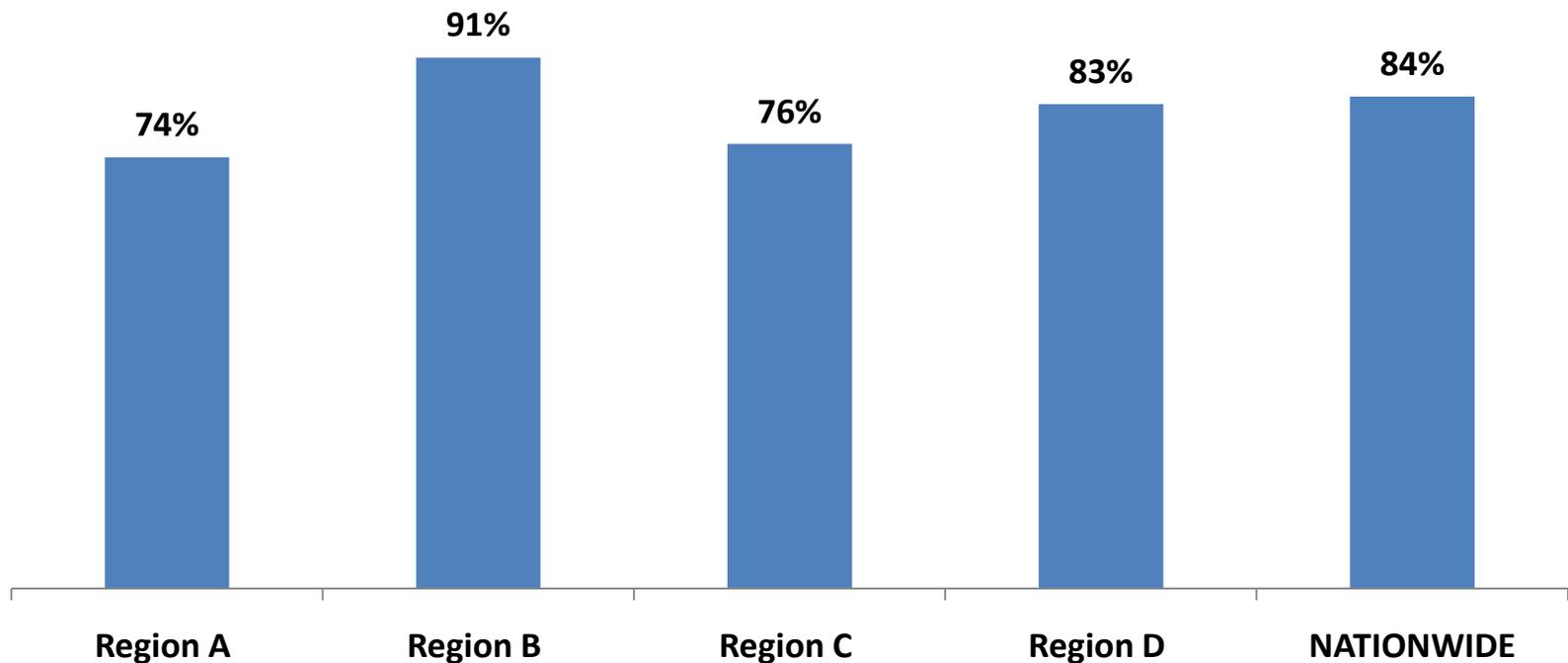
*Due to survey submission marginal error, total appeals may be greater than the sum of pending/withdrawn/overturned appeals.*



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 2<sup>nd</sup> Quarter 2011

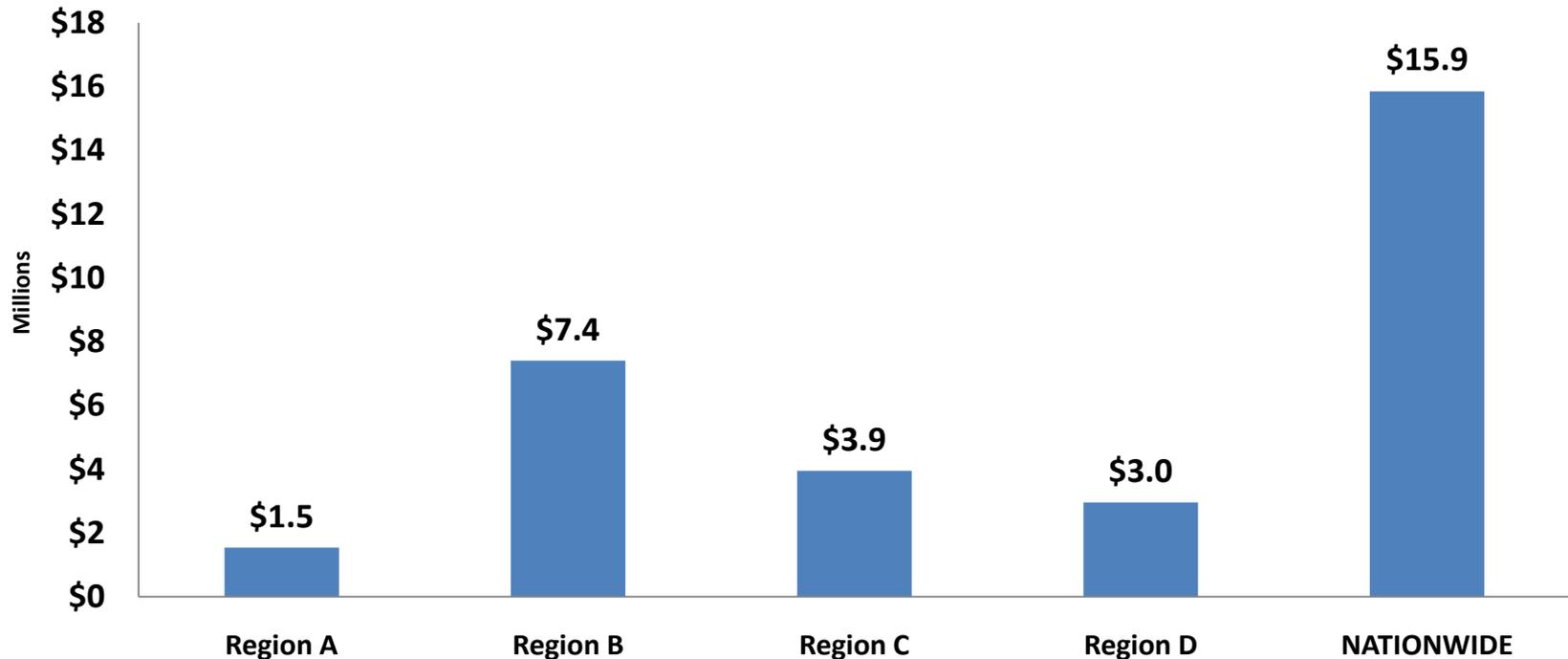


Source: AHA. (July 2011). RACTrac Survey

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 2<sup>nd</sup> Quarter 2011, Millions



Source: AHA. (July 2011). RACTrac Survey

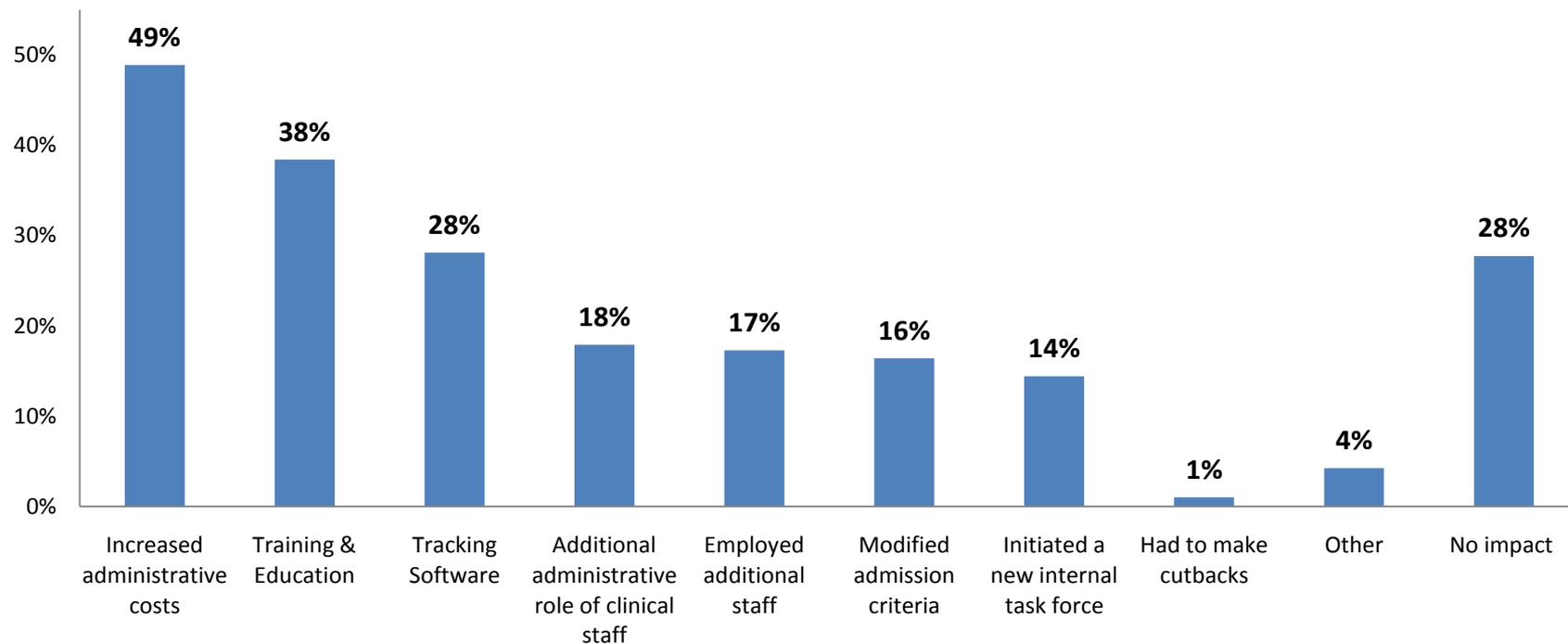
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## Administrative Burden

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, 2<sup>nd</sup> Quarter 2011



\* Includes participating hospitals with and without RAC activity

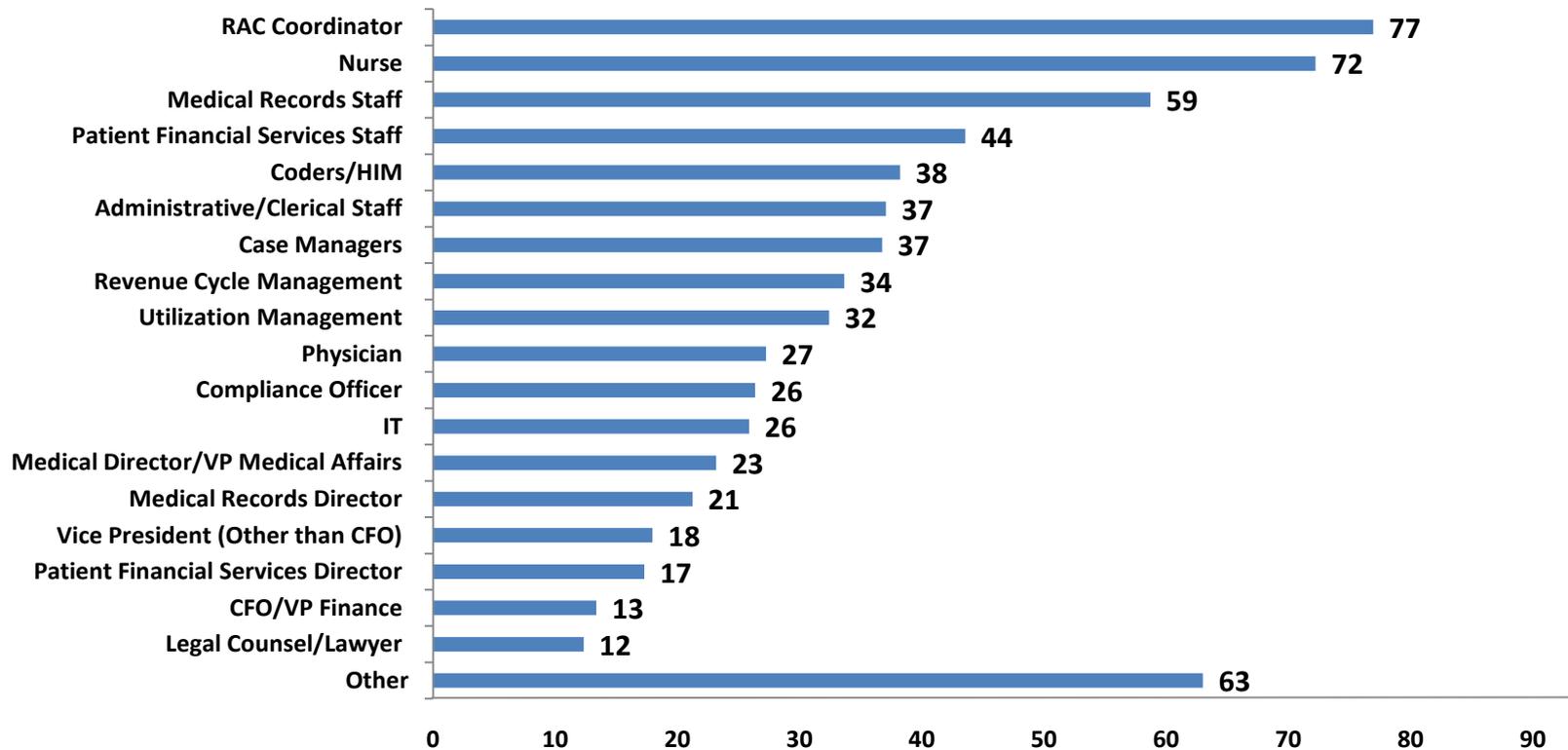
Source: AHA. (July 2011). RACTrac Survey

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, 2<sup>nd</sup> Quarter 2011



\* Includes participating hospitals with and without RAC activity

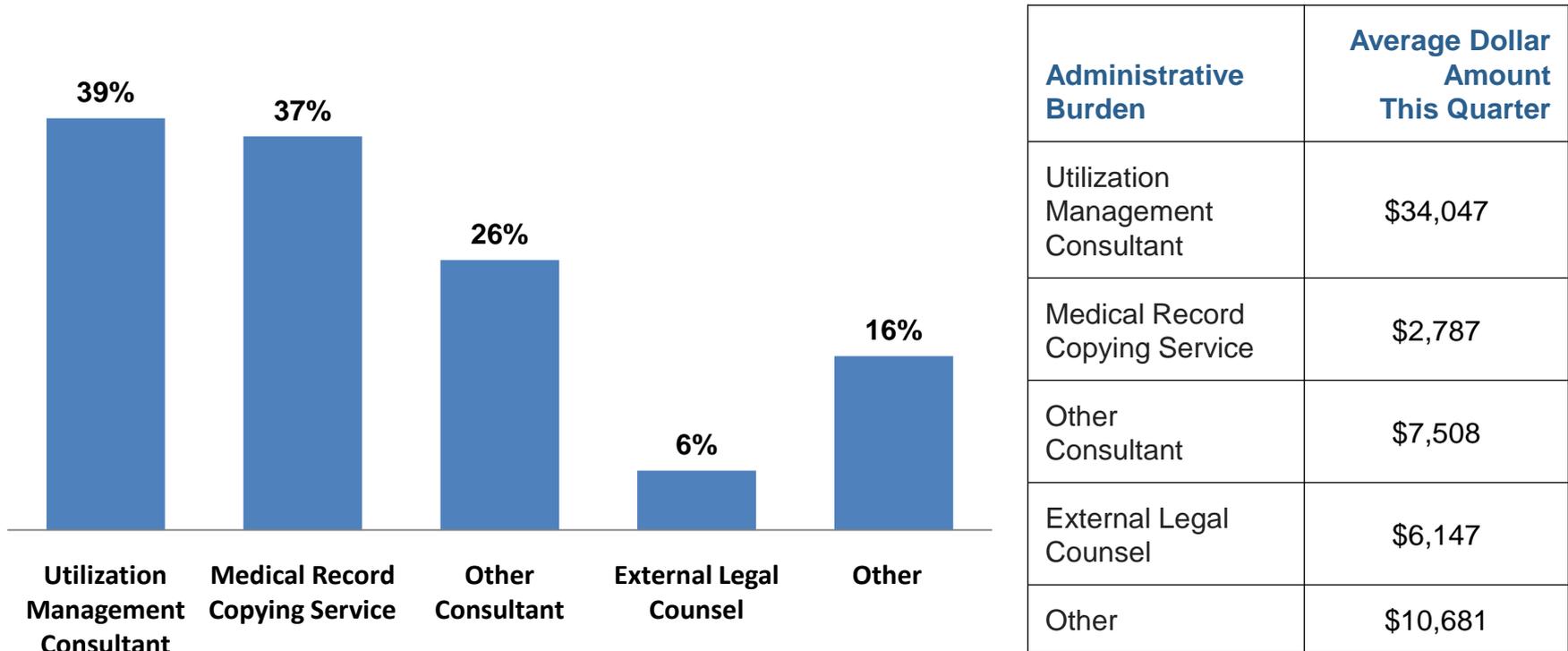
Source: AHA. (July 2011). RACTrac Survey

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.



# Many hospitals report spending external resources on outside consultants to deal with the RAC process.

Percent of Participating Hospitals\* Using External Resources by Type and Average Dollars Spent *this quarter*, 2<sup>nd</sup> Quarter 2011



*Average dollars spent by hospitals that reported utilizing external resources.*

\* 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.

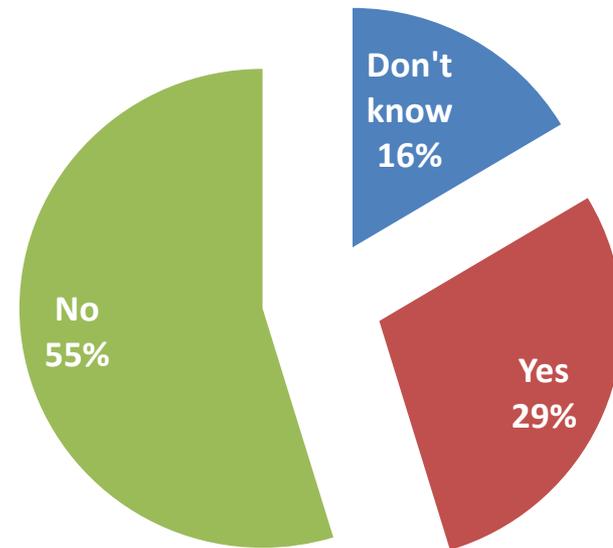


55% of respondents indicated they have yet to receive any education related to avoiding payment errors from CMS or its contractors.

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

### Reported Education by RAC Region

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



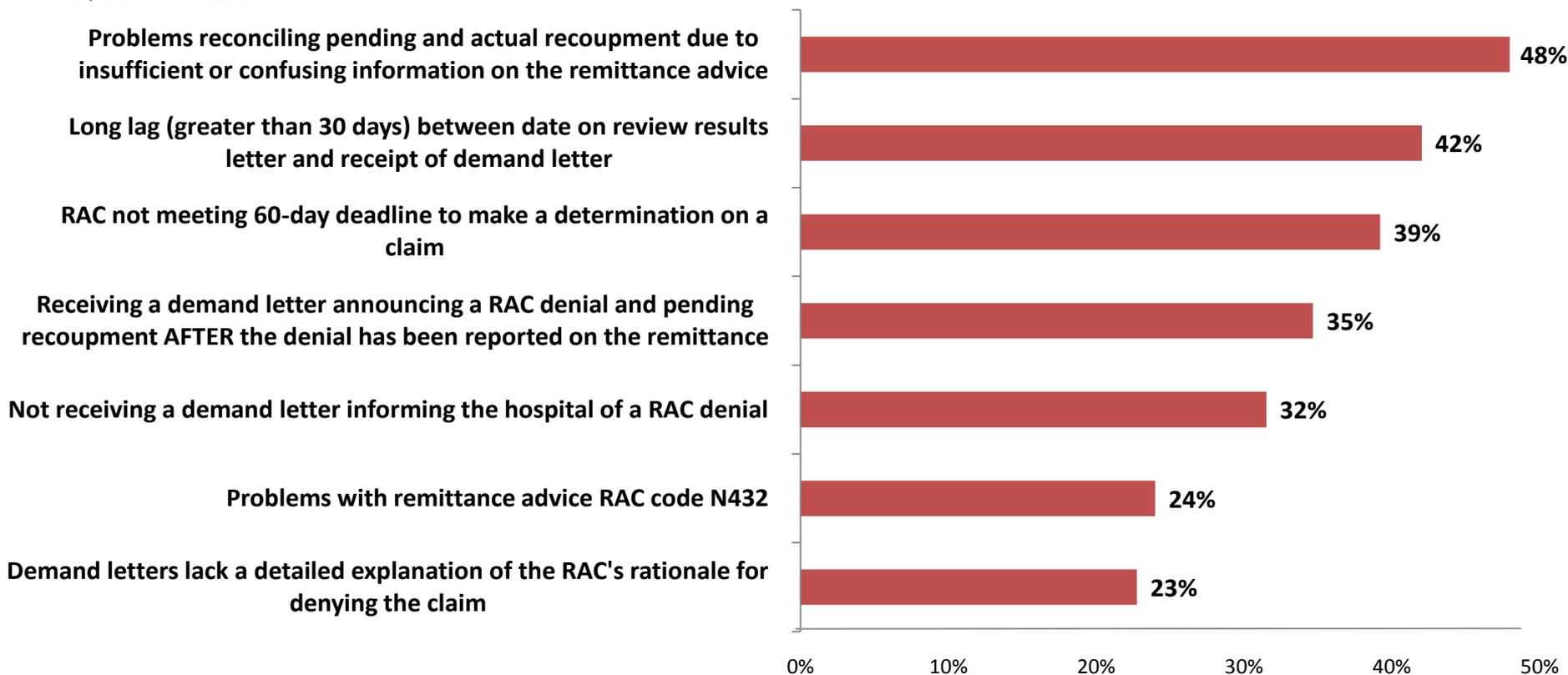
\* Includes participating hospitals with and without RAC activity

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, 2<sup>nd</sup> Quarter 2011



\* Includes participating hospitals with and without RAC activity

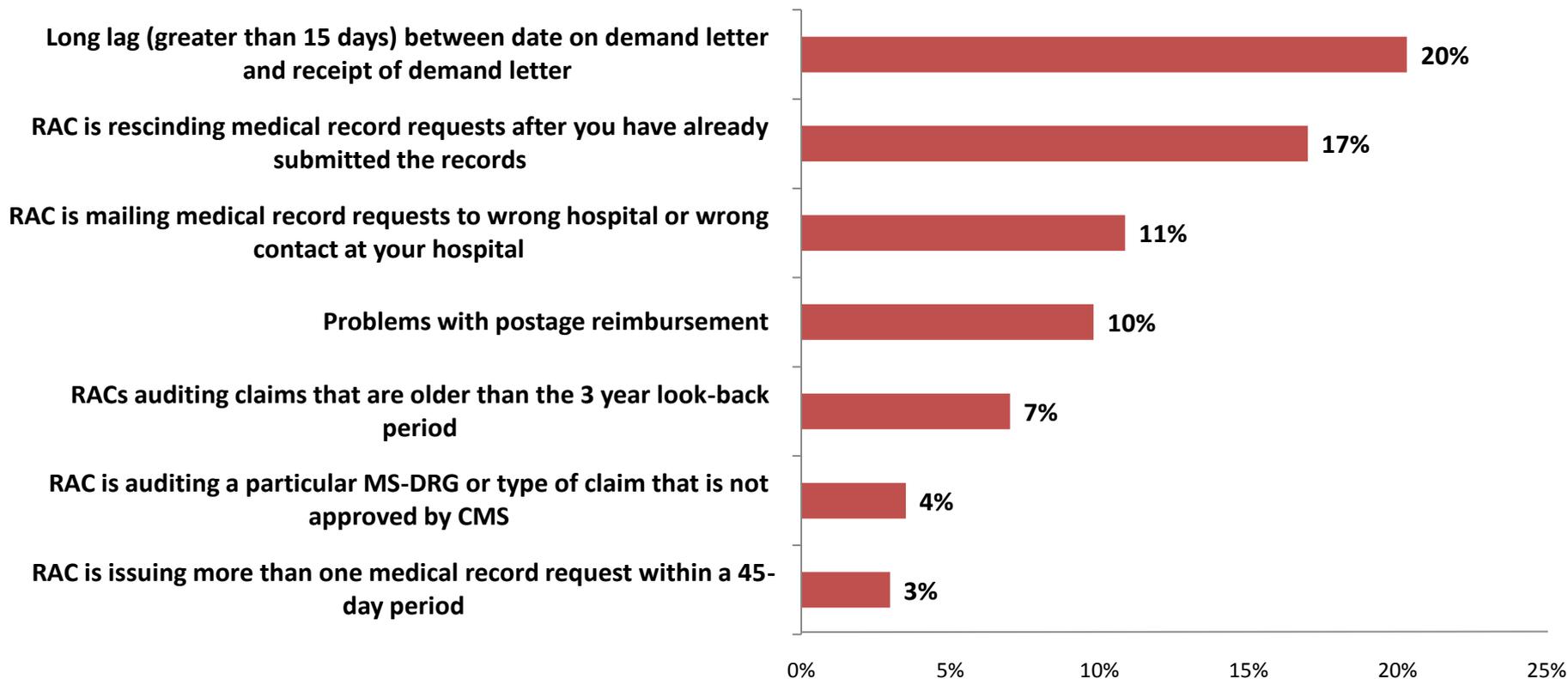
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# Hospitals continue to report that they are receiving demand letters late and that RACs are rescinding medical record requests after the hospital has already submitted the records.

## Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 2<sup>nd</sup> Quarter 2011



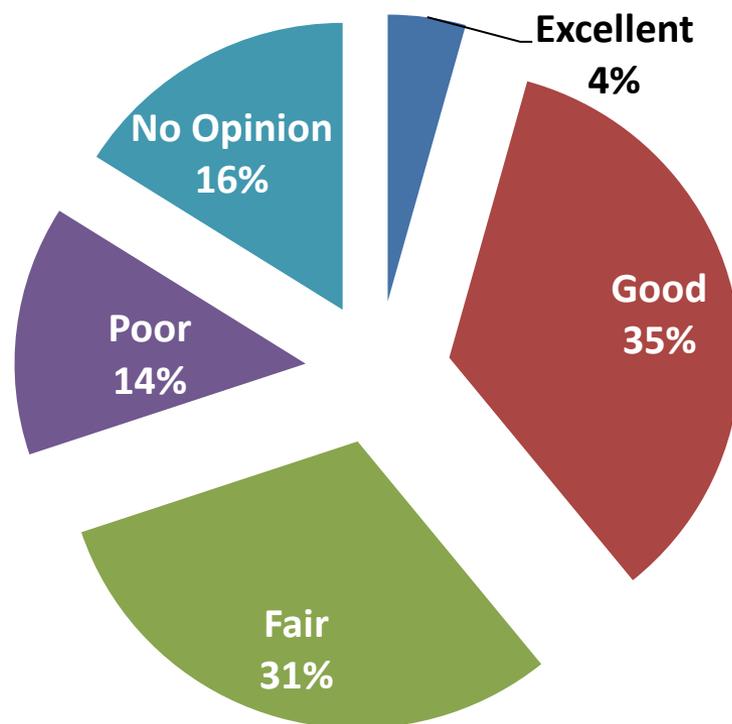
\* Includes participating hospitals with and without RAC activity

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 majority of hospital respondents indicated RAC responsiveness and overall communication was “fair” or “good.”

## Participating Hospitals Rating of RAC Responsiveness and Overall Communication, 2<sup>nd</sup> 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.



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

## Participating Hospital Rating of RAC Responsiveness and Overall Communication, by Region, 2<sup>nd</sup> Quarter 2011

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

\* Includes participating hospitals with and without RAC activity

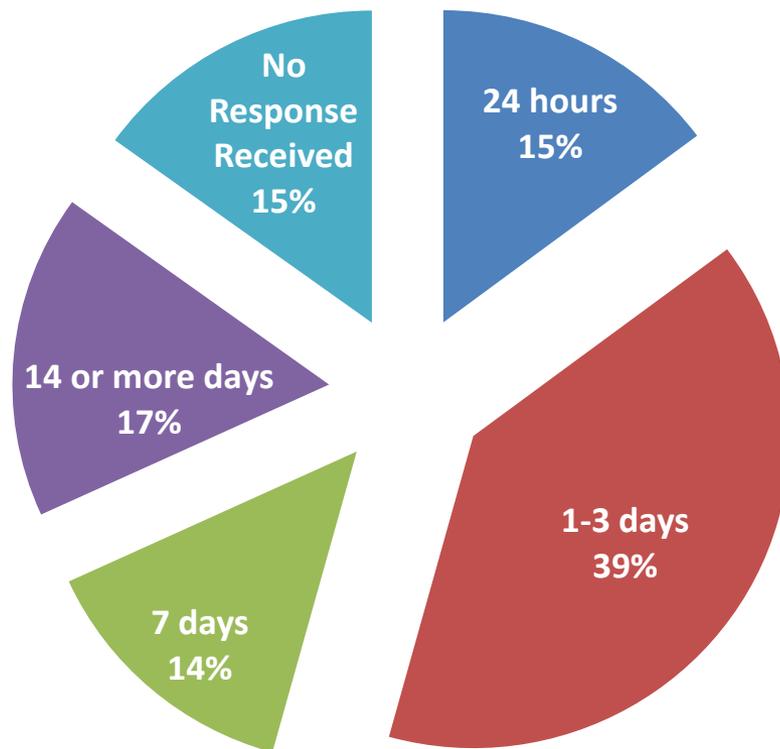
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The average wait time for a RAC response varied significantly, with 17% of hospitals reporting it took 14 days or more to receive a response from their RAC.

### Average Number of Days it Took RACs to Respond to Hospital Inquiries for Participating Hospitals, 2<sup>nd</sup> 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, 2<sup>nd</sup> Quarter 2011

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





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

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