



# Exploring the Impact of the RAC Program on Hospitals Nationwide

Results of AHA RAC *TRAC* Survey, 1<sup>st</sup> Quarter 2014

May 28, 2014

# 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) miscoding;
  - 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.



# RAC<sup>TRAC</sup> Background

- AHA created RAC<sup>TRAC</sup>—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<sup>TRAC</sup> (accessed at [www.aharactrac.com](http://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 1<sup>st</sup> quarter of 2014.
  - Survey registration information and RAC<sup>TRAC</sup> support can be accessed at [ractracsupport@providercs.com](mailto:ractracsupport@providercs.com) or 1-888-722-8712.
  - Hospitals submit data to RAC<sup>Trac</sup> through their claim tracking tools
    - 21 external vendors offer an upload function to export a hospital's RAC data to RAC<sup>Trac</sup>, or hospitals can choose to utilize the claim-level tracking tool provided by the AHA.



# Executive Summary

- 2,489 hospitals have participated in RAC<sup>TRAC</sup> since data collection began in January of 2010. 1,165 hospitals participated this quarter.
- 57% of medical records reviewed by RACs **did not** contain an overpayment, according to the RAC.
- 59% of hospitals indicated they experienced short-stay medical necessity denials. 59% of hospitals also received denials for inpatient coding, an increase of 8% from Q4 2013.
- 66% of short-stay denials for medical necessity were because the care was provided in the wrong setting, not because the care was medically unnecessary
- Hospitals reported appealing 50% of all RAC denials, with a 66% success rate in the appeals process.
  - The appeals overturn rate may be impacted by appeals withdrawn by hospitals for rebilling. An additional 13,000 claims were reported as withdrawn from the appeals process by hospitals since Q3 2013.



## Executive Summary (cont.)

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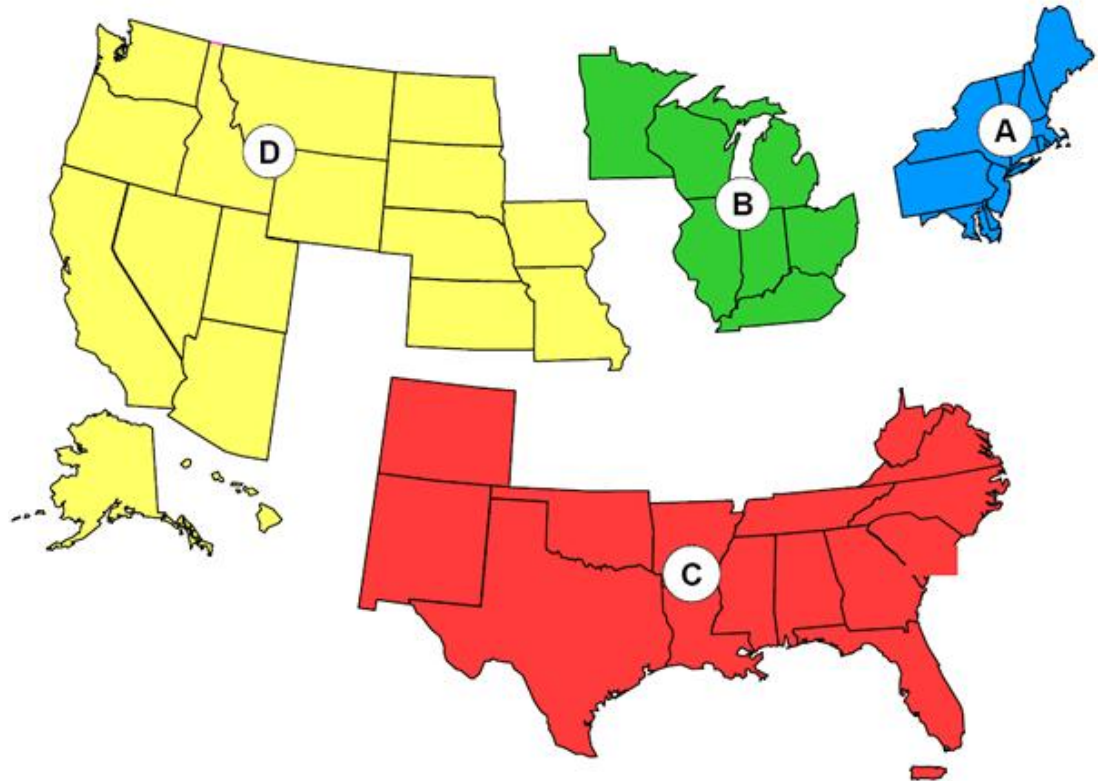
- 50% of participating hospitals reported having a RAC denial reversed through utilization of the discussion period.
- 55% of all hospitals filing a RAC appeal during the 1st quarter of 2014 reported appealing short stay medically unnecessary denials.
- 63% of all appealed claims are still sitting in the appeals process.
- 69% of all hospitals reported spending more than \$10,000 managing the RAC process during the first quarter of 2014, 48% spent more than \$25,000 and 11% spent over \$100,000.



# There are four RAC regions nationwide. Participation in RAC<sup>TRAC</sup> is generally consistent with hospital representation in each of the RAC regions.

## Distribution of Hospitals by RAC Region and Hospitals Participating in RAC<sup>TRAC</sup> by RAC Region, through 1st Quarter 2014

	Percent of Hospitals Nationwide	Percent of Participating Hospitals by Region
Region A	15%	16%
Region B	19%	23%
Region C	40%	35%
Region D	26%	26%



Source: Centers for Medicare and Medicaid Services

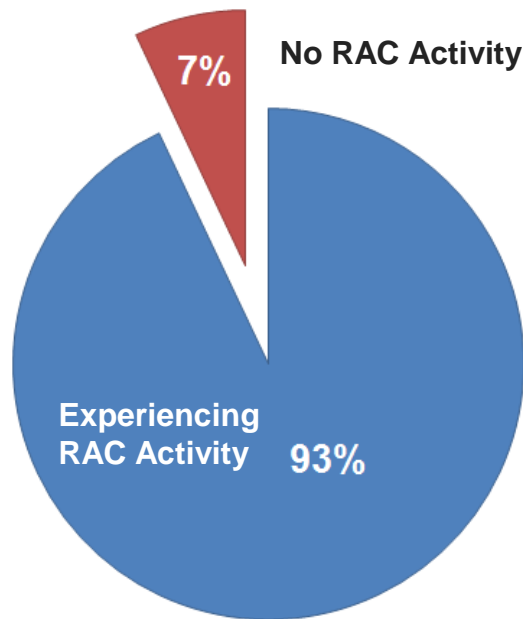


## RAC Activity

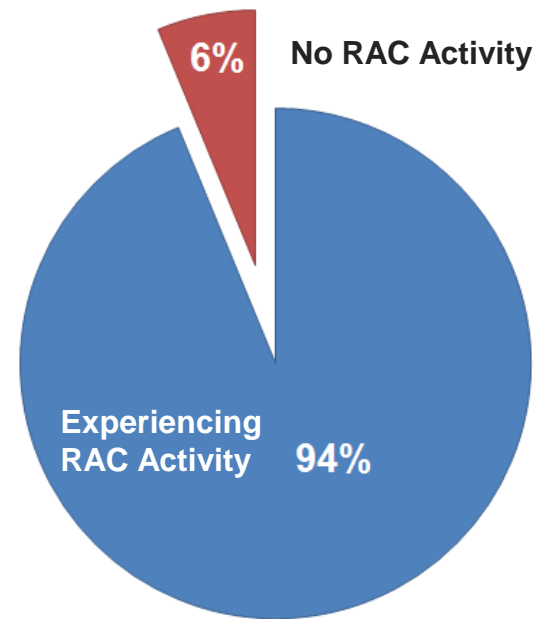
# Nine out of ten hospitals participating in RAC *TRAC* reported experiencing RAC activity through March 2014.

Percent of Participating Hospitals Experiencing RAC Activity,  
4<sup>th</sup> Quarter 2013 and 1<sup>st</sup> Quarter 2014

**4th Quarter, 2013**



**1st Quarter, 2014**



Source: AHA. (April 2014). RAC *TRAC* Survey

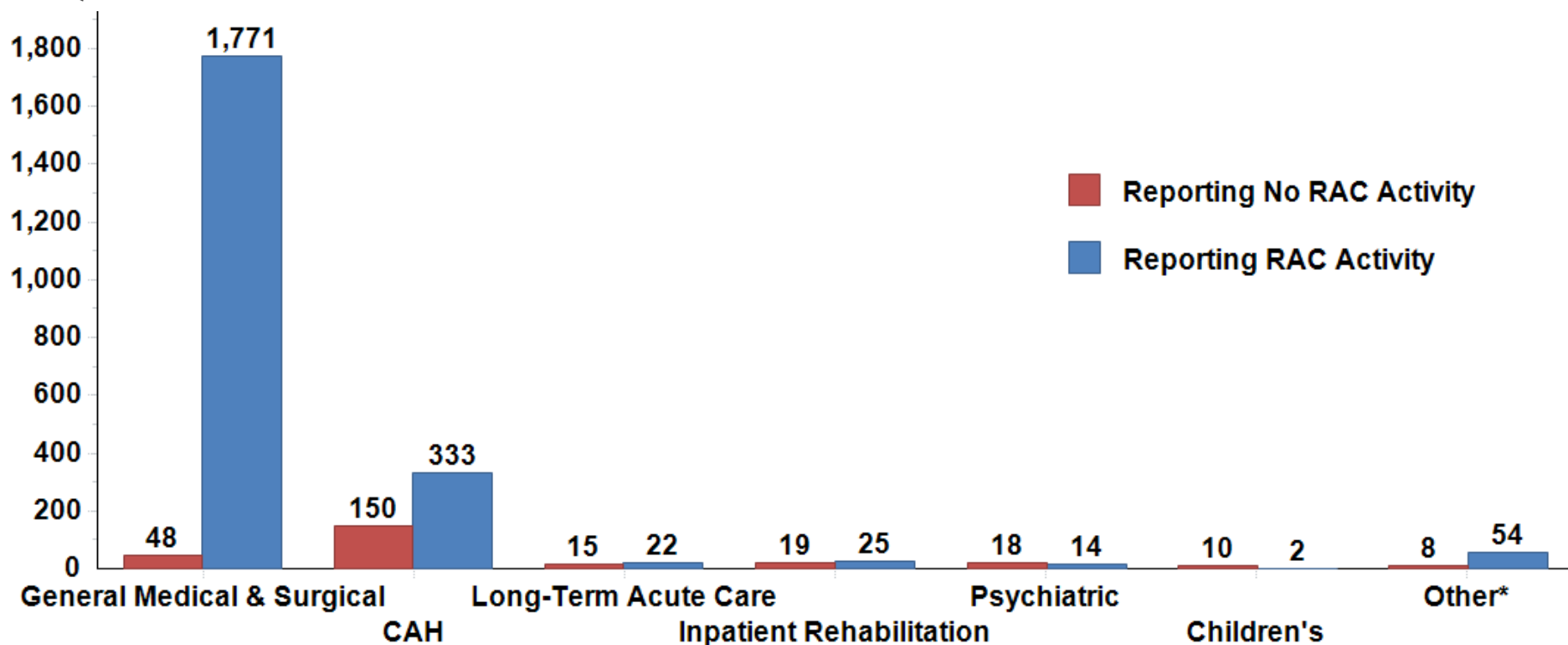
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# The majority of hospitals reporting RAC activity are general medical and surgical hospitals.

Number of Hospitals Reporting RAC Activity by Hospital Type, through 1<sup>st</sup> Quarter 2014



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

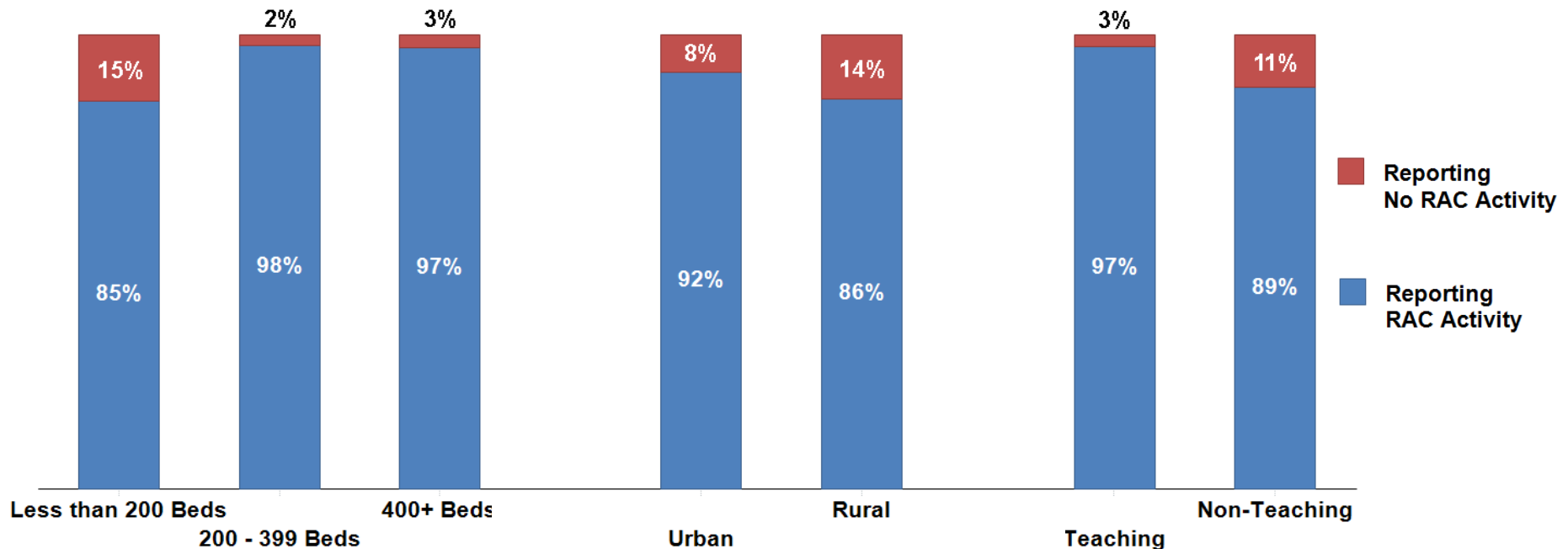
Source: AHA. (April 2014). RAC TRAC Survey

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# Most hospitals, regardless of characteristics, are reporting that they are experiencing RAC reviews.

Percent Reporting RAC Activity vs. No RAC Activity by Type of Participating Hospital, through 1<sup>st</sup> Quarter 2014



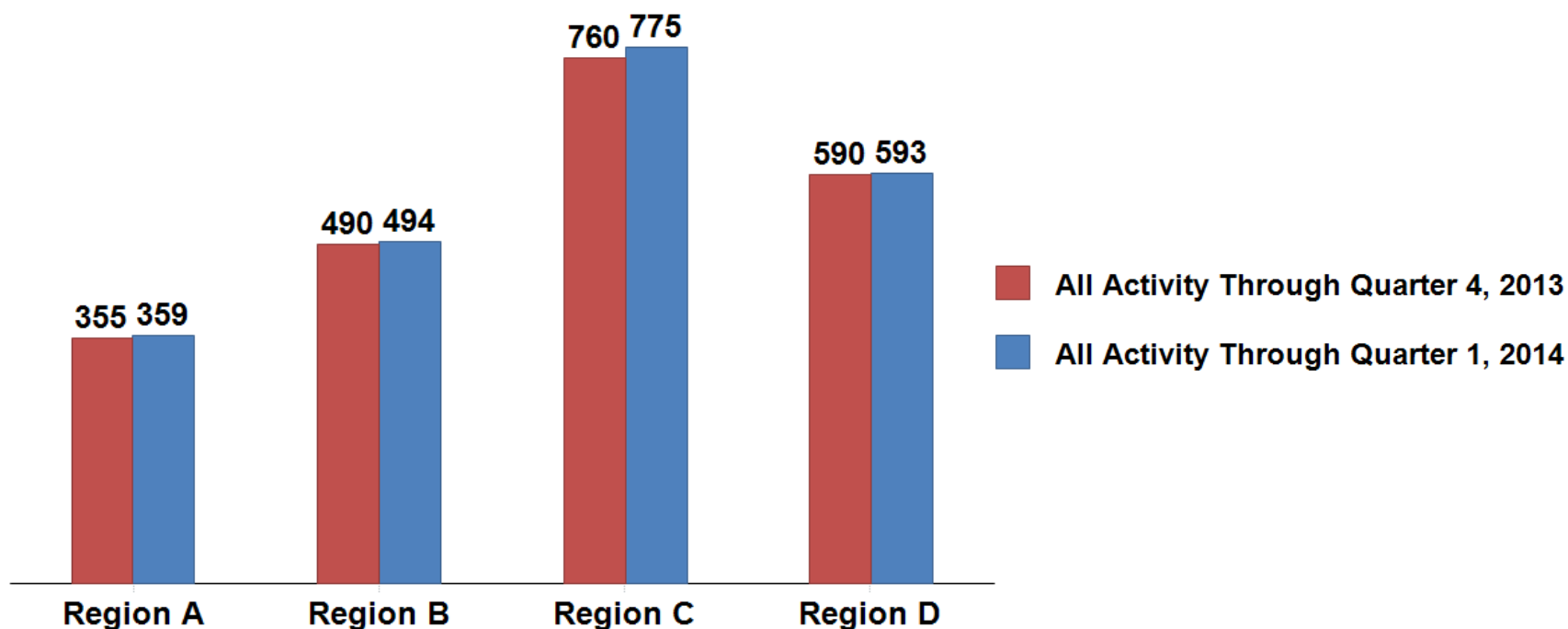
Source: AHA. (April 2014). RAC TRAC Survey

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

Number of Participating Hospitals Reporting RAC Activity by Region, through 1<sup>st</sup> Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

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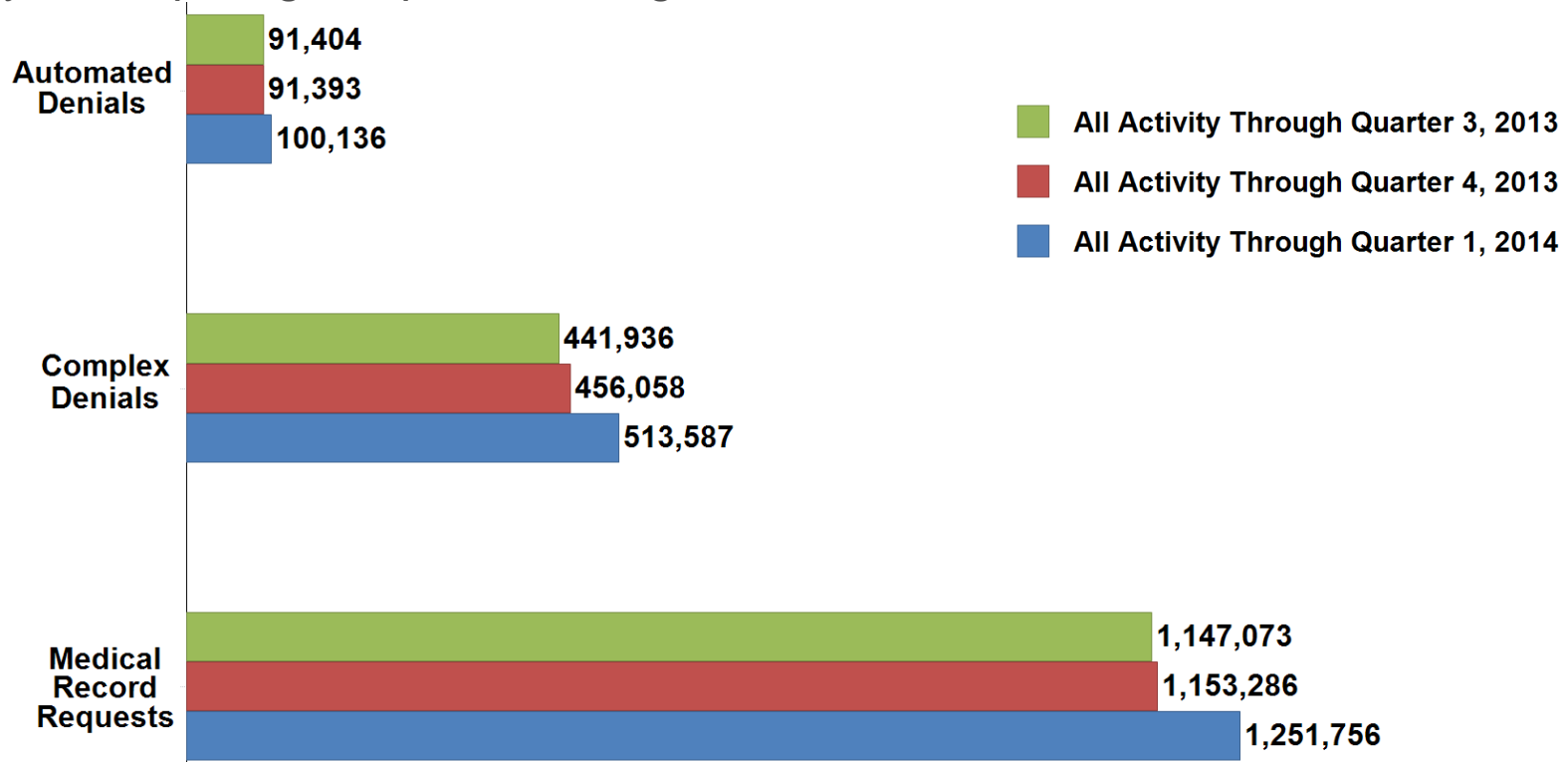
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## RAC Reviews

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

Reported Automated Denials, Complex Denials and Medical Records Requests by Participating Hospitals, through 1st Quarter 2014\*



\*Response rates vary by quarter.

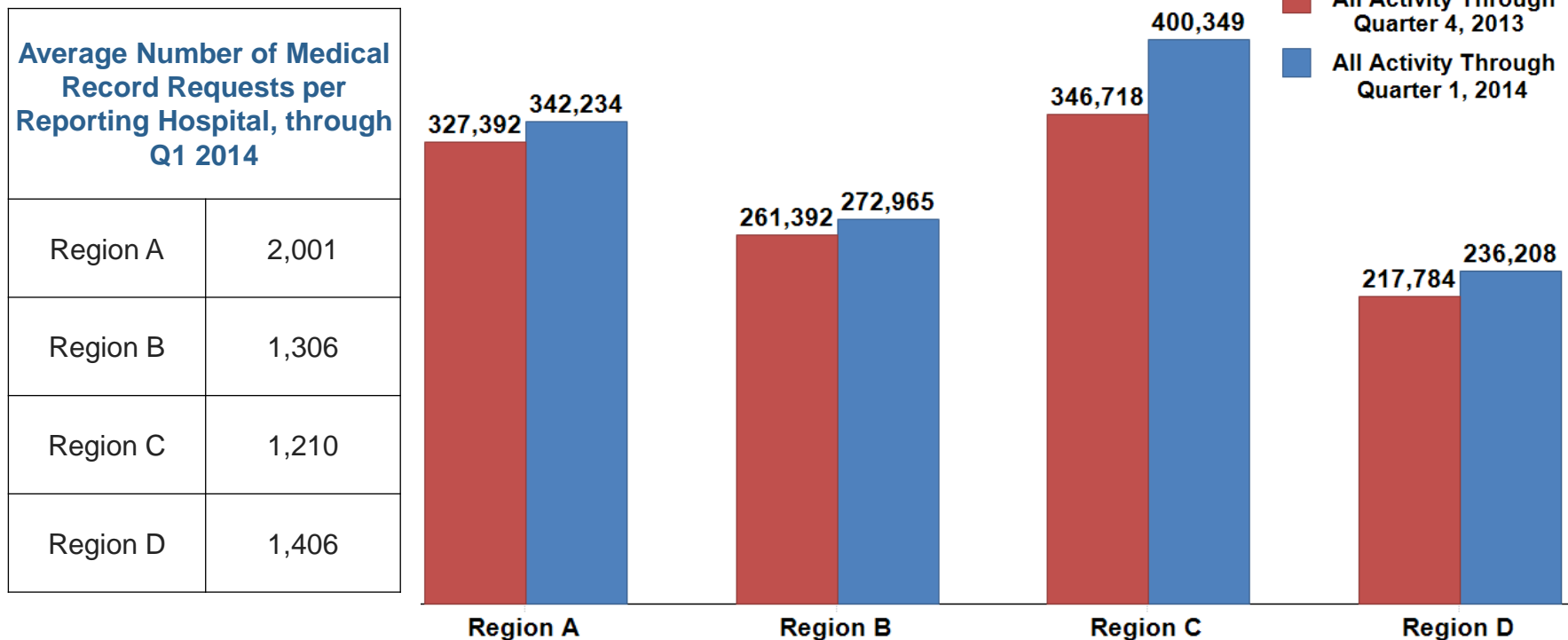
Source: AHA. (April 2014). RAC TRAC Survey

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Region C reports the highest total number of medical record requests; Region A has the highest average number of medical record requests per hospital.

Number of Medical Records Requested from Participating Hospitals With Complex Medical Record RAC Activity, through 1<sup>st</sup> Quarter 2014\*



\*Response rates vary by quarter.

Source: AHA. (April 2014). RACTRAC Survey

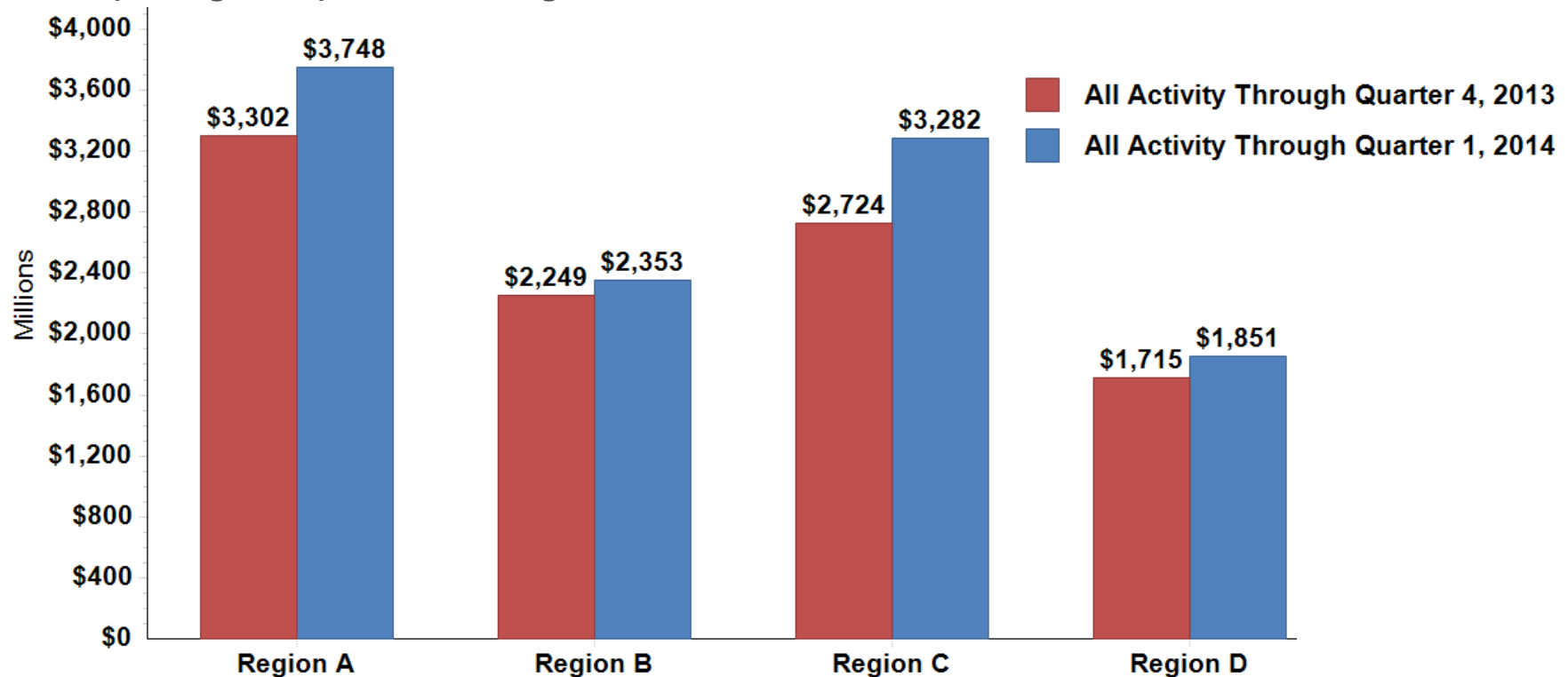
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# Among participating hospitals, over \$11 billion in Medicare payments were targeted for medical record requests through the 1st quarter of 2014.

Medicare Payments Associated with Medical Records Requested from Participating Hospitals, through 1<sup>st</sup> Quarter 2014, in Millions\*



\*Response rates vary by quarter.

Source: AHA. (April 2014). RAC<sup>TRAC</sup> Survey

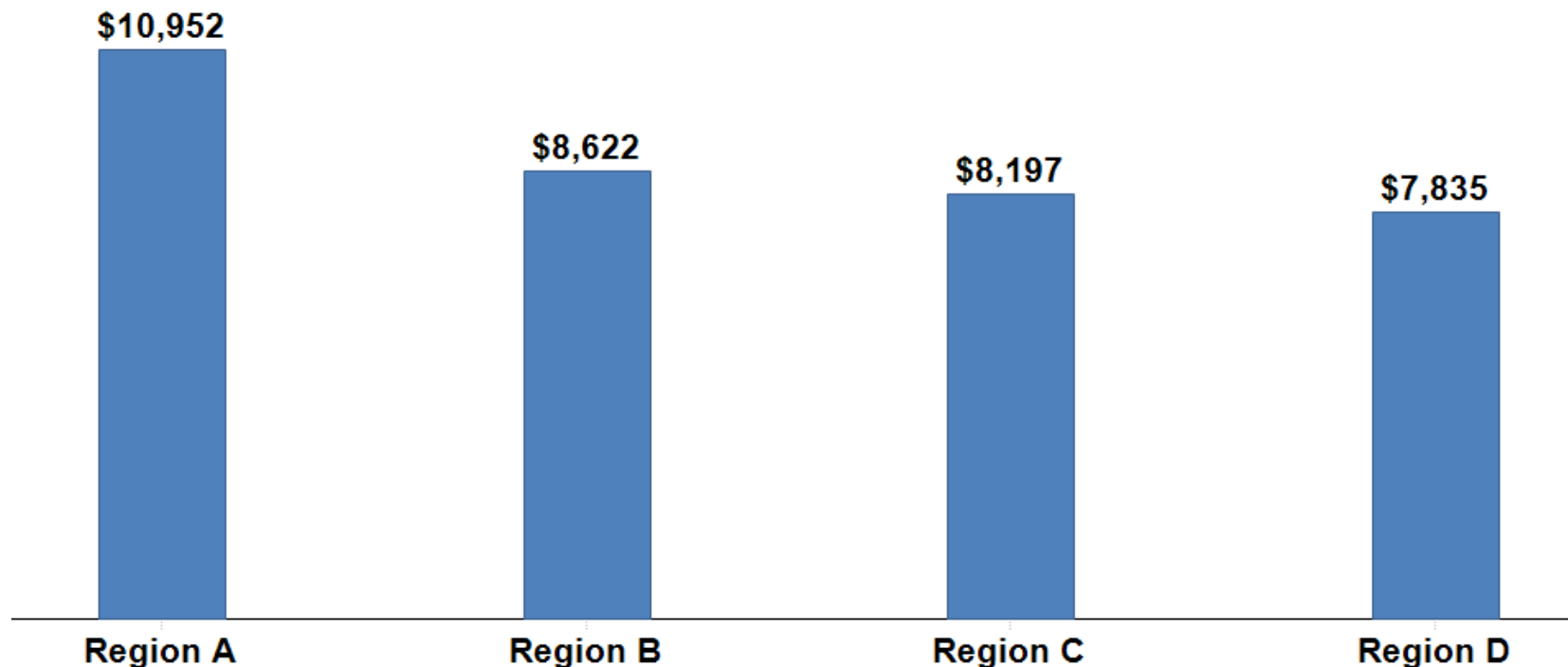
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# The average value of a medical record requested in a complex review was highest in Region A.

Average Value of a Medical Record Requested in a Complex Review Among Hospitals Reporting RAC Activity, through 1st Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

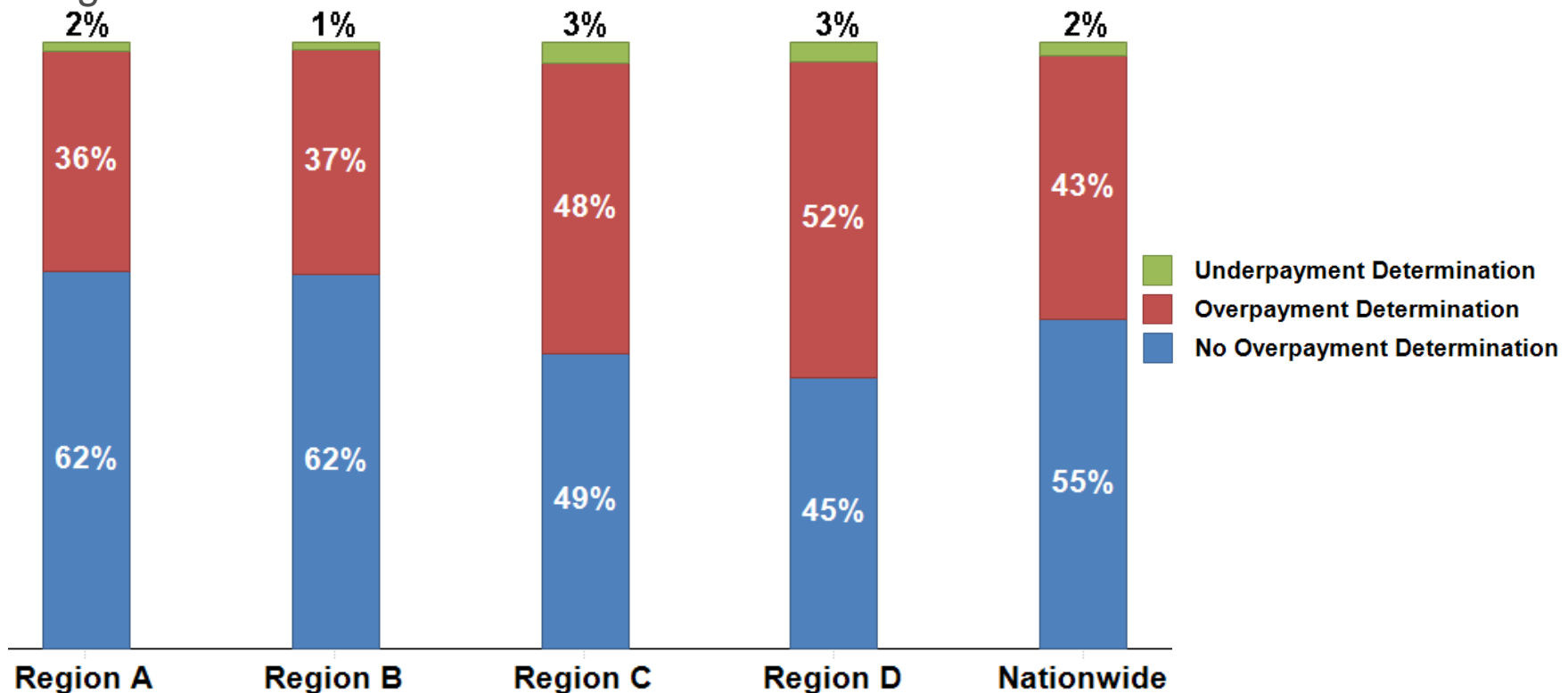
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# 57% of medical records reviewed by RACs did not contain an overpayment.

Percent of Completed Complex Reviews with and without Overpayment or Underpayment Determinations for Participating Hospitals, by Region, through 1<sup>st</sup> Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

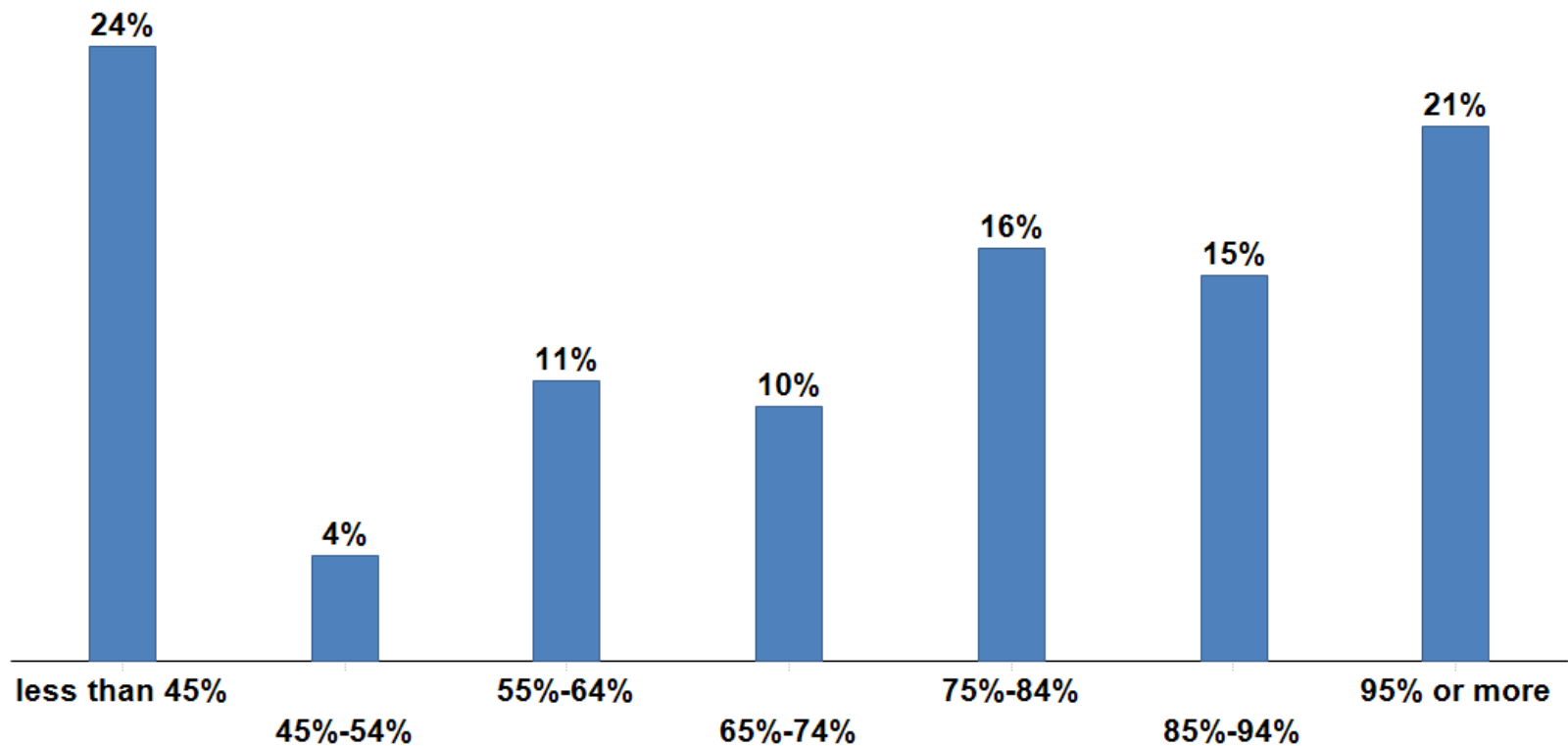
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52% of hospitals reported that over three-fourths of their claims were requested by a RAC after the timely filing window had elapsed.

### Percent of Participating Hospitals Reporting the Percentage of Medical Records Requested after the Timely Filing Window had Elapsed, through 1<sup>st</sup> Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

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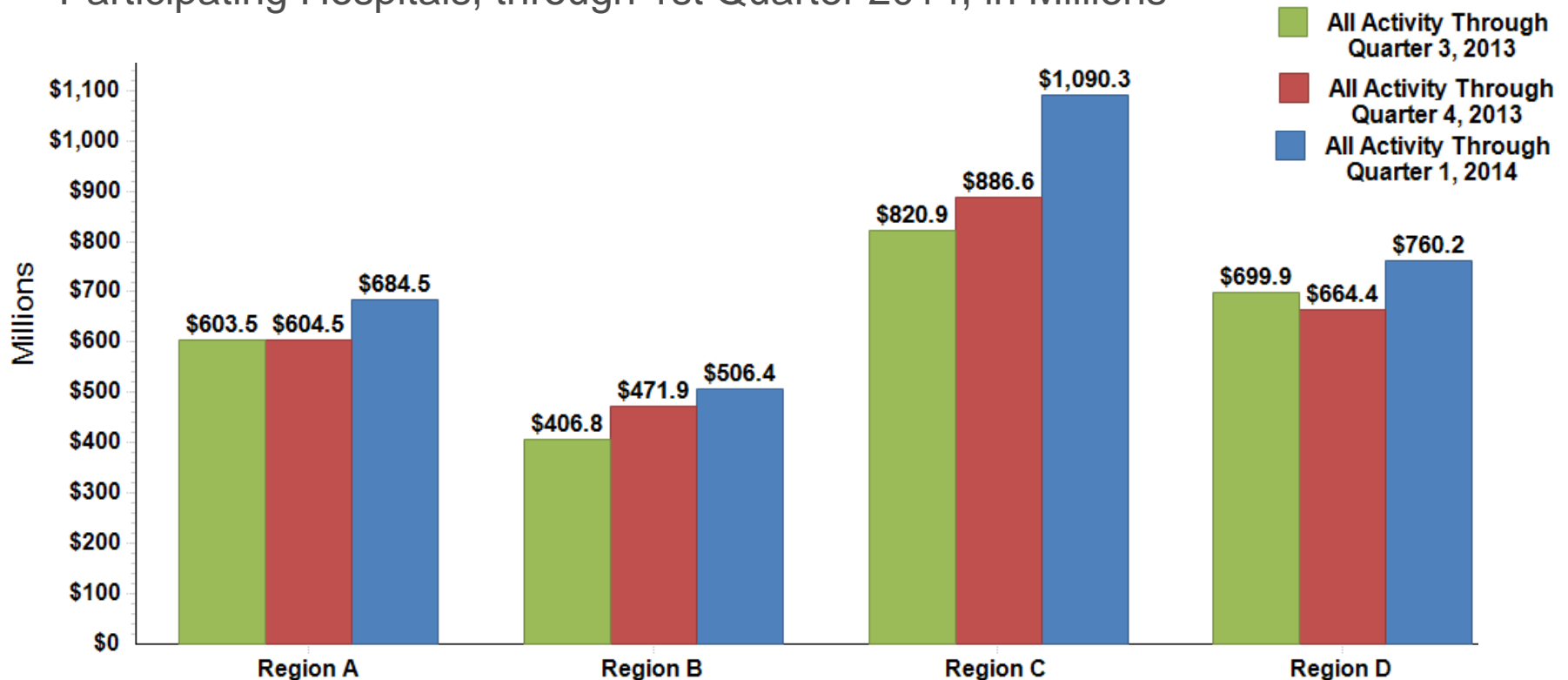
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## RAC Denials

# \$3.0 billion in denials were reported through the 1st quarter of 2014.

Dollar Value of Automated and Complex Denials by RAC Region for Participating Hospitals, through 1st Quarter 2014, in Millions\*



\*Response rates vary by quarter.

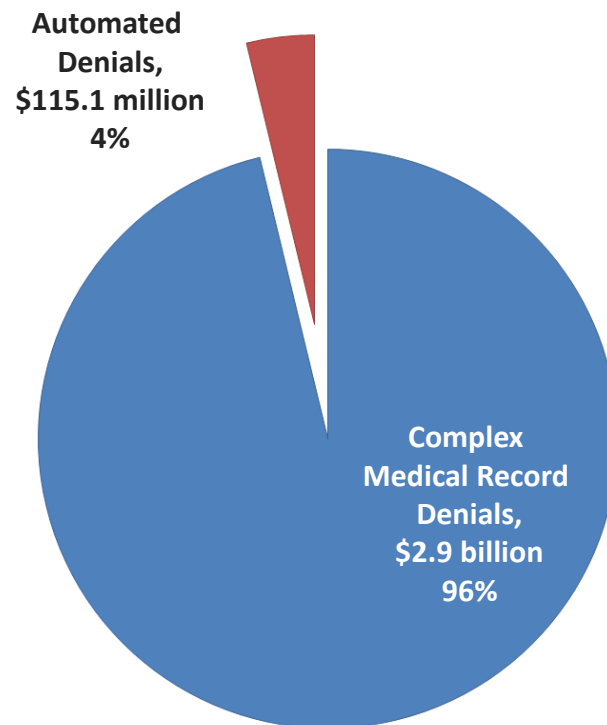
Source: AHA. (April 2014). RAC TRAC Survey

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# 96% of denied dollars were for complex denials.

## Percent and Dollar Amounts of Automated Denials Versus Complex Denials for Participating Hospitals, through 1st Quarter 2014



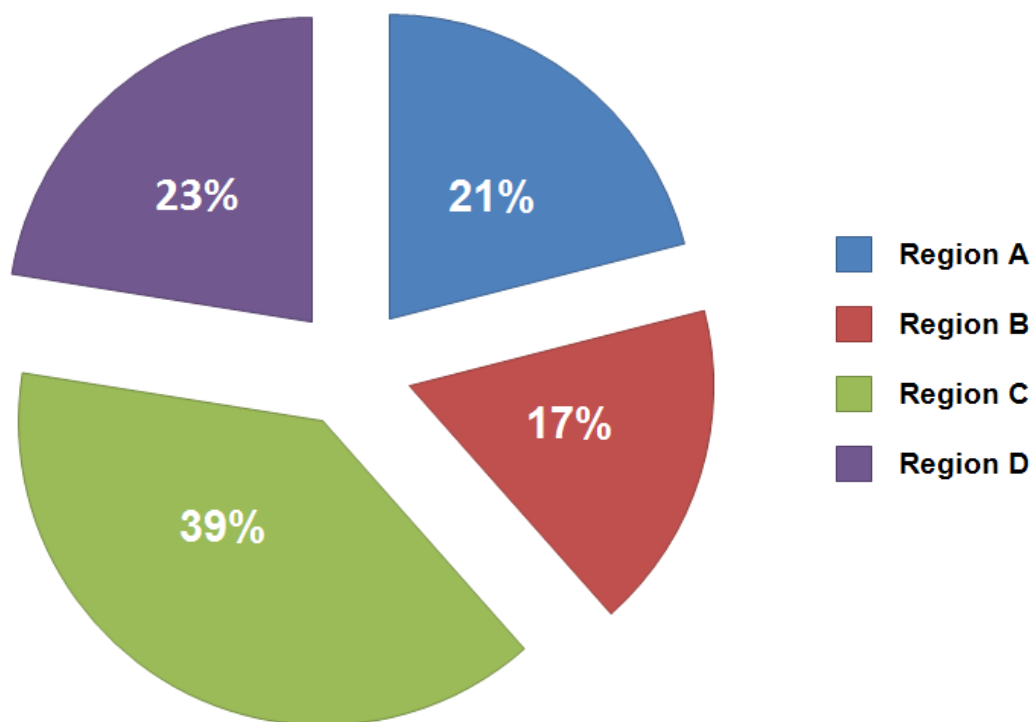
Source: AHA. (April 2014). RAC TRAC Survey

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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 1st Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

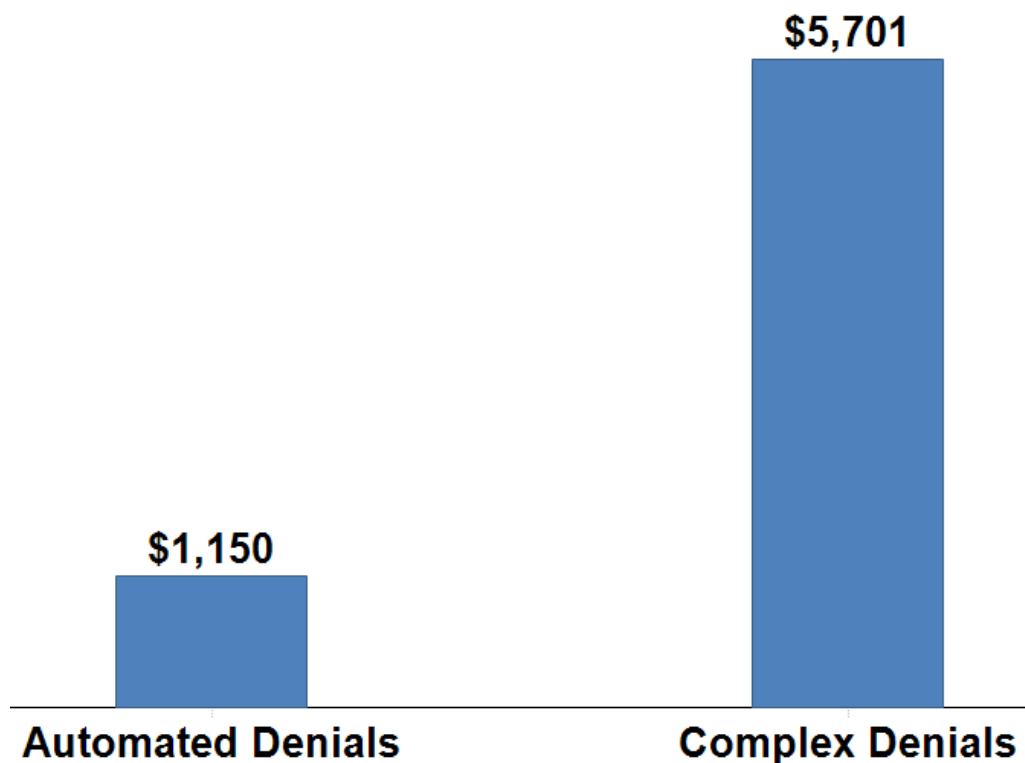
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# The average dollar value of an automated denial was \$1,150 and the average dollar value of a complex denial was \$5,701.

## Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 1st Quarter 2014

Average Dollar Amount of Automated and Complex Denials Among Reporting Hospitals, by Region		
RAC Region	Automated Denial	Complex Denial
NATIONWIDE	\$1,150	\$5,701
Region A	\$513	\$5,864
Region B	\$762	\$5,209
Region C	\$1,204	\$5,605
Region D	\$1,698	\$6,081



Source: AHA. (April 2014). RAC TRAC Survey

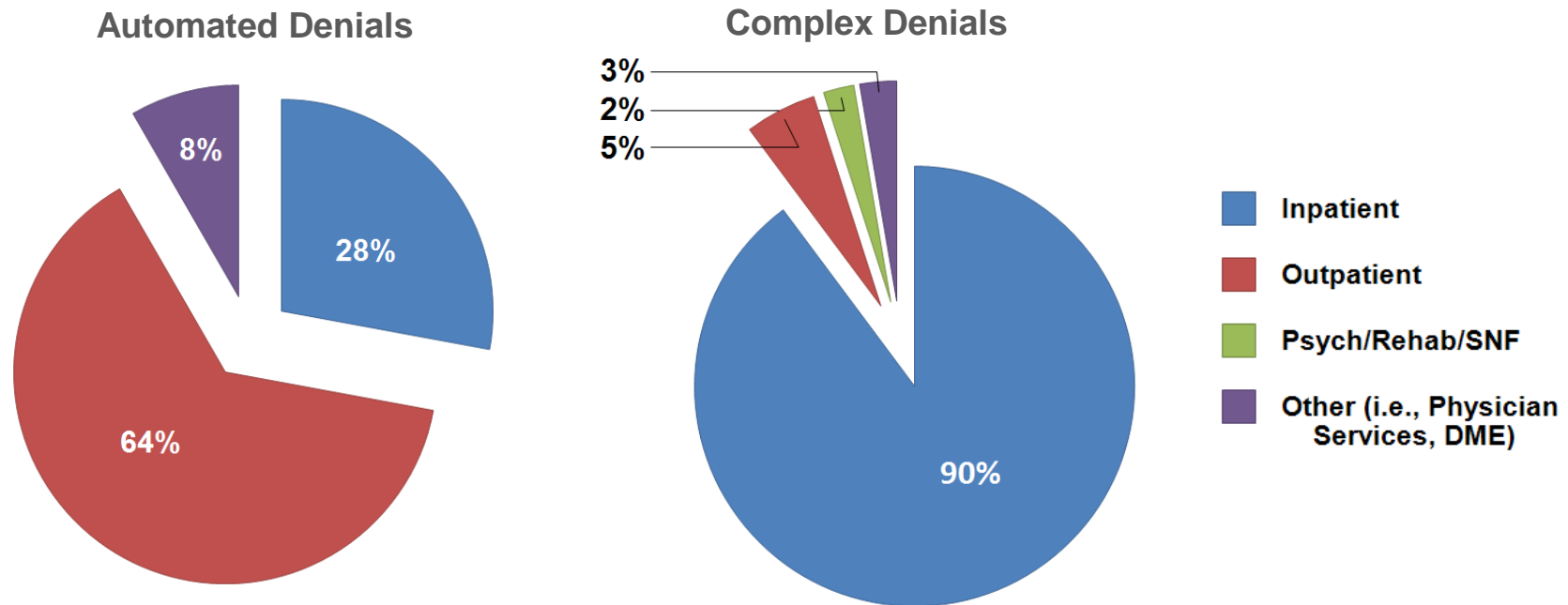
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# In terms of dollars, the top service area for automated denials was outpatient and for complex denials, inpatient.

## Percent of Participating Hospitals by Top Service Area for Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014

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



Source: AHA. (April 2014). RAC TRAC Survey

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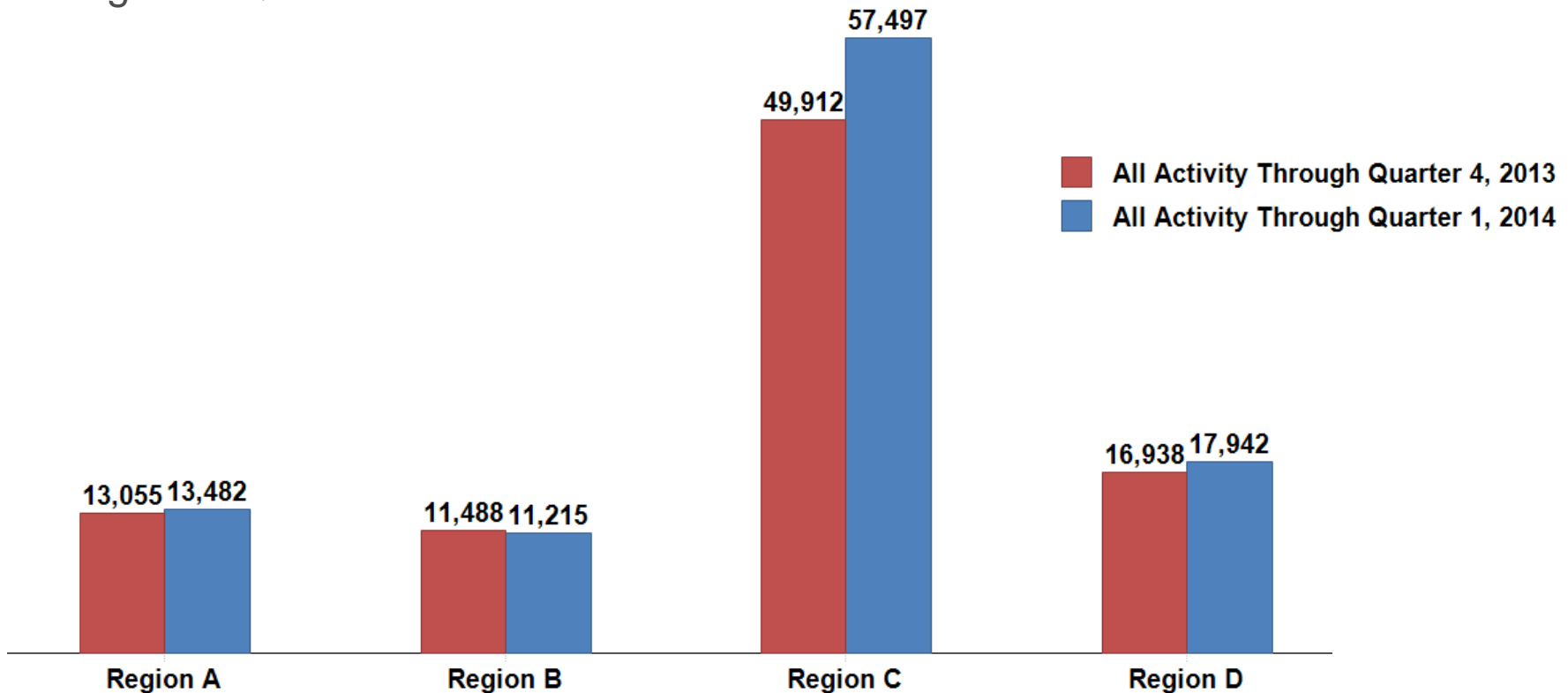




## Automated RAC Denials

# Region C continues to experience the vast majority of all automated denial activity.

Number of Reported Automated Denials for Participating Hospitals, by Region, through 1st Quarter 2014\*



\* Response rates vary by quarter.



Source: AHA. (April 2014). RAC TRAC Survey

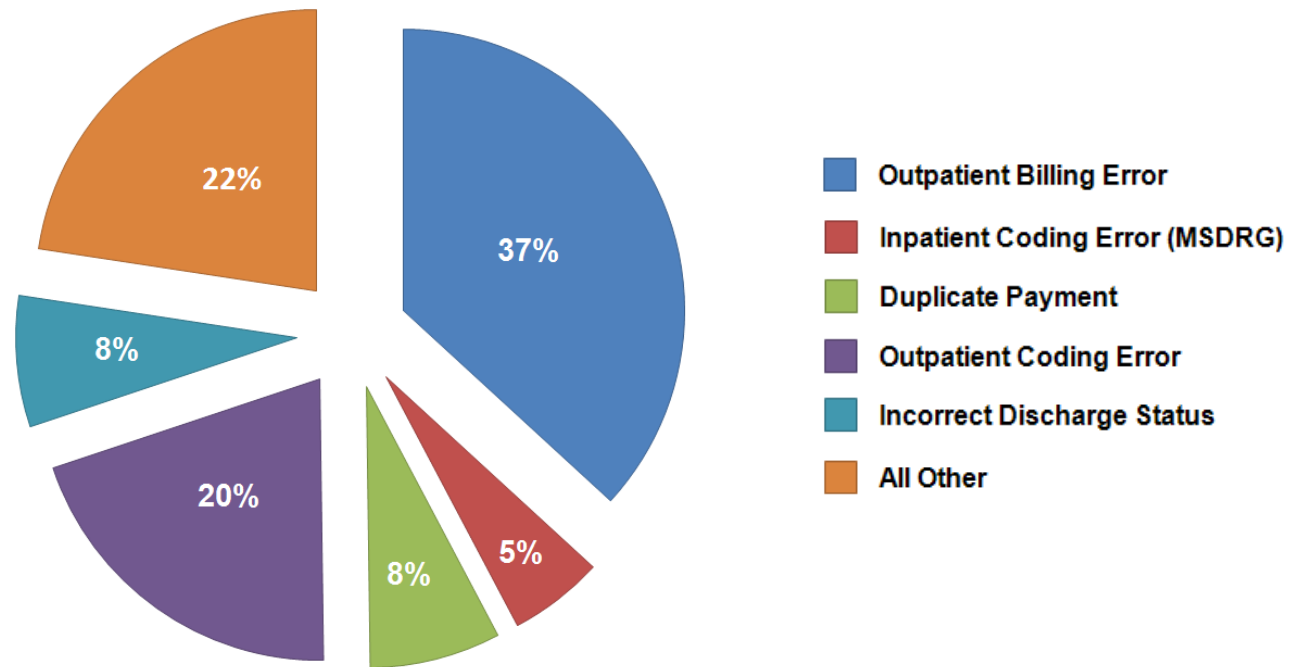
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# RACs are issuing automated denials for many different reasons.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014

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



Source: AHA. (April 2014). RAC TRAC Survey

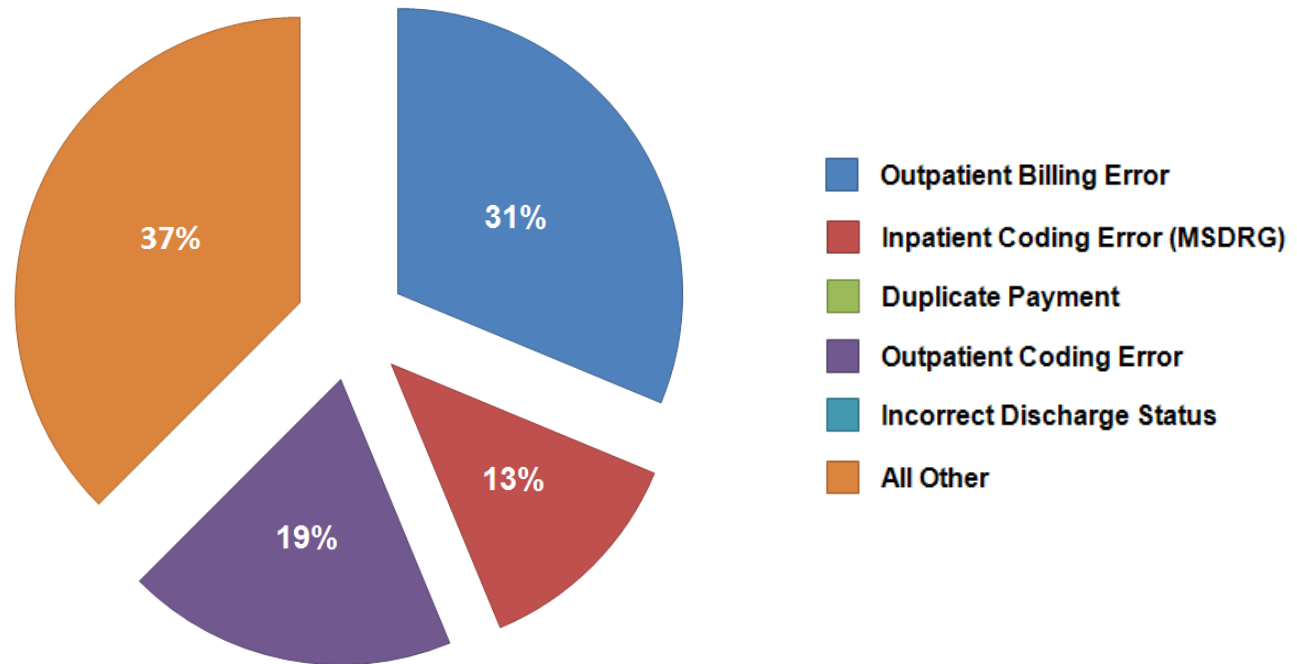
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Region A: “Other” was reported as the top reason for automated denial, while denials for inpatient coding error increased by 8 percentage points from the last quarter.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014, Region A

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



Source: AHA. (April 2014). RAC TRAC Survey

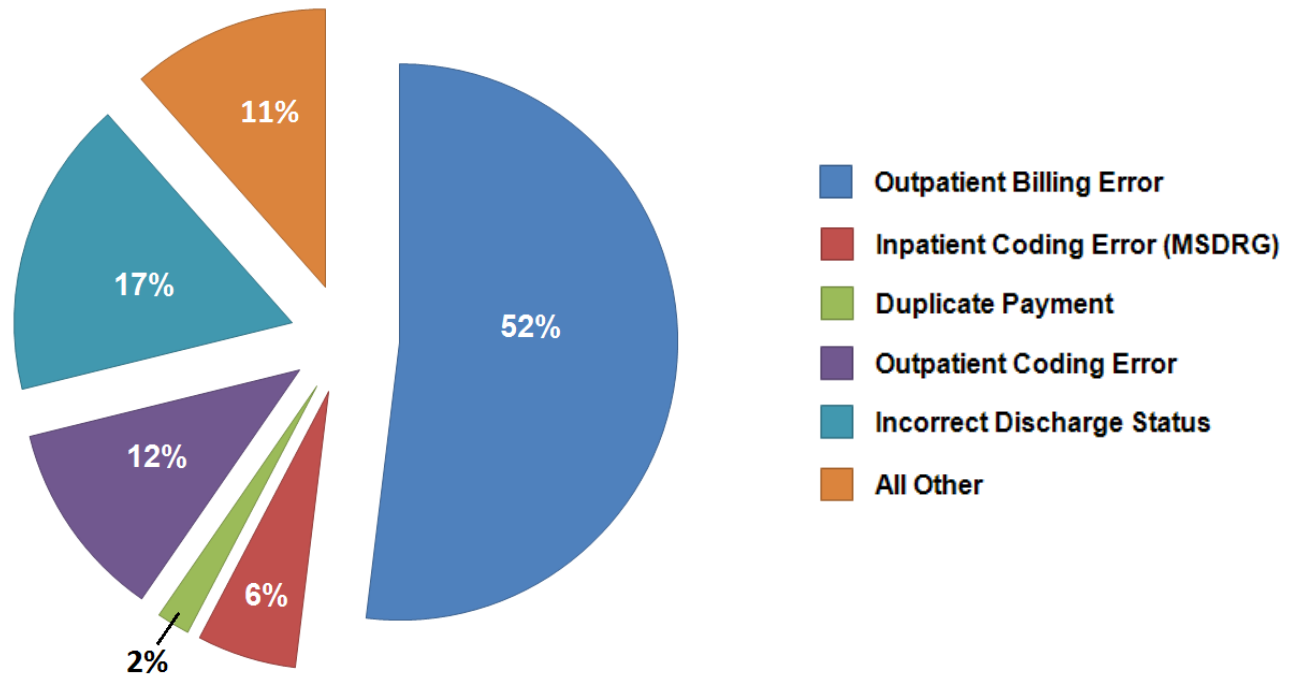
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# Region B: Hospitals reported outpatient billing error as the top reason for automated denials.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014, Region B

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



Source: AHA. (April 2014). RAC TRAC Survey

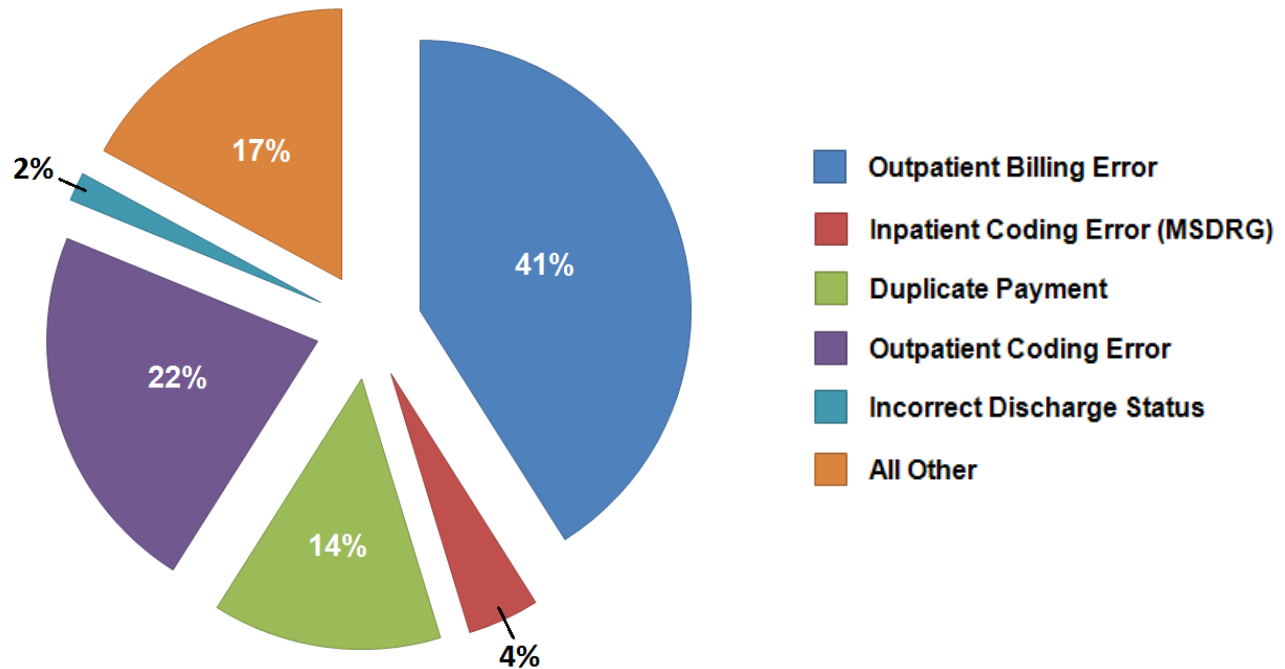
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## Region C: Top denial reasons were relatively consistent with the national trend reflecting a wide range of denial reasons.

### Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014, Region C

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



Source: AHA. (April 2014). RAC TRAC Survey

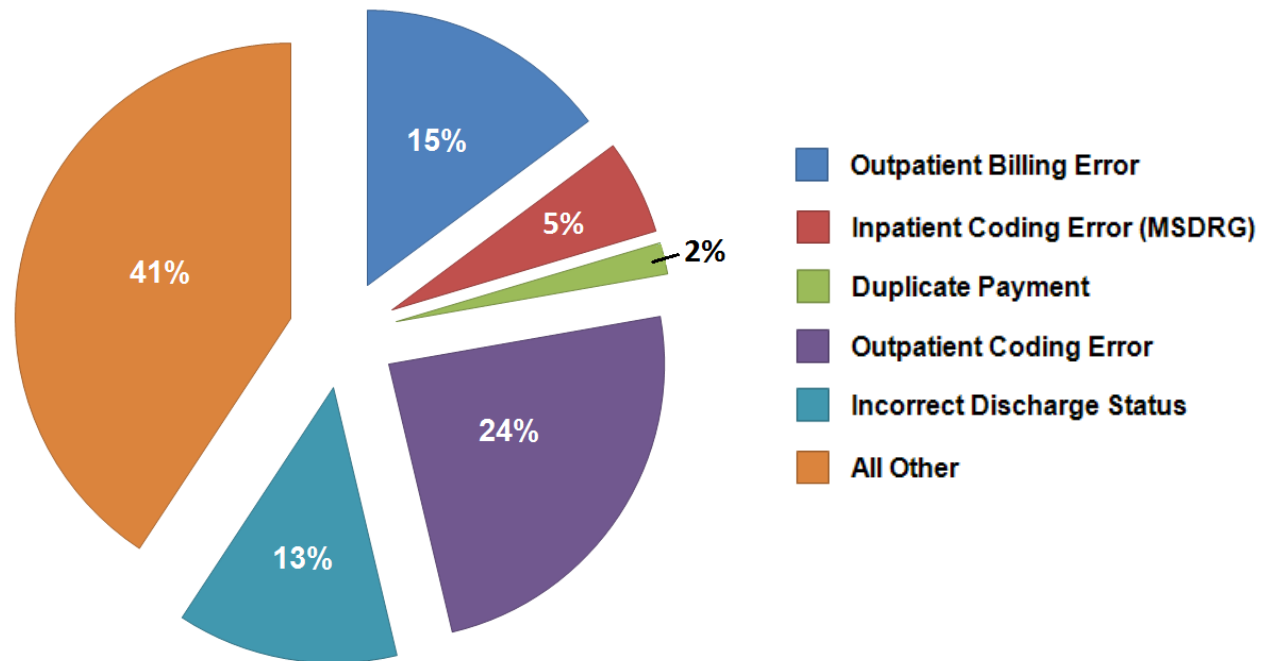
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# Region D: 41% of hospitals cited “Other” as the top reason for automated denial; while the percentage of hospitals listing outpatient coding error as the top reason has increased.

## Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014, Region D

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



Source: AHA. (April 2014). RAC TRAC Survey

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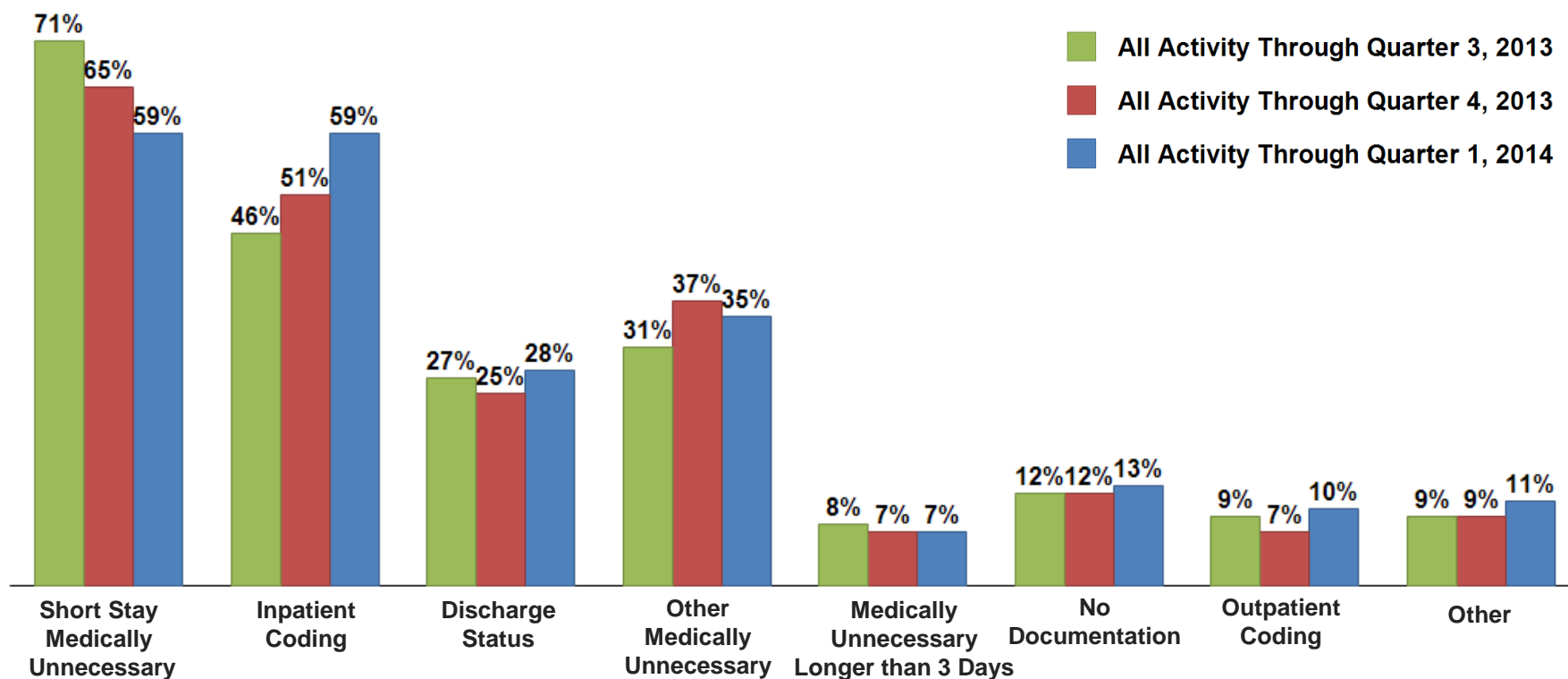
## Complex RAC Denials



# The most commonly cited reasons for a complex denial are “short-stay medically unnecessary” and “inpatient coding.”

## Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Complex Denials by Reason, 3<sup>rd</sup> Quarter 2013 – 1st Quarter 2014

Survey participants were asked to select all reasons for denial.



Source: AHA. (April 2014). RAC TRAC Survey

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64% of short-stay denials for medical necessity were because the care was provided in the wrong setting, not because the care was medically unnecessary.

## Reason for Medical Necessity Denials by Length of Stay Among Hospitals Reporting Medical Necessity Denials, through 1st Quarter 2014

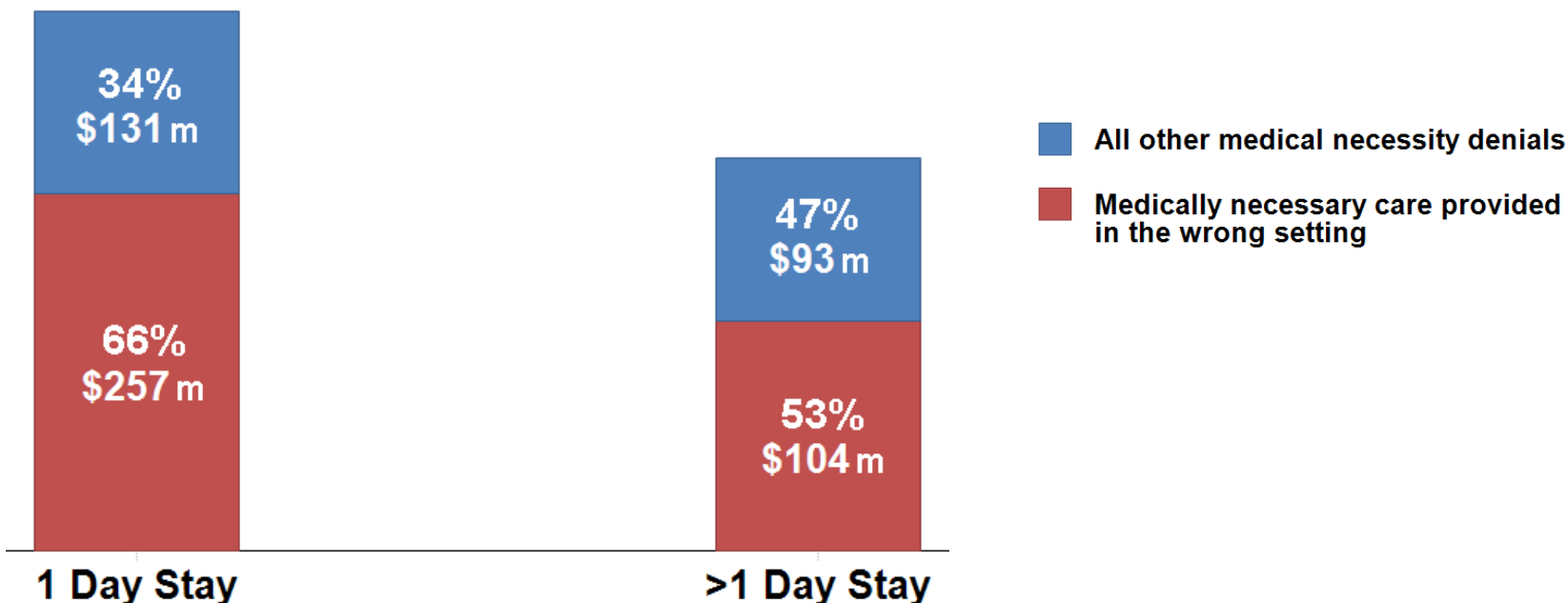


Chart includes hospitals reporting any inappropriate setting denials or the ability to track inappropriate setting denials. Not all hospital decision-support systems and RAC TRAC compatible vendors have made accommodations to allow hospitals to answer this question yet. As a result, the volume of medical necessity denials for inappropriate setting may be under-represented in this chart. Furthermore, older RAC claims may not be classified as "inappropriate setting" by the hospital.



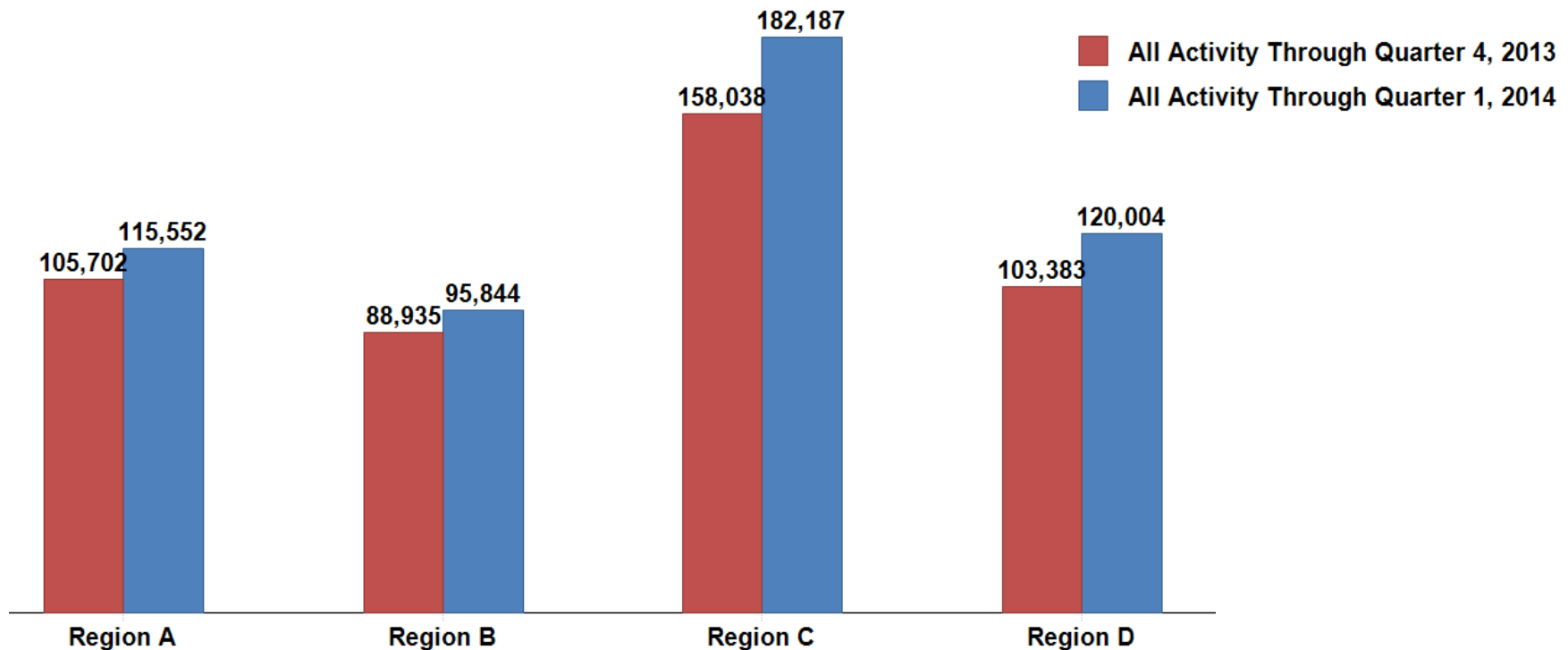
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# All regions are reporting a significant increase in the number of complex denials.

Number of Reported RAC Complex Denials for Participating Hospitals, by Region, 4th Quarter 2013 and 1st Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

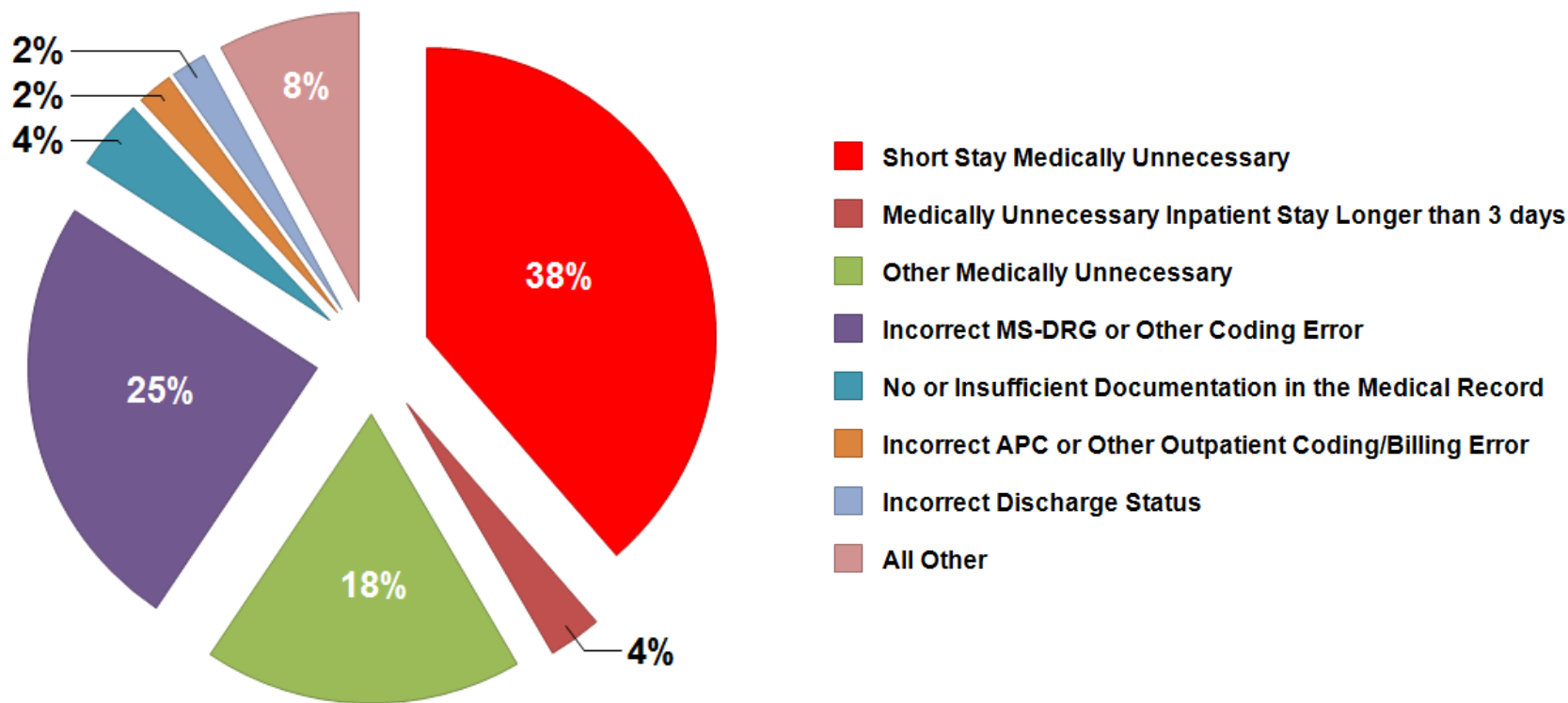
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# 38% of hospitals indicated short-stay medical necessity denials were the most costly complex denials, a 12 percentage point decrease since Q4 2013.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014

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



Source: AHA. (April 2014). RAC TRAC Survey

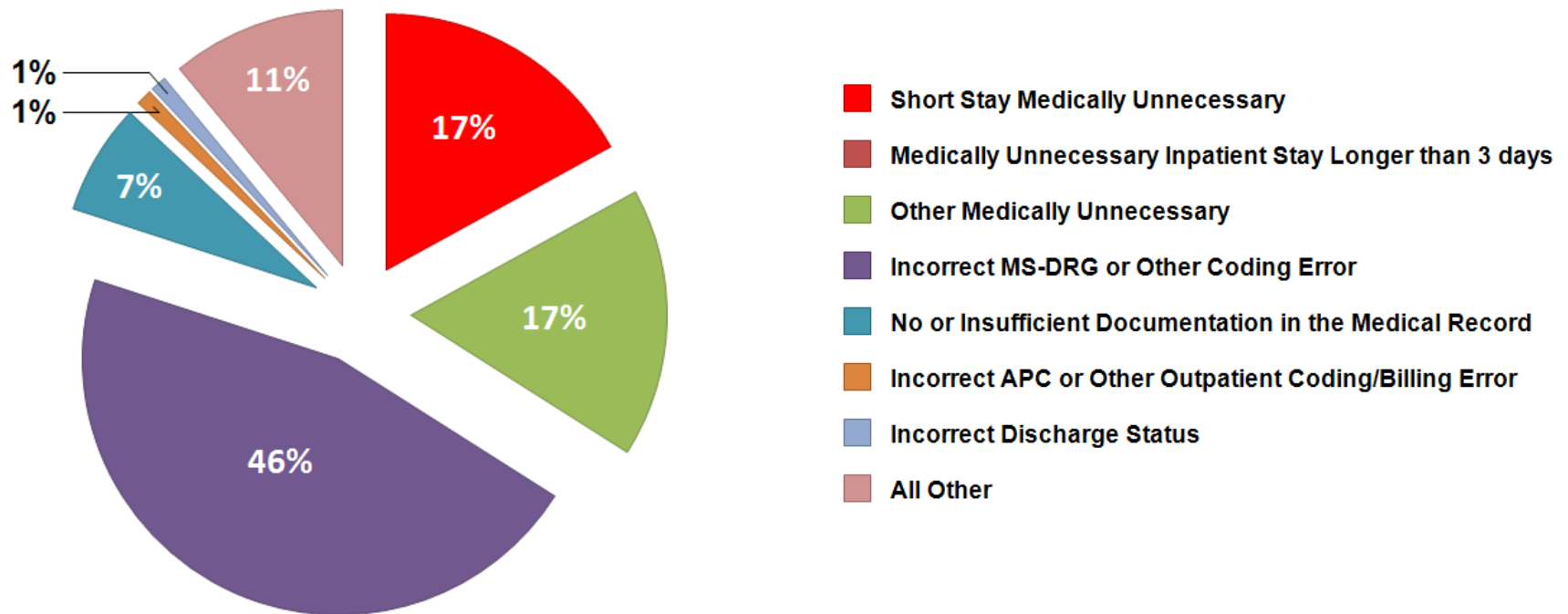
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# Region A: Incorrect MS-DRG or coding error has grown rapidly as the top reason for complex denials.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014, Region A

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



Source: AHA. (April 2014). RAC TRAC Survey

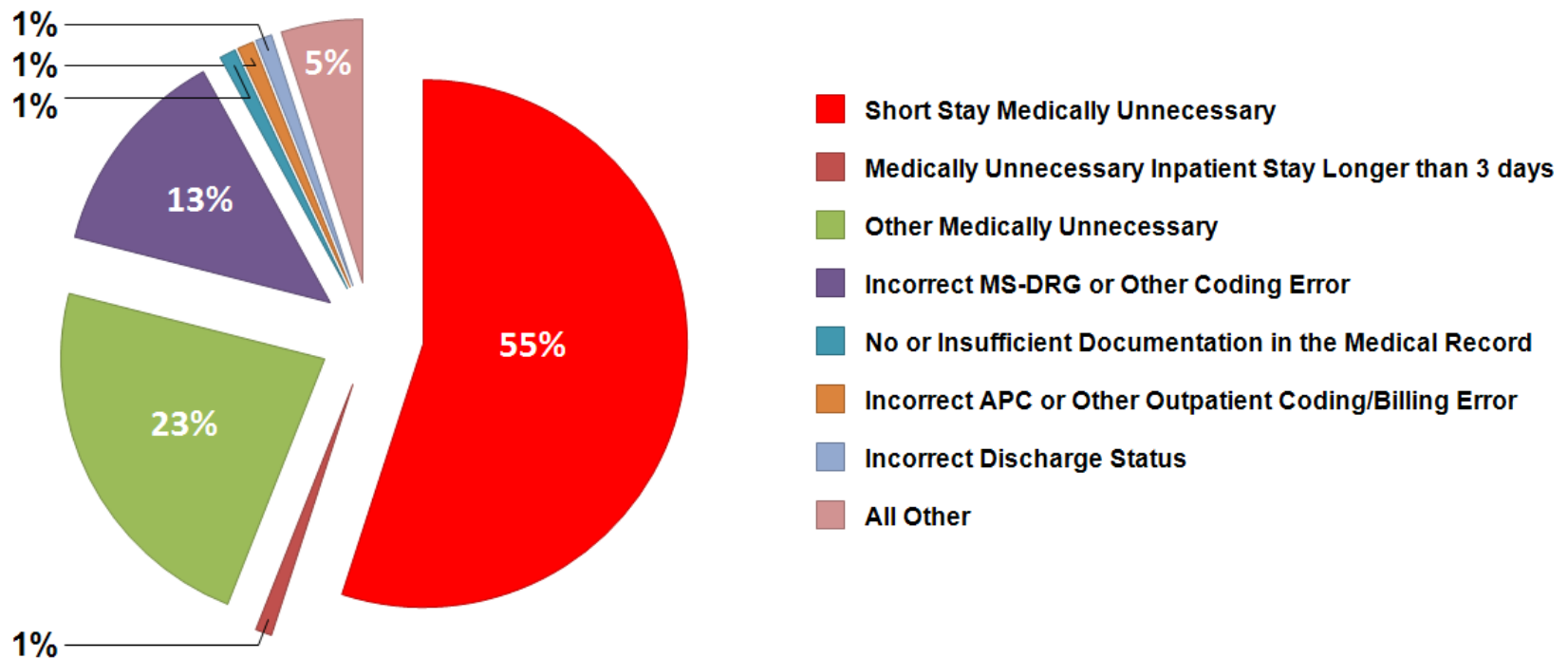
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# Region B: Short-stay medically unnecessary was identified by 55% of hospitals as the top reason for complex denials.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014, Region B

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



Source: AHA. (April 2014). RAC TRAC Survey

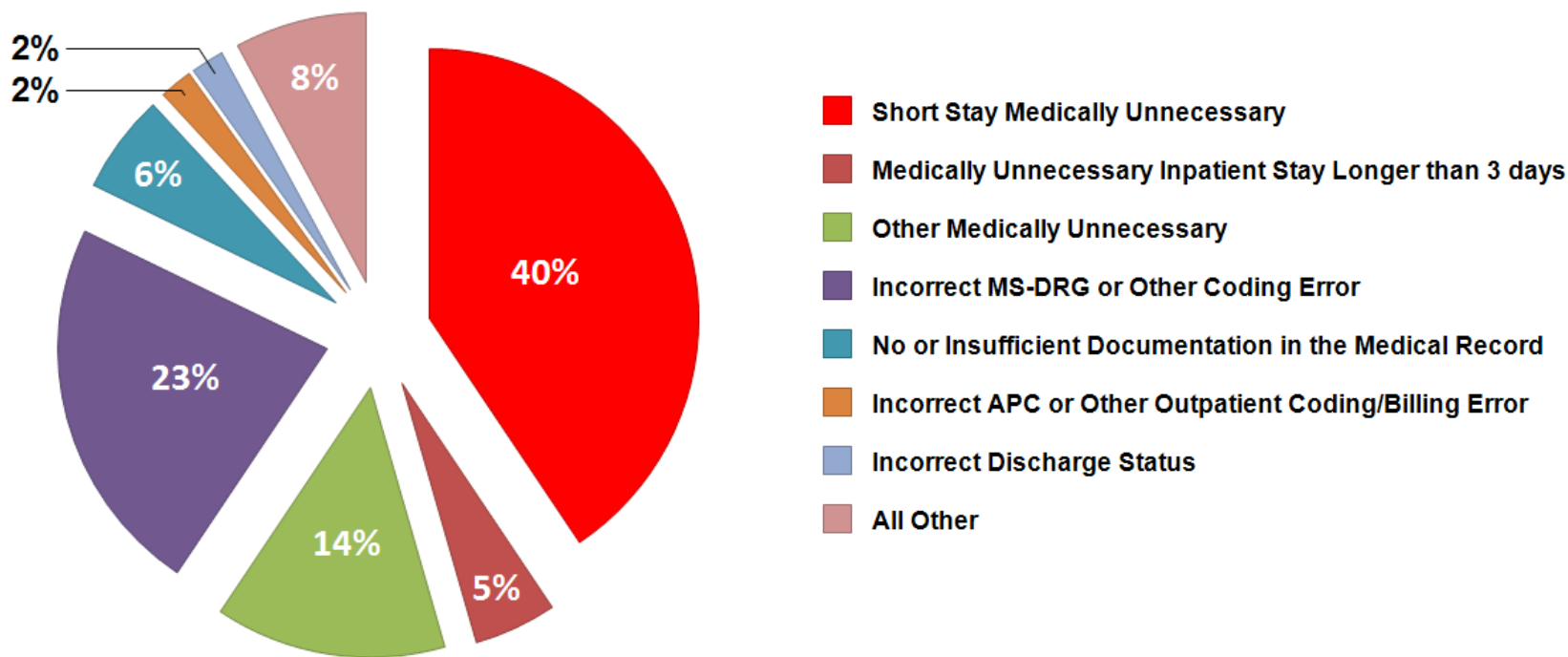
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# Region C: Short-stay medically unnecessary was identified by 40% of hospitals as the top reason for complex denials – a decrease of 13 percentage points since Q4 2013.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014, Region C

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



Source: AHA. (April 2014). RAC TRAC Survey

AHA analysis of survey data collected from 2,489 hospitals: 2,221 reporting activity, 268 reporting no activity through March 2014. 1,165 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.

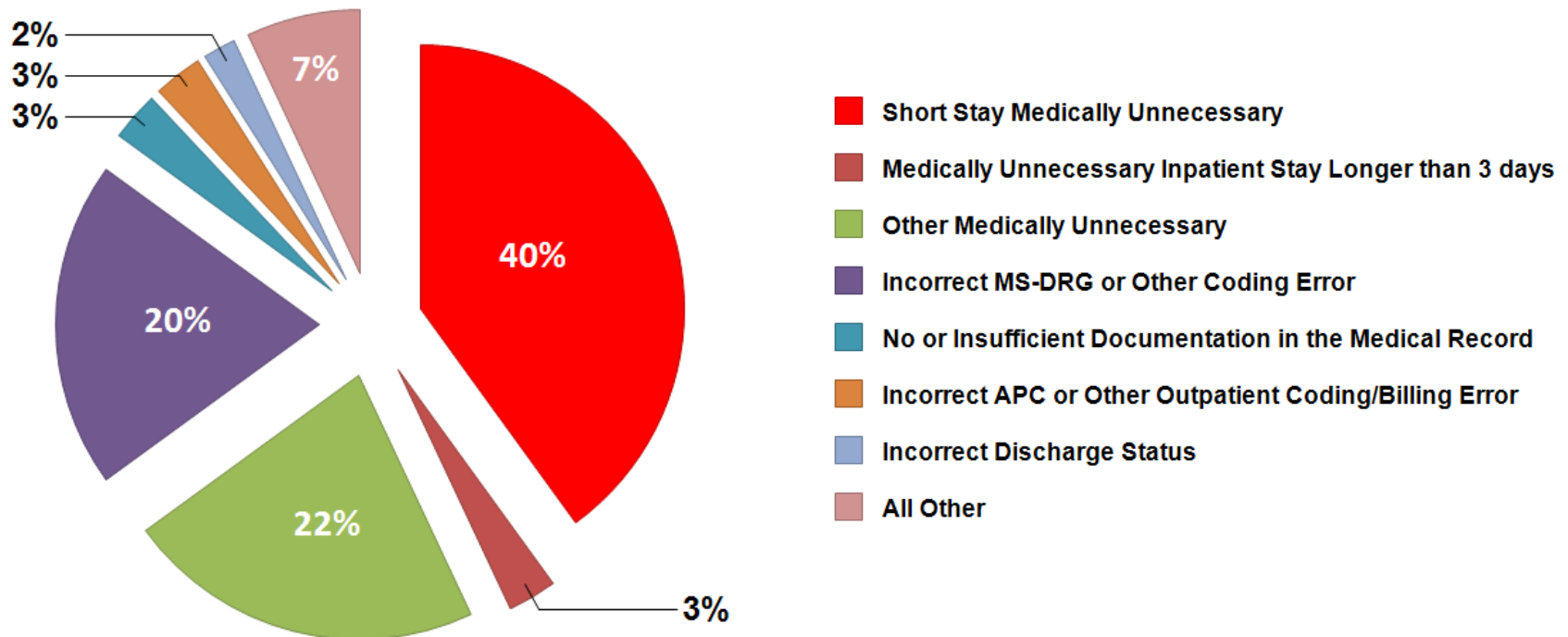
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# Region D: Short-stay medically unnecessary was identified by 40% of hospitals as the top reason for complex denials.

## Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 1st Quarter 2014, Region D

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



Source: AHA. (April 2014). RAC TRAC Survey

AHA analysis of survey data collected from 2,489 hospitals: 2,221 reporting activity, 268 reporting no activity through March 2014. 1,165 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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# Stents and Syncope & Collapse were the top MS-DRGs denied by RACs, in terms of dollar impact.

Percent of Participating Hospitals Reporting the MS-DRG for Medically Unnecessary and all Other Complex Denials with the Largest Financial Impact, through 1st Quarter 2014

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

## Medical Necessity Denials

MS-DRG	Description	% of Hospitals
247	PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC	18%
312	SYNCOPE & COLLAPSE	13%
392	ESOPHAGITIS, GASTROENT & MISC DIGEST DISORDERS W/O MCC	12%
313	CHEST PAIN	9%
491	BACK & NECK PROC EXC SPINAL FUSION W/O CC/MCC	6%

## All Other Complex Denials

MS-DRG	Description	% of Hospitals
312	SYNCOPE & COLLAPSE	6%
981	EXTENSIVE O.R. PROCEDURE UNRELATED TO PRINCIPAL DIAGNOSIS W MCC	5%
682	RENAL FAILURE W MCC	5%
247	PERC CARDIOVASC PROC W DRUG-ELUTING STENT W/O MCC	4%
177	RESPIRATORY INFECTIONS & INFLAMMATIONS W MCC	4%



Source: AHA. (April 2014). RAC TRAC Survey

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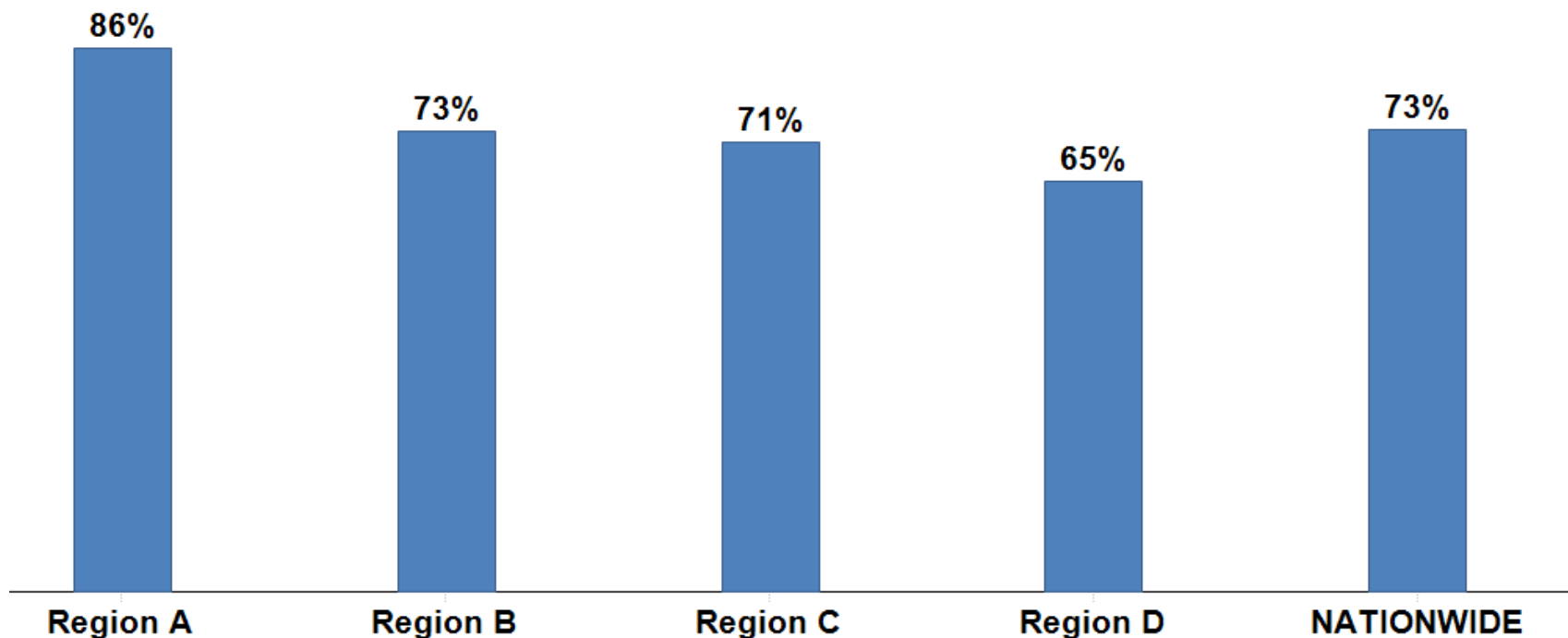
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Underpayments

# Almost three-quarters of participating hospitals nationwide with RAC activity report receiving at least one underpayment determination.

Percent of Hospitals Reporting Underpayment Determinations, By Region, through 1st Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

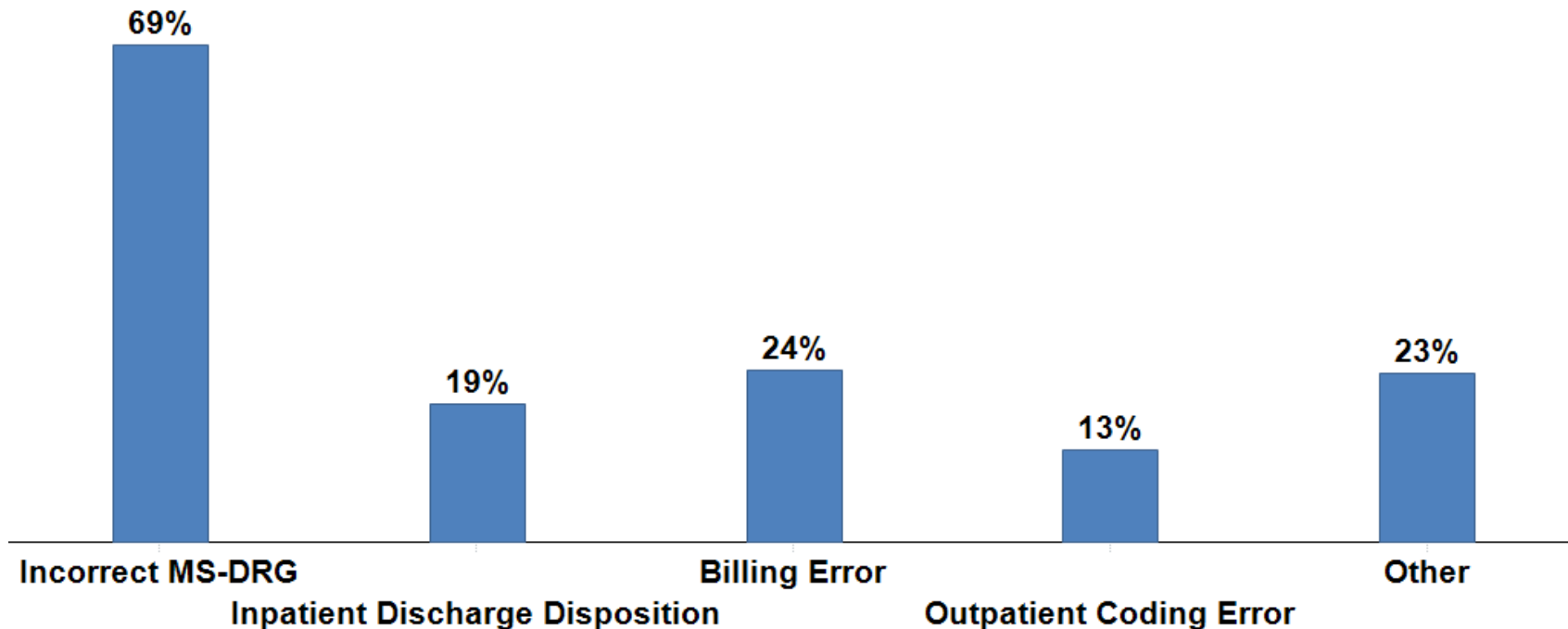
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69% of hospitals with underpayment determinations cited incorrect MS-DRG as the reason for the underpayment and 24% cited billing error.

## Percent of Participating Hospitals with RAC Activity Experiencing Underpayments by Reason, 1st Quarter 2014

*Survey participants were asked to select all reasons for underpayment.*



Source: AHA. (April 2014). RAC TRAC Survey

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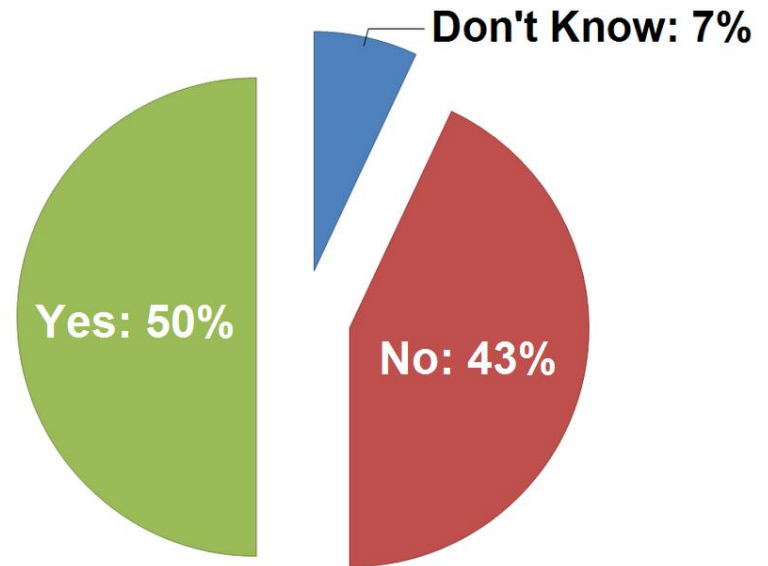
Appeals

50% of participating hospitals report having a denial reversed during the discussion period, including 72% of hospitals in Region A.

## Percent of Participating Hospitals with Denials Reversed During the Discussion Period, National and by Region, 1st Quarter 2014

### Reversed Denials by RAC Region

	Yes	No	Don't Know
Region A	72%	22%	6%
Region B	54%	40%	7%
Region C	43%	47%	10%
Region D	39%	58%	3%



*The discussion period is intended to be a tool that hospitals may use to reverse denials and avoid the formal Medicare appeals process. All RACs are required to allow a **discussion period** in which a hospital may share additional information and discuss the denial with the RAC. During the discussion period a hospital may gain more information from the RAC to better understand the cause for the denial and the RAC may receive additional information from the hospital that could potentially result in the RAC reversing its denial.*



Source: AHA. (April 2014). RAC TRAC Survey

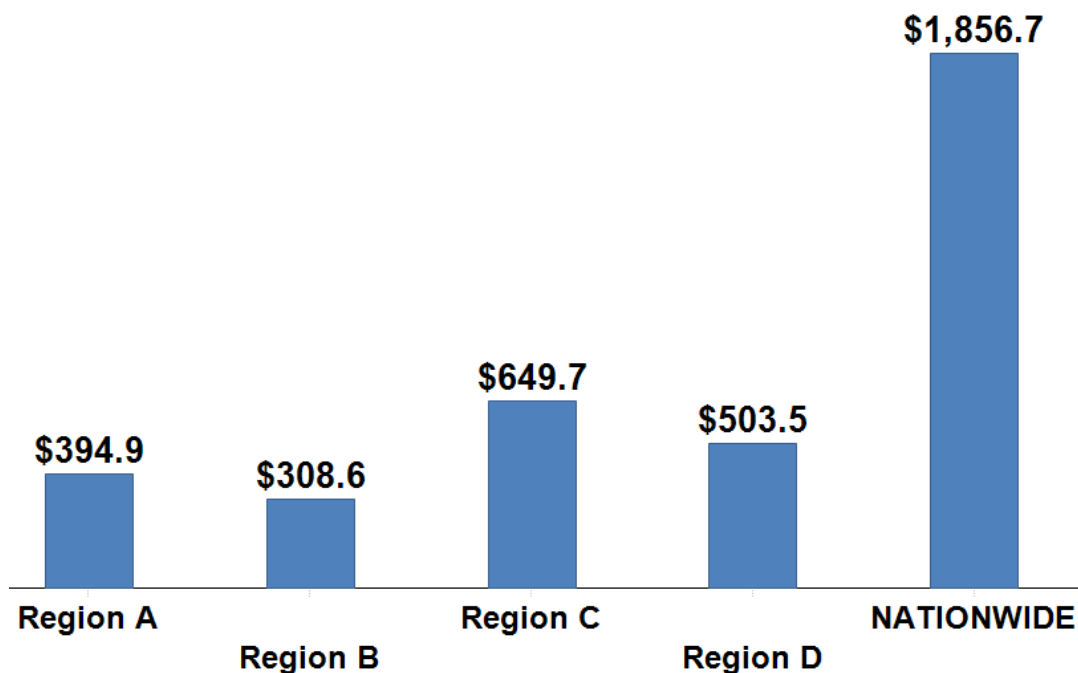
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# The value of appealed claims exceeds \$1.8 billion dollars. Hospitals report appealing an average of 386 claims to date.

Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 1st Quarter 2014, Millions

	Percent of Hospitals with Any Appealed Denials	Average Number of Appealed Denials per Hospital
NATIONWIDE	89%	386
Region A	89%	390
Region B	89%	279
Region C	91%	388
Region D	84%	502



Source: AHA. (April 2014). RAC TRAC Survey

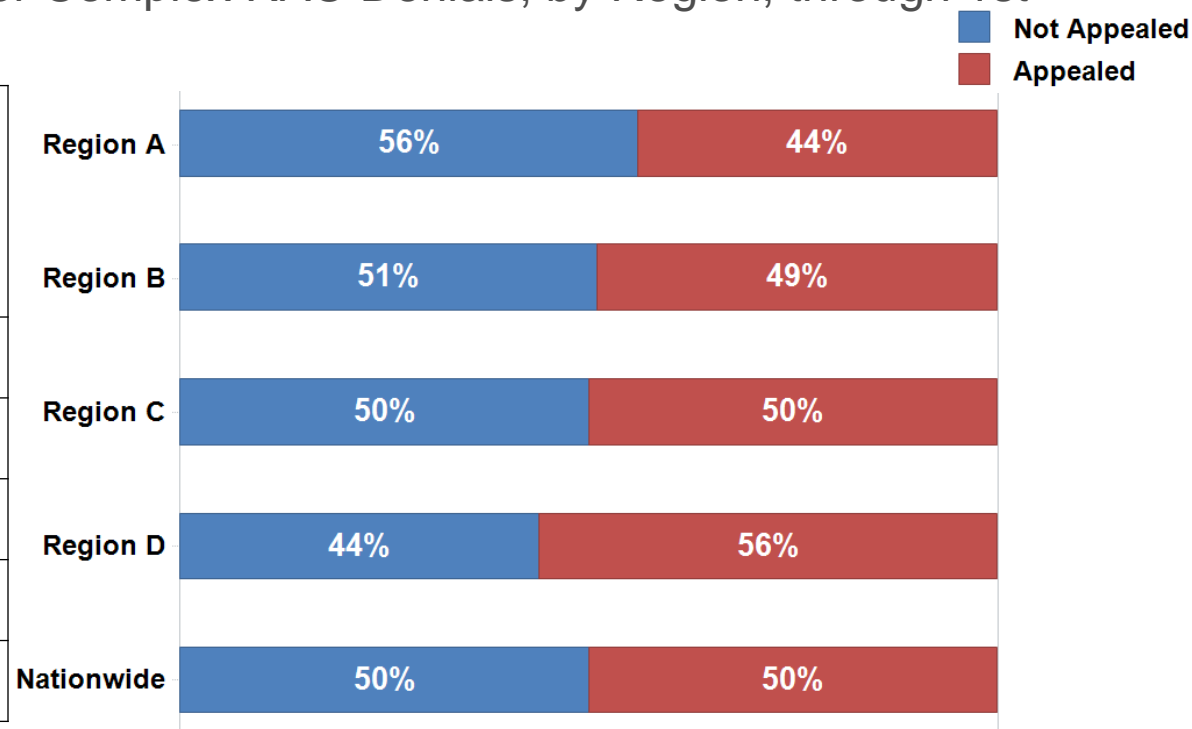
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# Nationwide hospitals report appealing 49% of RAC denials including over half of all denials in Region D.

Total Number and Percent of Automated and Complex Denials Appealed by Hospitals with Automated or Complex RAC Denials, by Region, through 1st Quarter 2014

	Total Number of Denials Available* for Appeal	Total Number of Denials Appealed
Nationwide	613,723	306,527
Region A	129,034	57,275
Region B	107,059	52,717
Region C	239,684	118,720
Region D	137,946	77,815



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

Source: AHA. (April 2014). RAC TRAC Survey

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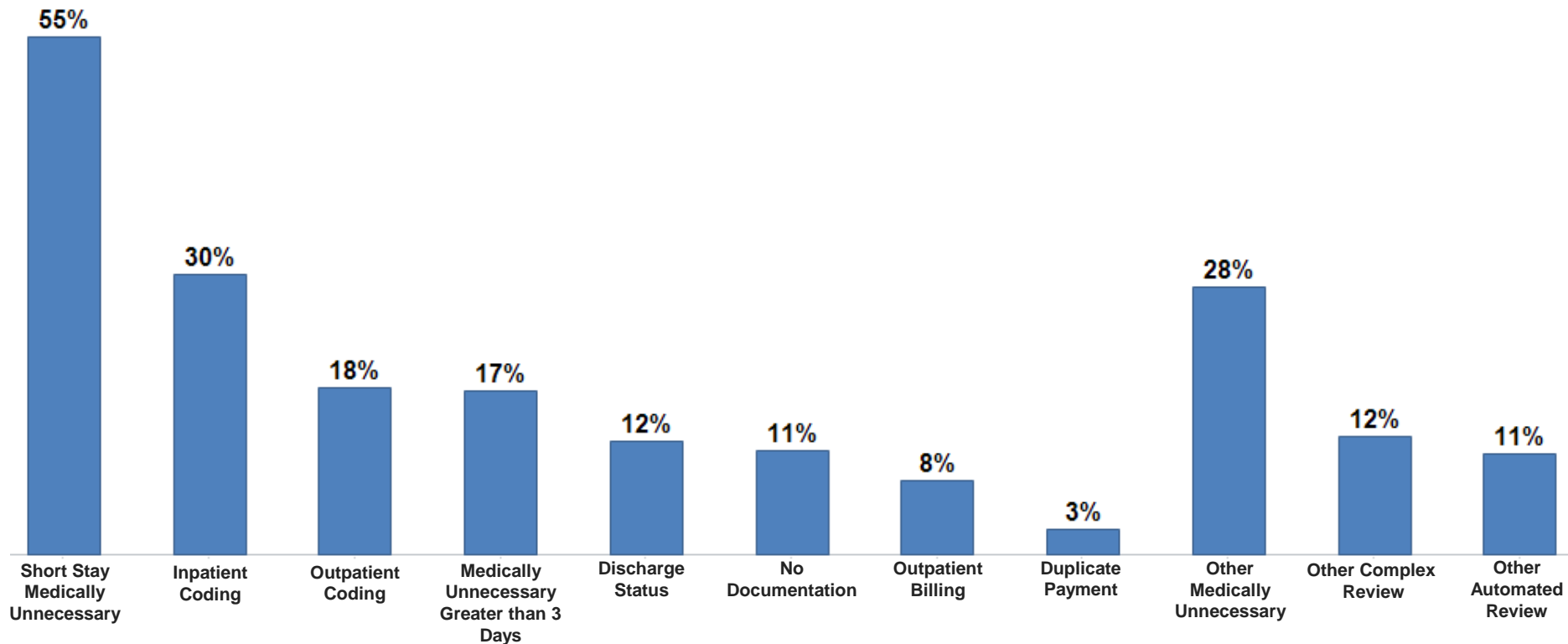




# 55% of all hospitals filing a RAC appeal during the 1st Quarter of 2014 reported appealing short stay medically unnecessary denials.

## Percent of Participating Medical/Surgical Acute Hospitals Reporting RAC Appeals by Denial Reason, 1st Quarter 2014

*Survey participants were asked to select all reasons for denial.*



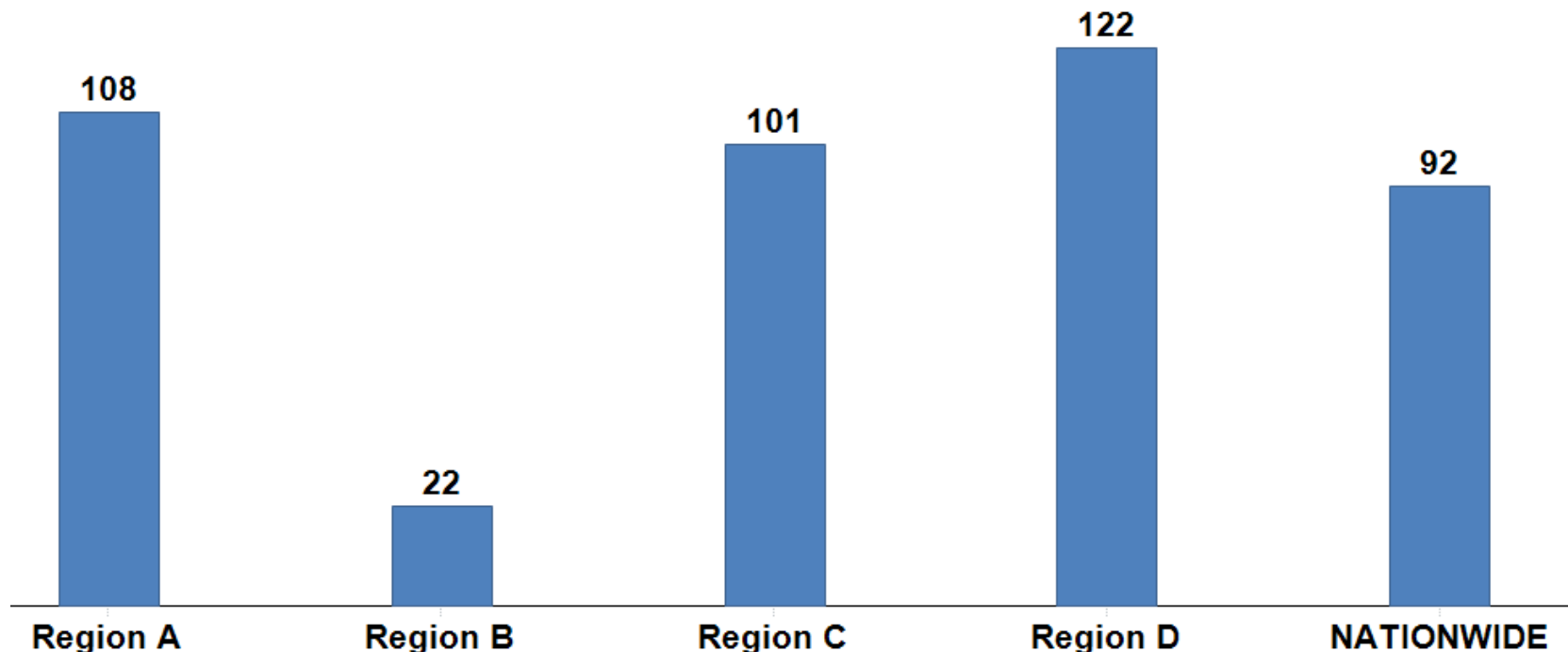
Source: AHA. (April 2014). RAC TRAC Survey

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# Hospitals are receiving many notices from QICs stating that issuing a determination on a RAC appeal will take longer than the statutory maximum of 60 days.

Average Number of Claims per Participating Hospital Where the QIC Reported the Inability to Complete an Appeal Review within the Required 60 Day Window from Receipt, through 1st Quarter 2014



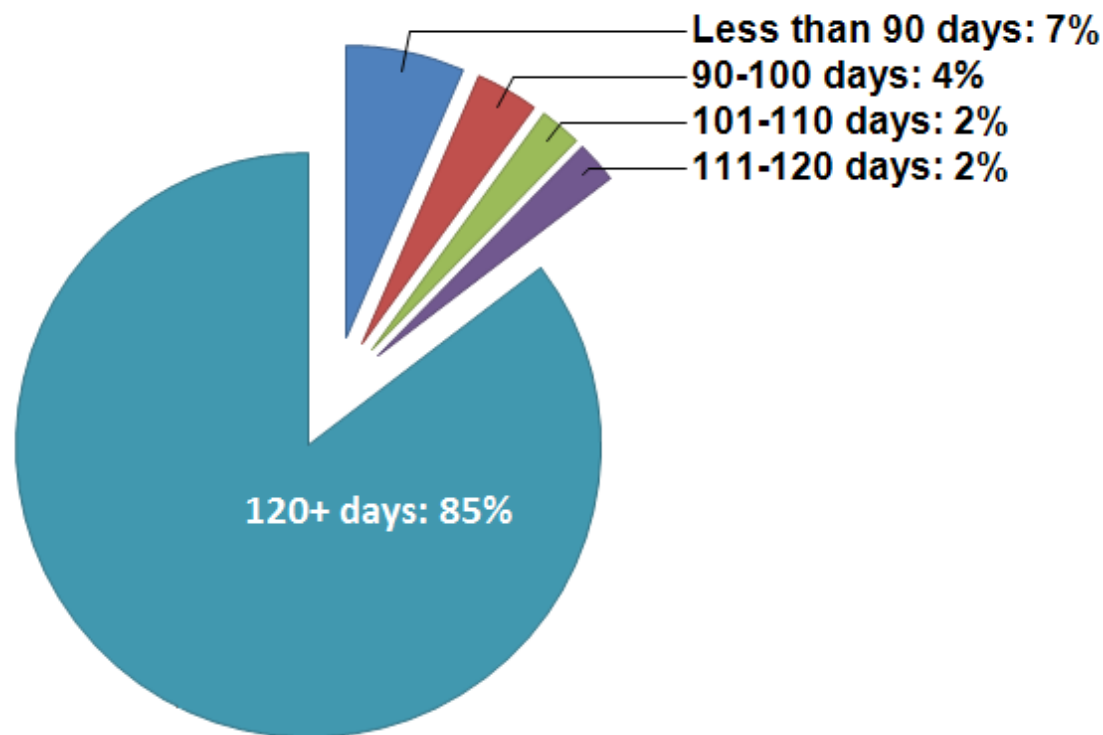
Source: AHA. (April 2014). RAC TRAC Survey

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# 85% of reporting hospitals have experienced at least one delay longer than the statutory limit of 90 days for an ALJ determination to be issued.

## Percentage of Reporting Hospitals by Longest Delay Experienced for ALJ to Issue a Decision on an Appeal, for Participating Hospitals, 1st Quarter 2014



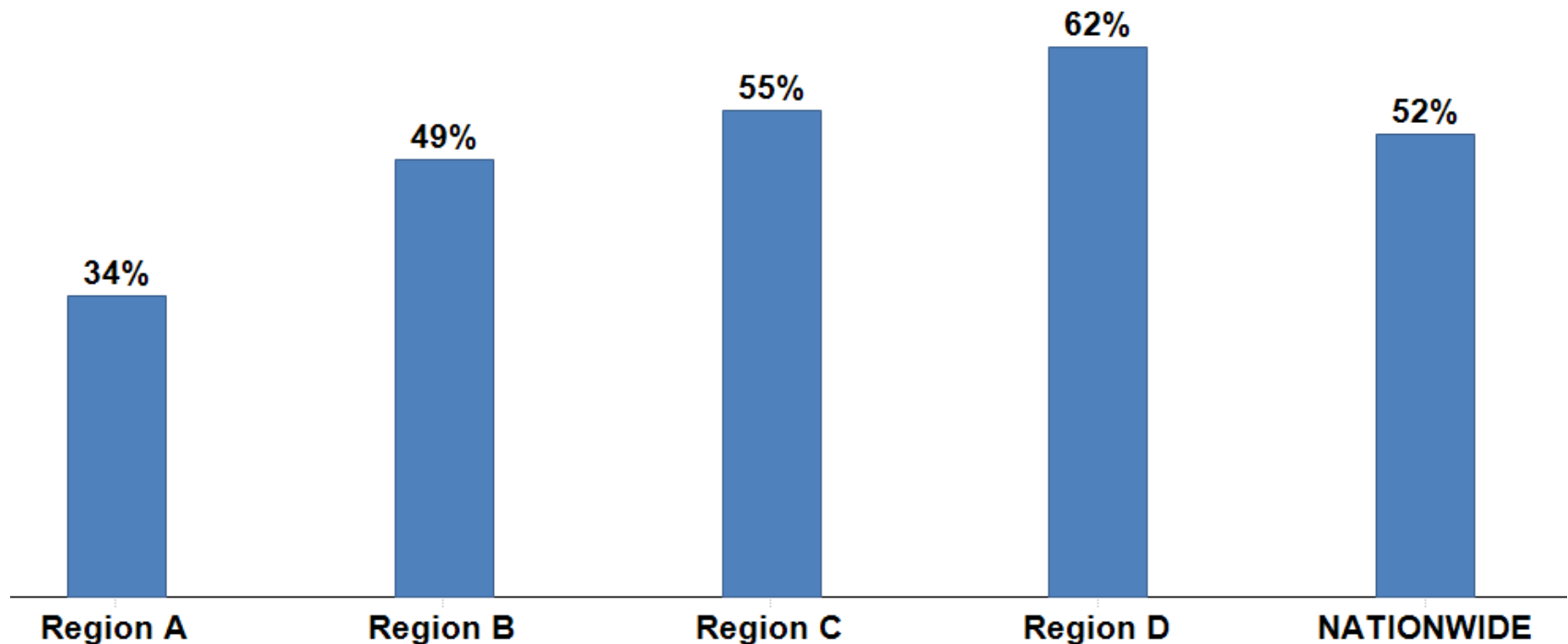
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# For over 50% of claims appealed to the ALJ, the judge has taken longer than the statutory limit of 90 days to provide a determination to the hospital.

Percent of Appeals for which ALJ has taken Longer than the Statutory Maximum of 90 Calendar Days to Issue a Decision, through 1st Quarter 2014



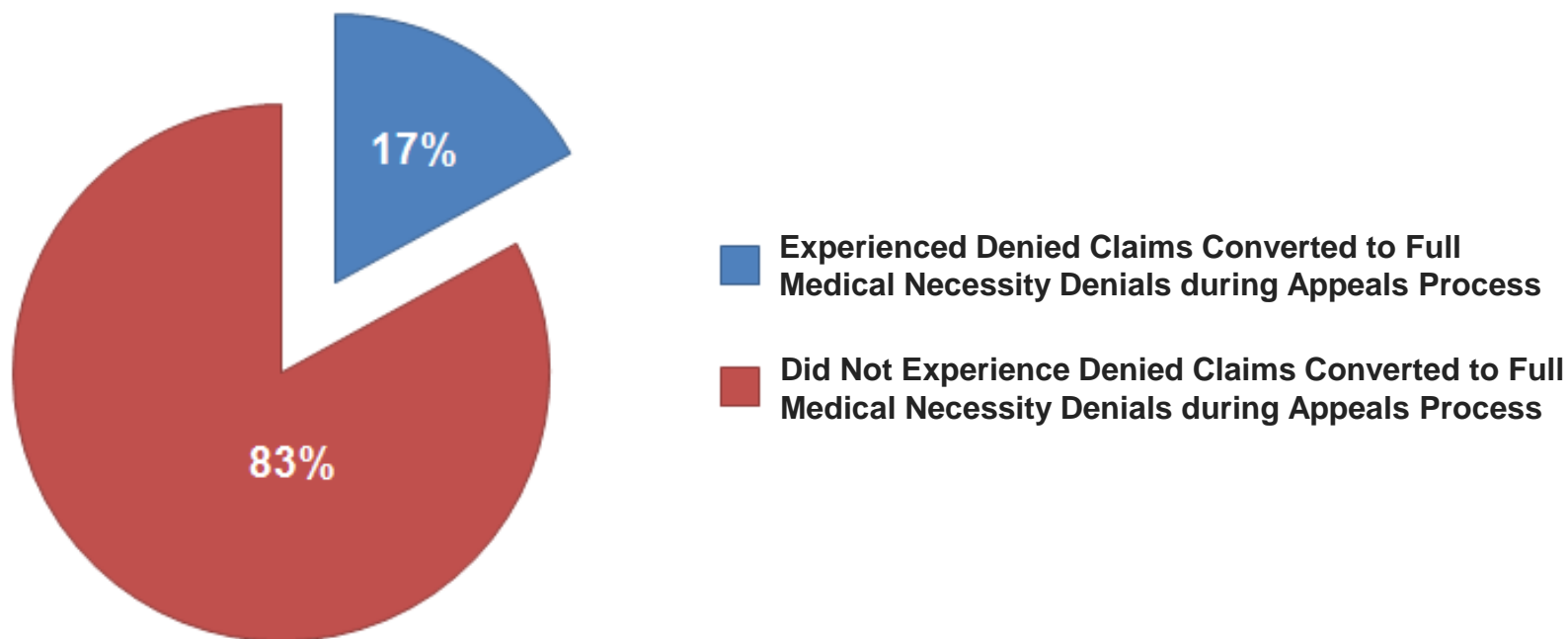
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# 17% of reporting hospitals reported having claims denied for DRG Validation converted into full medical necessity denials when the determination was appealed.

Percent of Responding Hospitals Experiencing Denied Claims Converted to Full Medical Necessity Denials during Appeals Process, 1st Quarter 2014



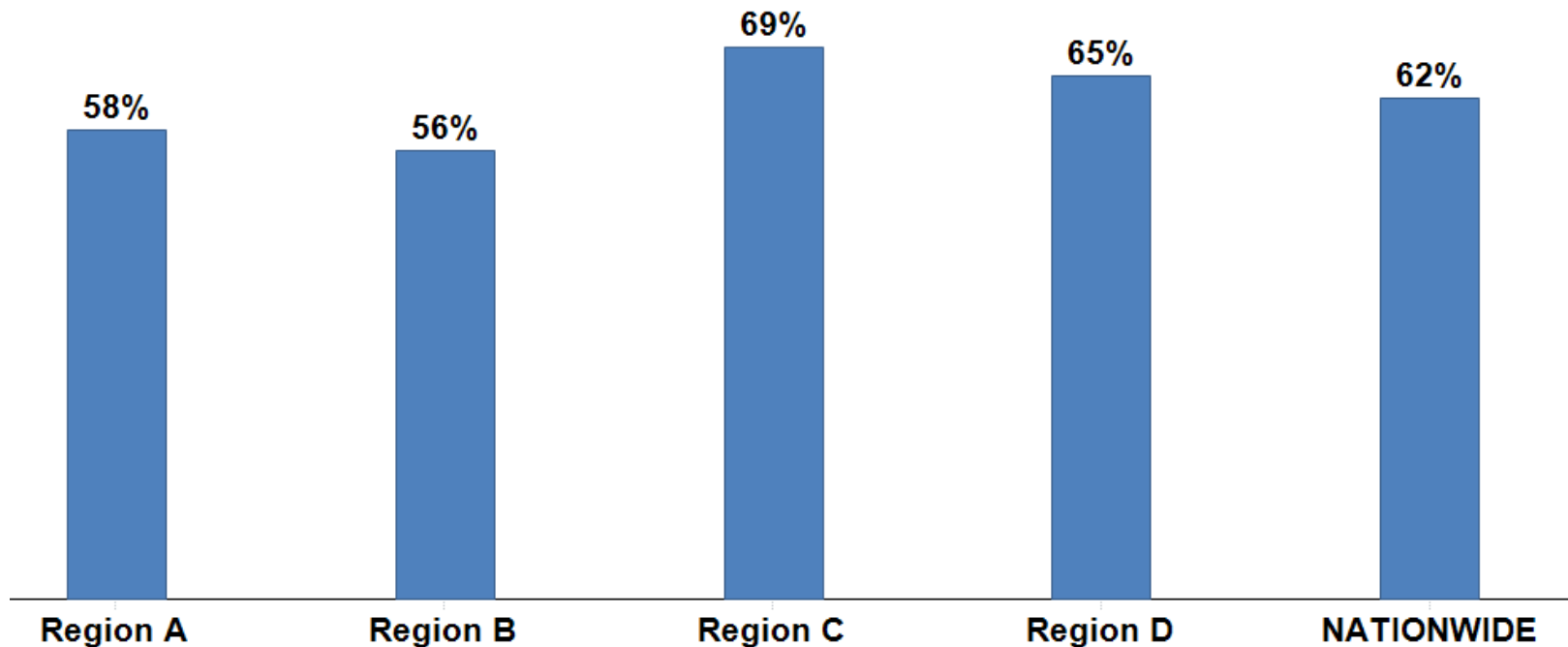
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# 62% of all cumulative claims appealed are still sitting in the appeals process.

## Percent of Appealed Claims Pending Determination for Participating Hospitals, by Region, through 1st Quarter 2014\*



*Manual survey entries only for Region A.*

\*Response rates vary by quarter.

Source: AHA. (April 2014). RAC TRAC Survey

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# Of the claims that have completed the appeals process, 66% were overturned in favor of the provider.

## Summary of Appeal Rate and Determinations in Favor of the Provider, for Hospitals with Automated or Complex RAC Denials, through 1st Quarter 2014\*

				Completed Appeals		
	Appealed	Percent of Denials Appealed	Number of Denials Awaiting Appeals Determination	Number of Denials Not Overturned from Appeals Process** (Withdrawn/Not Continued)	Number of Denials Overturned in the Appeals Process	Percent of Appealed Denials Overturned (as a Percent of Total Completed Appeals)
NATIONWIDE	267,085	52%	171,967	29,621	58,748	66%
Region A *	17,833	53%	10,418	3,393	3,135	48%
Region B	52,717	49%	29,427	7,938	13,372	63%
Region C	118,720	50%	81,458	10,338	25,043	71%
Region D	77,815	56%	50,664	7,952	17,198	68%

\*Manual survey entries only for Region A. Due to survey submission error, total appeals may be greater than the sum of ending/withdrawn/overturned appeals.

\*\* May include appeals withdrawn to re-bill.

\*Response rates vary by quarter.

Source: AHA. (April 2014). RAC TRAC Survey

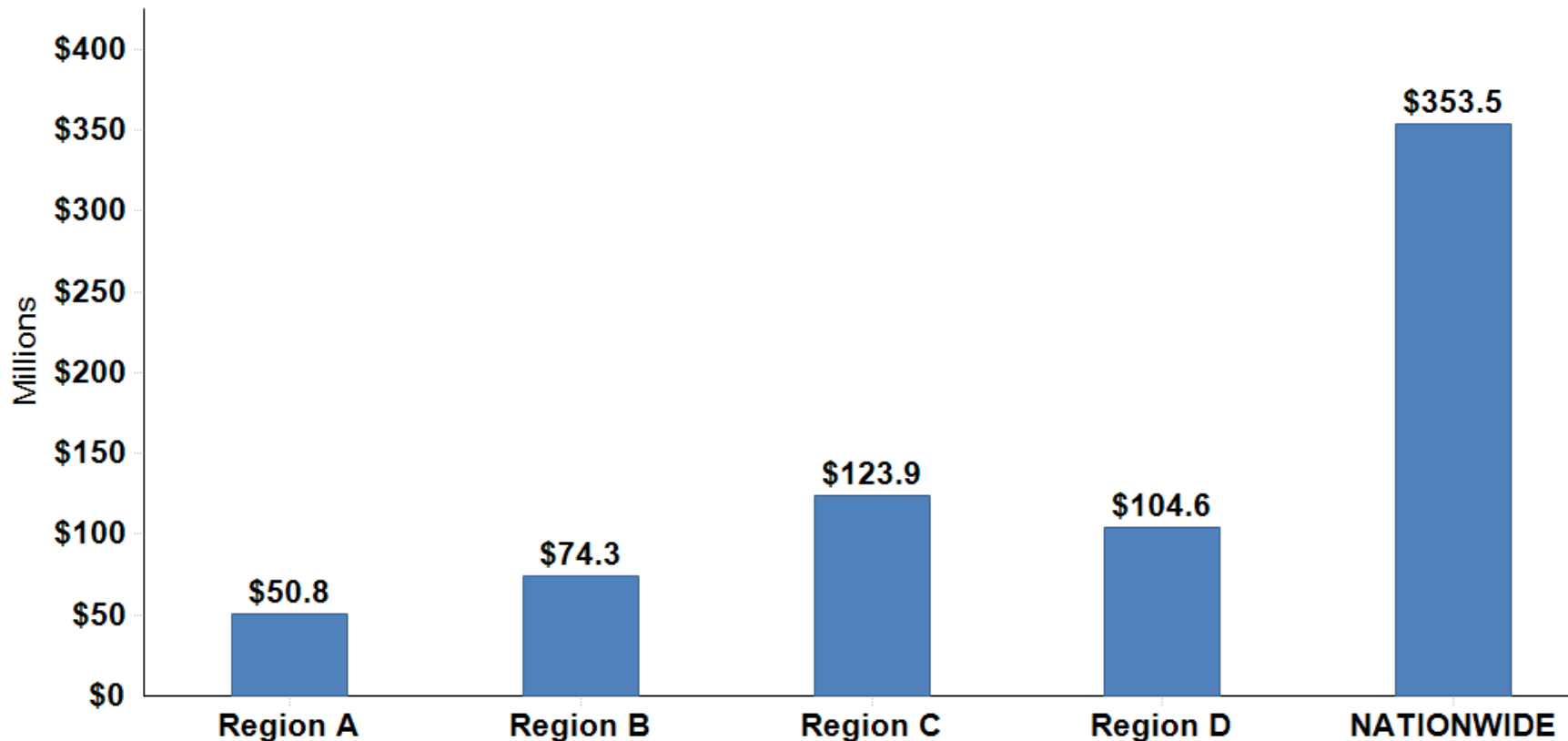
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# Hospitals reported a total of \$353 million in overturned denials, with \$123.9 million in Region C alone.

Value of Denials Overturned in the Appeals Process, by Region, through 1st Quarter 2014, in Millions



Source: AHA. (April 2014). RAC TRAC Survey

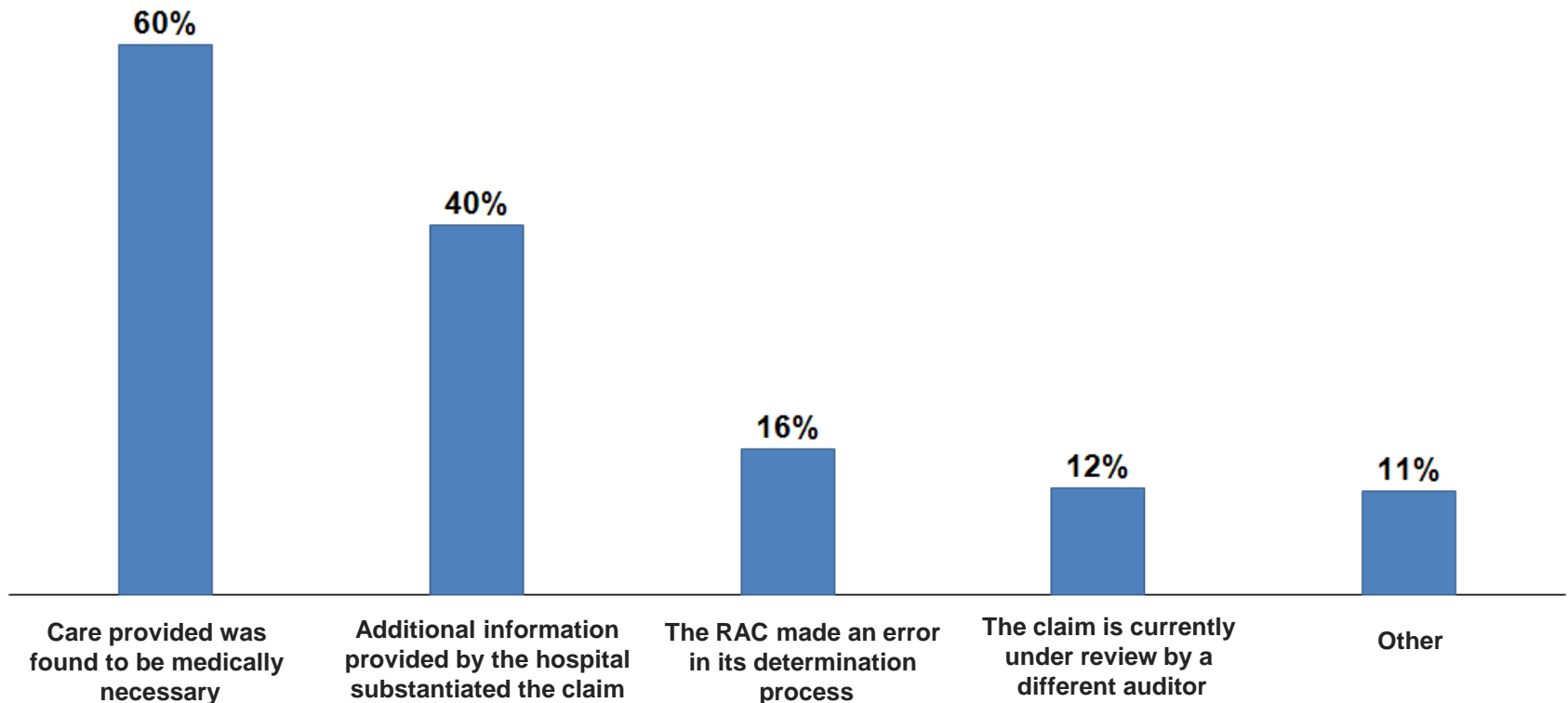
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60% of hospitals with a RAC denial overturned had a denial reversed because the care was found to be medically necessary.

## Percent of Participating Hospitals That Had a Denial Overturned by Reason, 1st Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

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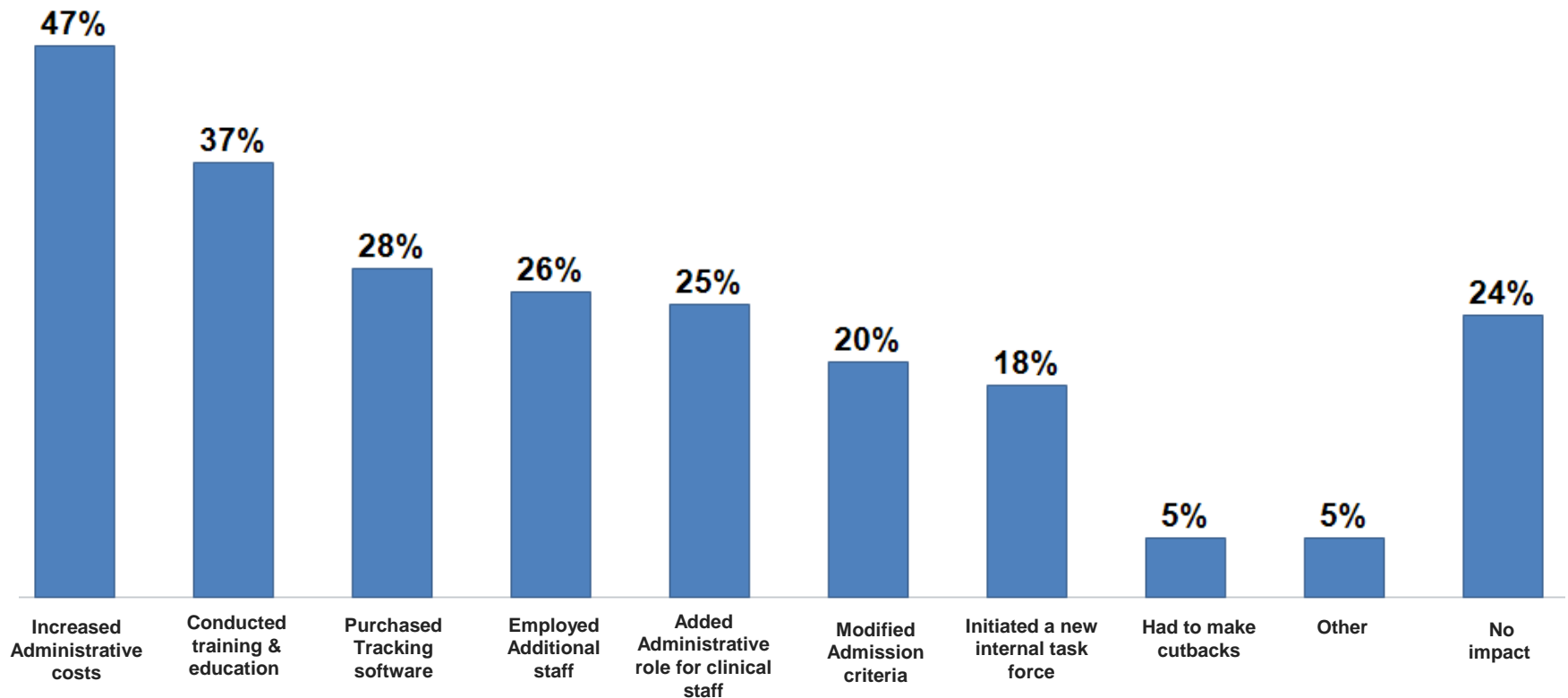
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## Administrative Burden

# Hospitals experience many types of impacts due to RACs; almost half of all reporting hospitals noted they had increased administrative costs due to the program.

## Impact of RAC on Participating Hospitals\* by Type of Impact, 1st Quarter 2014



\* Includes participating hospitals with and without RAC activity

Source: AHA. (April 2014). RAC TRAC Survey

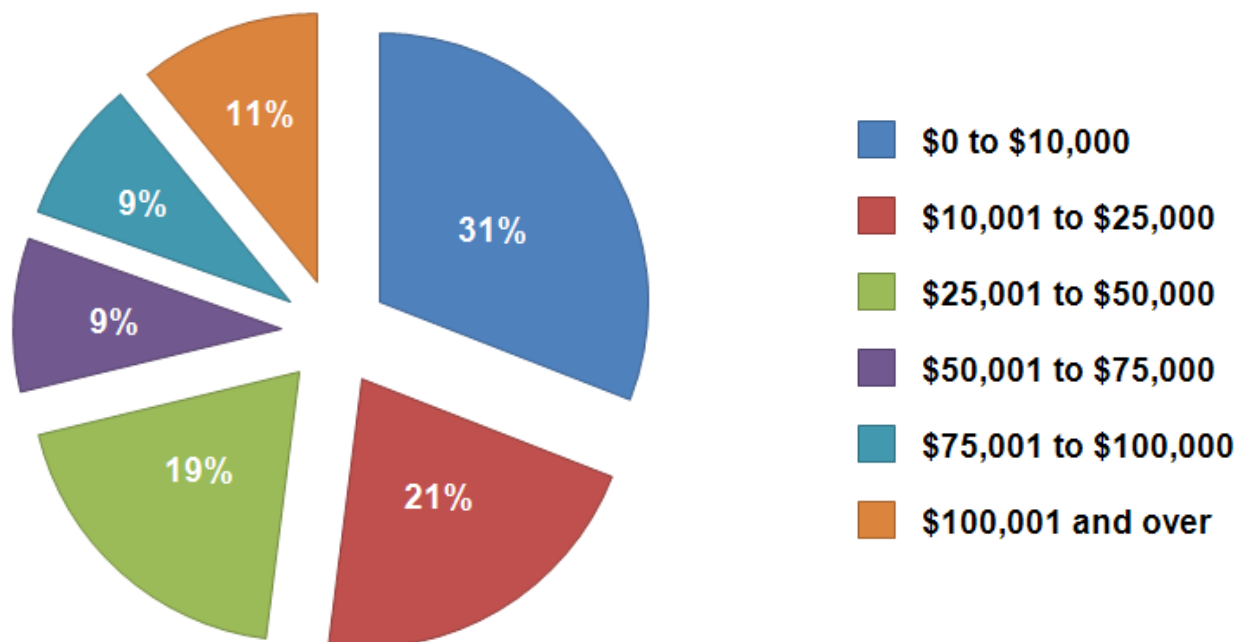
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69% of all hospitals reported spending more than \$10,000 managing the RAC process during the 1st quarter of 2014, 48% spent more than \$25,000 and 11% spent over \$100,000.

### Percent of Participating Hospitals\* Reporting Average Cost Dealing with the RAC Program, 1st Quarter 2014



\* Includes participating hospitals with and without RAC activity

Source: AHA. (April 2014). RAC TRAC Survey

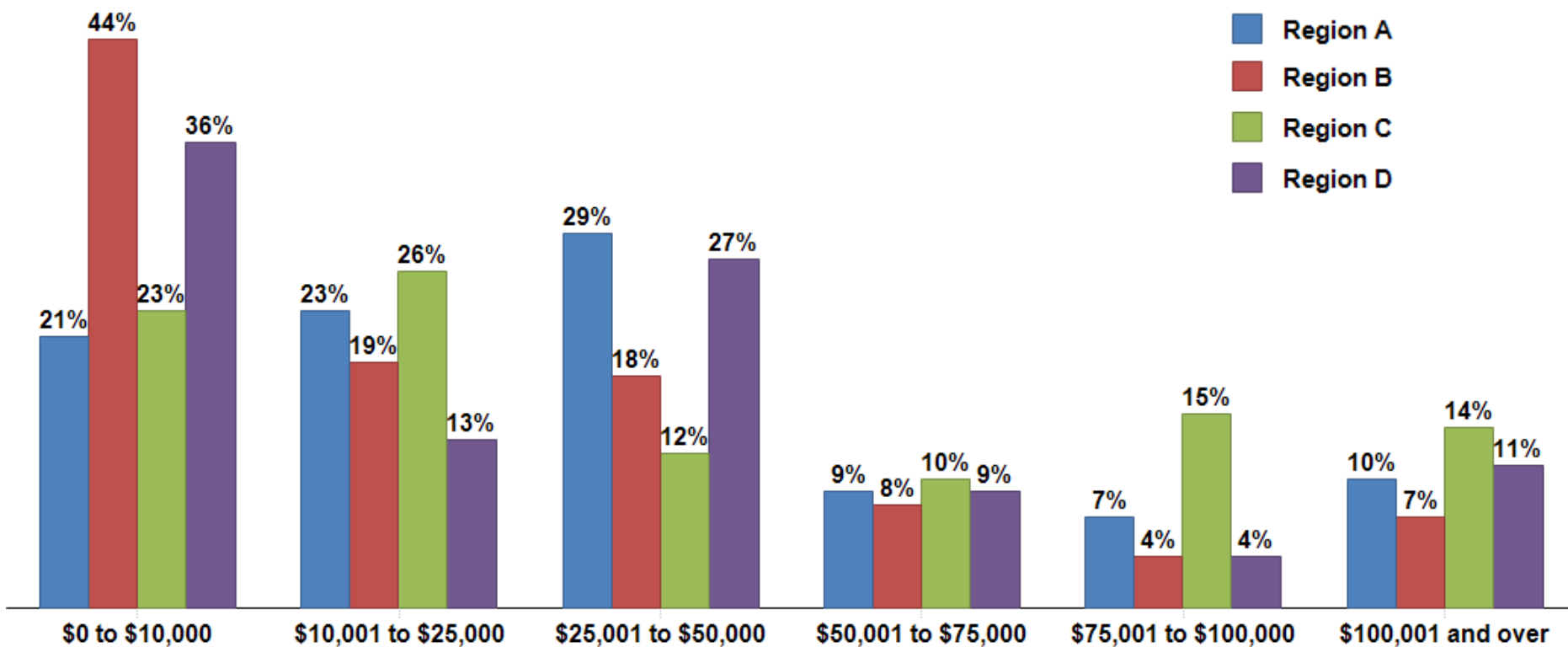
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# The additional cost of managing the RAC program varies by region.

Percent of Participating Hospitals\* Reporting Additional Cost of Managing the RAC Program, by Region, 1st Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

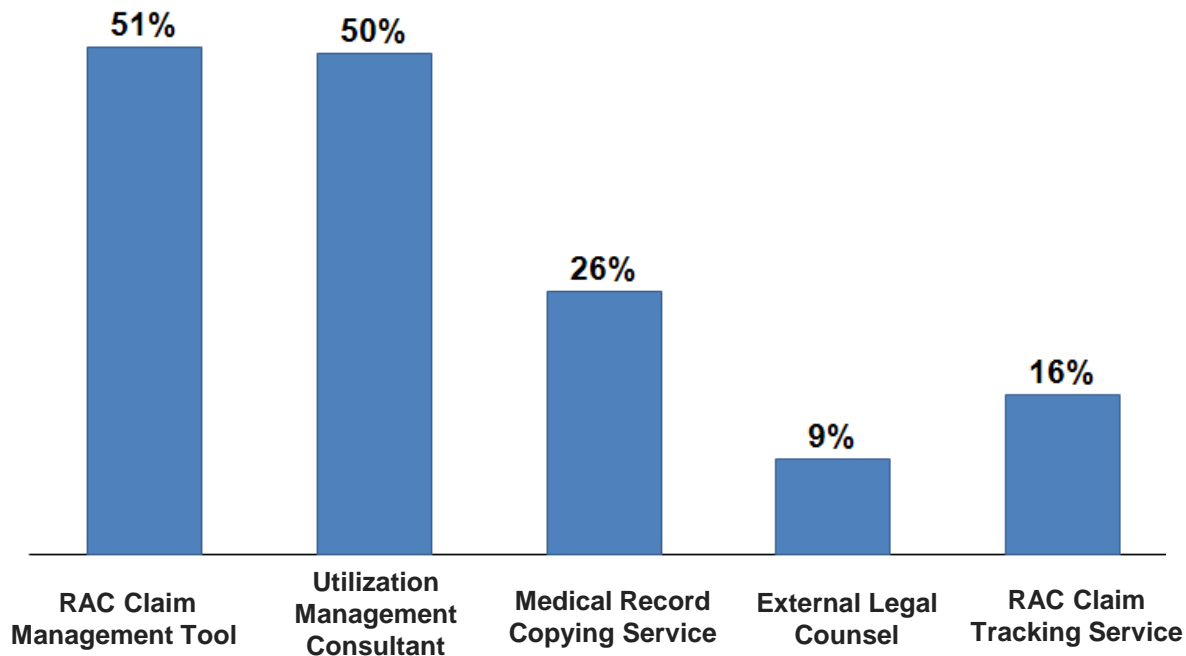
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# Many hospitals report spending on external resources, such as outside consultants, to deal with the RAC process.

Percent of Participating Hospitals\* that Use External Resources by Type and Average Dollars Spent *this Quarter*, 1st Quarter 2014



Administrative Burden	Average Dollar Amount This Quarter
External Legal Counsel	\$53,574
Utilization Management Consultant	\$44,613
Medical Record Copying Service	\$22,665
RAC Claim Management Tool	\$9,086
RAC Claim Tracking Service	\$6,485

\* Includes participating hospitals with and without RAC activity. Average dollars spent and percentages reflect only those hospitals that reported utilizing external resources.

Source: AHA. (April 2014). RAC TRAC Survey

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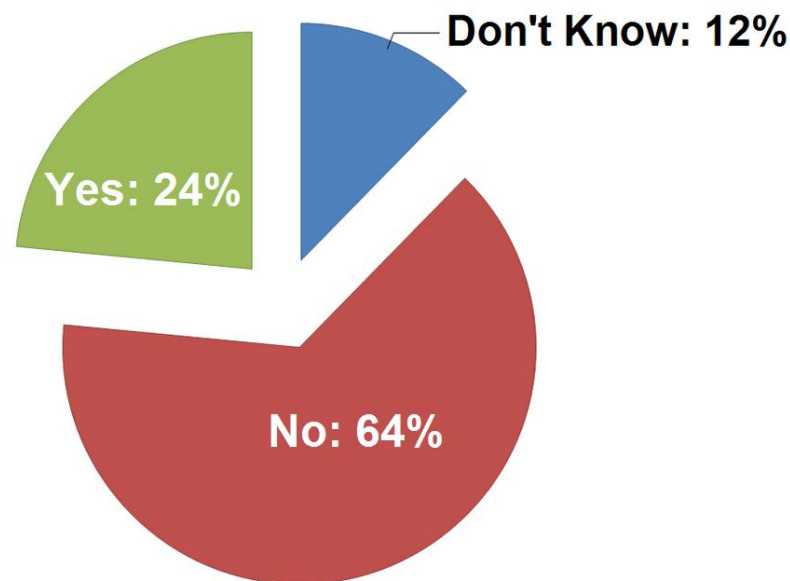
Nearly two out of three respondents indicated they have yet to receive any education related to avoiding payment errors from CMS or its contractors.

Percent of Participating Hospitals Reporting they Received Education from CMS or its Contractors, National and by Region, through 1st Quarter 2014

### Reported Education by RAC Region

	Yes	No	Don't Know
Region A	32%	53%	15%
Region B	16%	67%	17%
Region C	25%	67 %	8%
Region D	23%	65%	12%

### National Reporting



\* Includes participating hospitals with and without RAC activity

Source: AHA. (April 2014). RAC TRAC Survey

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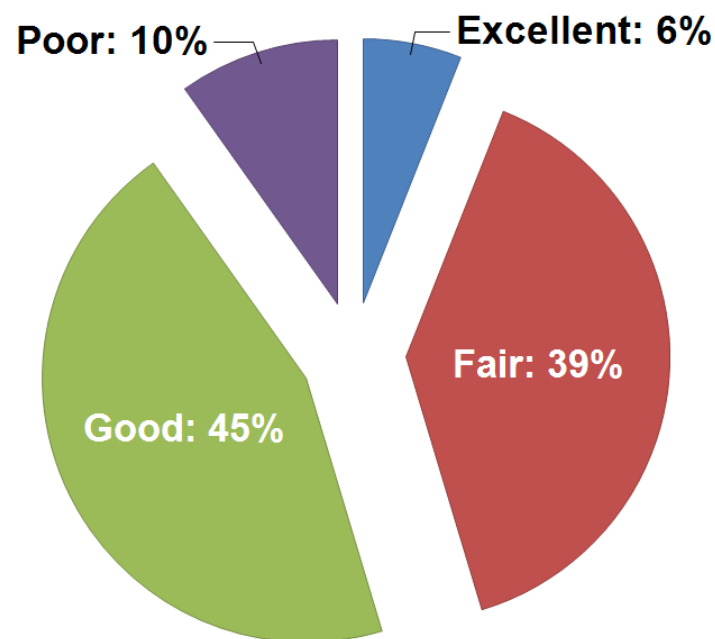
# For those hospitals that have received education, the perceived quality varied by region.

Percent of Participating Hospitals Reporting the Effectiveness of Received Education from CMS or its Contractors, National and by Region, through 1st Quarter 2014

## Reported Effectiveness of Education by RAC Region

	Excellent	Good	Fair	Poor
Region A	3%	58%	39%	0%
Region B	4%	46%	43%	7%
Region C	9%	40%	36%	15%
Region D	6%	37%	41%	16%

## National Reporting



*\*Includes participating hospitals with and without RAC activity*

Source: AHA. (April 2014). RAC TRAC Survey

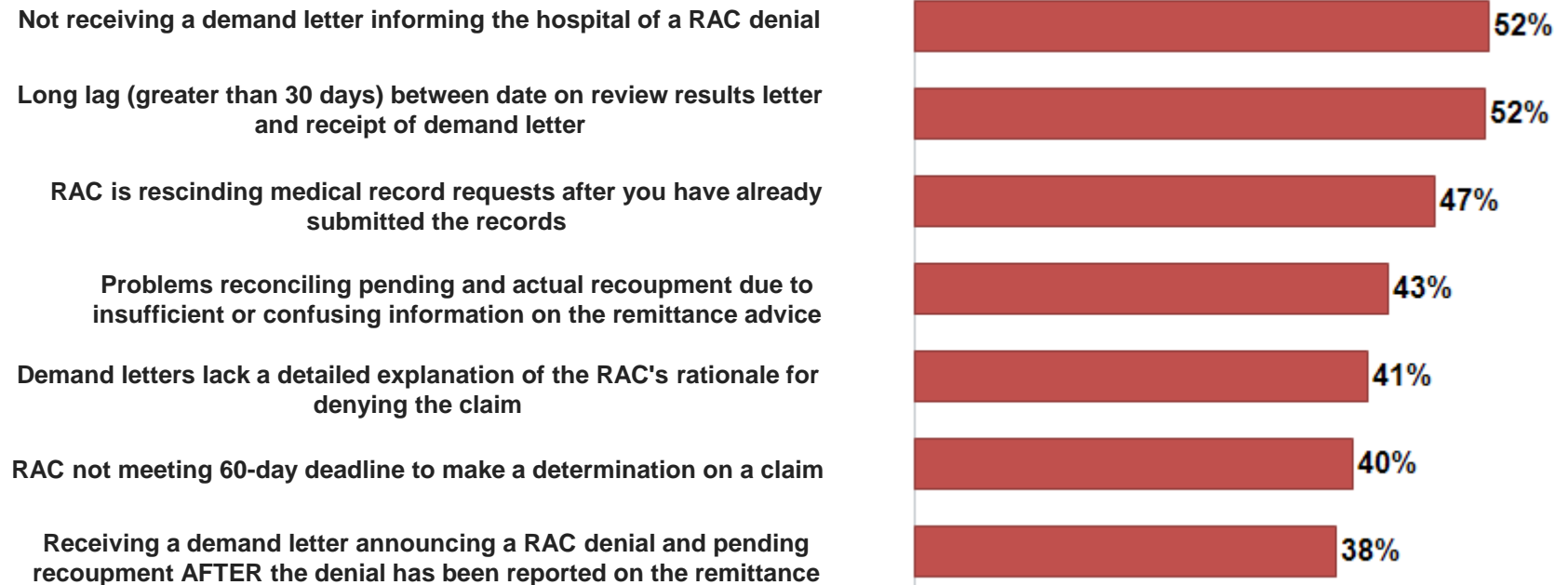
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# Hospitals report widespread RAC process-related issues, including extensive problems with MACs providing hospitals with a demand letter in a timely fashion after a RAC denial.

## Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 1st Quarter 2014



*\* Includes participating hospitals with and without RAC activity*

Source: AHA. (April 2014). RAC TRAC Survey

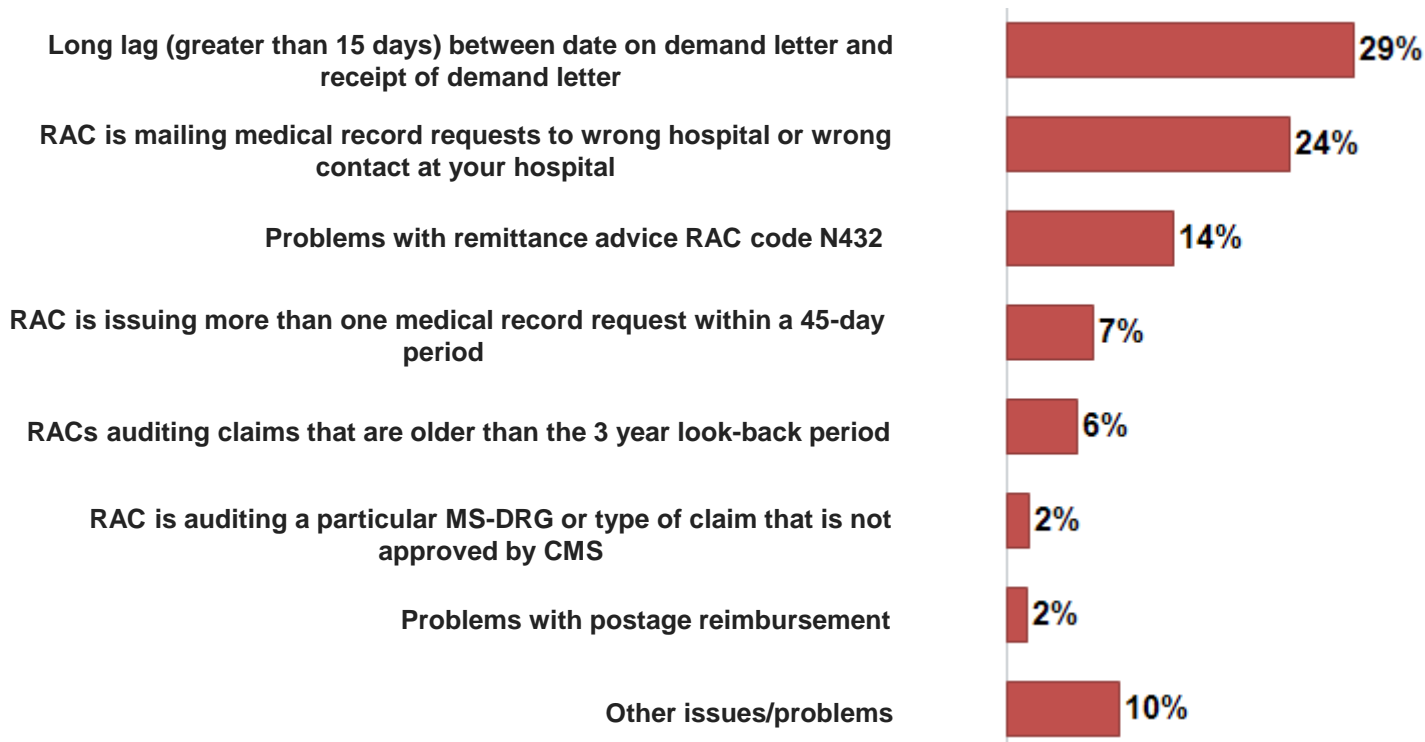
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# Hospitals continue to report a wide variety of RAC process problems.

## Percent of Participating Hospitals Reporting RAC Process Issues, by Issue, 1st Quarter 2014



*\* Includes participating hospitals with and without RAC activity*

Source: AHA. (April 2014). RAC TRAC Survey

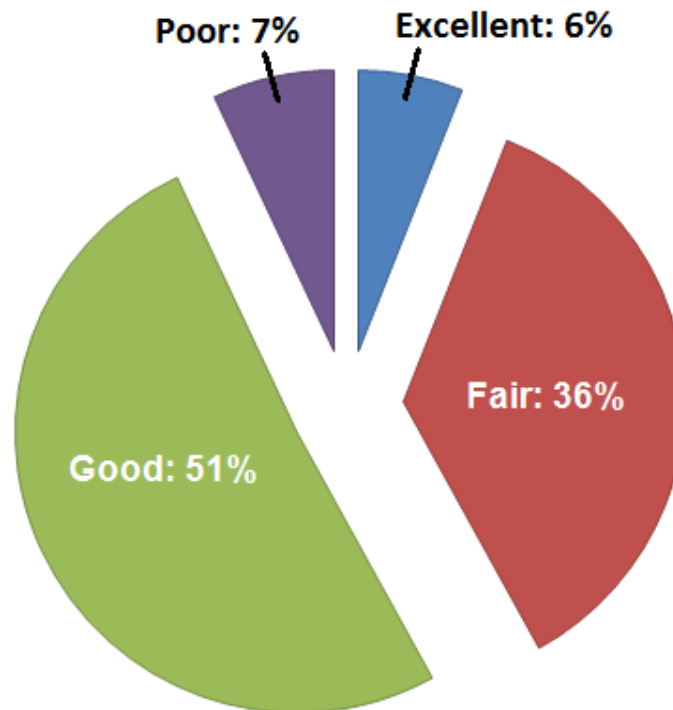
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# The majority of hospital respondents indicated RAC responsiveness and overall communication was “fair” or “good.”

## Participating Hospitals Rating of RAC Responsiveness and Overall Communication, 1st Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

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

## Participating Hospital Rating of RAC Responsiveness and Overall Communication, by Region, 1st Quarter 2014

	Excellent	Good	Fair	Poor
Region A	15%	69%	16%	0%
Region B	3%	58%	35%	4%
Region C	4%	44%	41%	11%
Region D	3%	41%	49%	7%



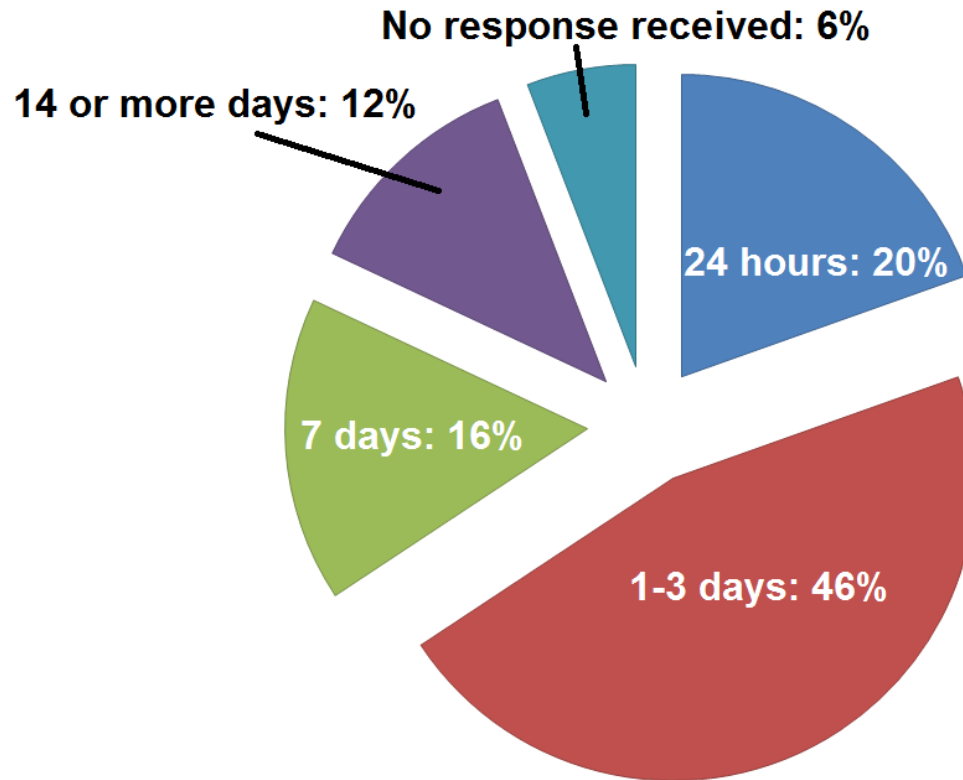
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The average wait time for a RAC response varied significantly, with 18% of hospitals reporting they did not receive a response from their RAC within 2 weeks.

### Average Number of Days it Took RACs to Respond to Hospital Inquiries for Participating Hospitals, 1st Quarter 2014



Source: AHA. (April 2014). RAC TRAC Survey

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# RAC response time varied by region.

## Average Number of Days For RACs to Respond to Hospital Inquiries for Participating Hospitals, by Region, 1st Quarter 2014

	24 hours	1-3 days	7 days	14 or more days	No Response Received
Region A	36%	51%	4%	7%	2%
Region B	20%	49%	16%	9%	6%
Region C	9%	51%	15%	17%	8%
Region D	24%	27%	31%	13%	5%



Source: AHA. (April 2014). RAC TRAC Survey

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<http://www.aha.org/ractrac>