*RAC*Trac Quarterly Webinar

Elizabeth Baskett, Associate Director, Policy, AHA

July 14, 2010

Agenda

- Thanks for making *RAC*Trac a Success!!

- RAC Update

- AHA RAC Resources

- What is *RAC*Trac and How to Use It
  - Overview
  - Tracking RAC Activity
  - Registration
  - Entering Data
  - Helpful Tips

- *RAC*Trac Results, April 2010

- Making *RAC*Trac Results Work For You

- *RAC*Trac Data Collection Period, July 2010

- Questions and Answers

THANKS
For Making the Nationwide First *RAC*Trac Data Collection a Success!!!!

653 Responding Hospitals
437 with RAC Activity, 216 without

RAC Update

RAC Update

- As of June 16, 544 total audit requests, 432 approved, continued heavy focus on DRG validation

- RAC correspondence, websites, lost medical records

- Confusion over Remittance Advices

- First Medical Necessity Review (MNR) has been approved, not Part A or B

- RACs are requesting 10-claim samples from hospitals for MNR

- MNR audits of hospitals may begin in August-September

- Healthcare reform expansion of RACs

- CMS article with helpful pointers on avoiding RAC denials:

    http://www.cms.gov/MLNMattersArticles/downloads/SE1024.pdf

AHA RAC Resources

AHA RAC Resources

- **AHA RAC Resources**
  - **www.aha.org/rac**
    - CMS and RAC Contact Information
    - Advisories
      - RAC Program Basics
      - Medicare Appeals Process
      - Coding & Documentation Strategies
      - Preparing for RAC Audits
    - AHA RAC Education Series
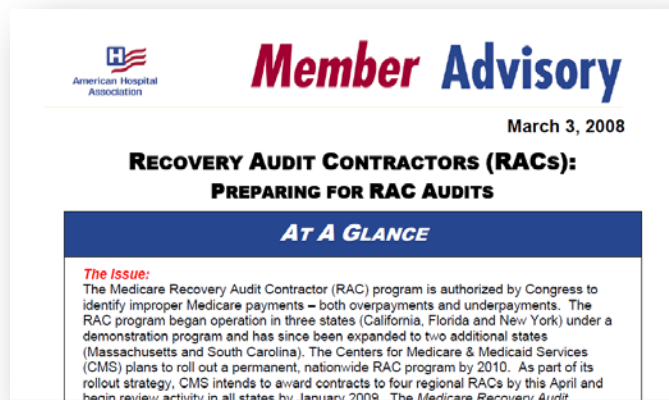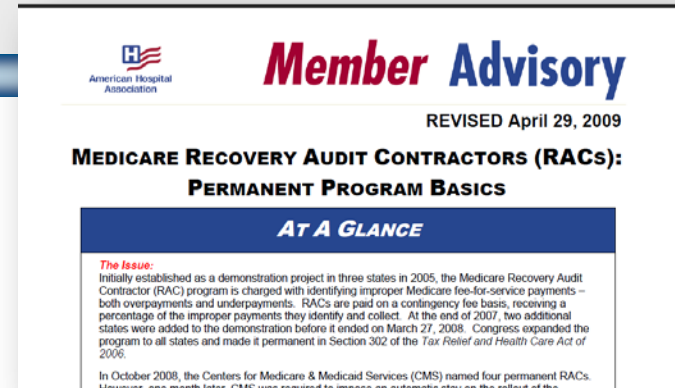
What is *RAC*Trac and How to Use It

What is AHA *RAC*Trac?

- **Web-based survey** to collect RAC experience data from hospitals
- Unit of analysis is the hospital
    - General Medical/Surgical Hospitals including Critical Access Hospitals
    - LTCH
    - Psych
    - Rehab
- **Quarterly data collection**
    - Automated Denials
    - Complex Denials
    - Underpayments
    - Appeals
    - Administrative burden
- **Collect both quarterly snapshot and cumulative information on RAC experience to date**

Review the *RAC*Trac Survey Questions and Definitions at www.aha.org/rac click on: *RAC*Trac!

AHA *RAC*Trac Goals

1. **Advocate for continued changes in the RAC program**
   - Identify new issues and address issues not resolved from the demonstration program
   - Build the case—using real data—for program changes that reduce financial and administrative burdens

2. **Educate the field**
   - Help hospitals focus on specific challenges
   - Identify problematic trends in RAC activity on a statewide, region-by-region and national basis

3. **Make it simple for hospitals to report data to AHA for use in advocacy activities**

We are all in this together

Tracking RAC Activity Data

Three ways to track data in order to use the survey

1. Free Claim Level Tool – Basic tool provided by AHA to track RAC activity
   Find claim level tool at:
   www.aha.org/aha/issues/RAC/ractrac.html

2. *RAC*Trac Compatible Tool- (currently 19, with continuous additions)
   Find vendor list at:
   www.aha.org/aha/issues/RAC/ractrac.html

3. Fill out survey questions manually using your own tracking method

Is your vendor *RAC*Trac Compatible?

*RAC*Trac Compatible Vendors

Product	Vendor
3M™ Audit Expert	3M Health Information Systems
Axis – Audit Control	Quadax, Inc.
Compliance 360® Claims Auditor™	Compliance 360®
ComplyTrack^{SM}	CCH – MediRegs - Aspen Publishing
Plato	CPR Technologies
HealthPort RAC*Pro*	HealthPort
IatriTRAC	Iatric Systems, Inc.
InSight RAC	Claimtrust, Inc.
ACS MIDAS+/MIDAS + Care Management	ACS Healthcare Solutions
MedAssets Claims Auditor	MedAssets
OnBase RAC Administration Solution	Hyland Software, Inc.
RAC Audit Tracking	Rycan Technologies, Inc.
RAC Guard	The Wellington Group LLC
RAC Source	SOURCECORP/Healthserve Managed Care Professionals, Inc.
RAC Tracker Online	MRO
eCare® RacMan™	NeboSystems, a division of Passport Health Communications Inc.
RAConciliation	Part of AVIANCESuite.com
RACTracker	Greater New York Hospital Association
Veracity	Intersect Healthcare

*RAC*Trac Registration

- In order to register you will need an **Organization ID** and a **Security Code** specific to your hospital

- Hospital CEOs received an email on June 24th with *RAC*Trac registration information

- The email encouraged the CEOs to forward the registration information to relevant staff

  - If you have not received this information, please contact ***RAC*Trac Support** to obtain your *RAC*Trac Organization ID and Security Code

    - 1-888-722-8712 or ractracsupport@providercs.com

*RAC*Trac Registration: http://aharactrac.org/home/

Organization ID MUST Include Three Leading Zeros

- When entering your Organization ID during the Registration process, **be sure to enter the leading three 0's**

Enter Organization Details

Organization ID [   ]
Security Code [   ]

Go Back   Clear   Submit

6639245

0006639245

*RAC*Trac Registration

- After creating a profile, log in using the username and password you created
- You are ready to submit survey data quarterly, click on "**Enter/Upload Data**"

*RAC*Trac Data Entry

You will be presented with the following options to enter your data:

Select "**Enter Data**" to fill out the survey manually

–OR–

Select "**Upload Data**" to upload your CSV file (generated from compatible vendor or from AHA claim level tracking tool)

After submitting your data, be sure to click on "**Admin Burden**" to fill out the Administrative Burden section

Be sure to select "FINISH" at the end of survey

Additional Information

Please fill out *RAC*Trac even if your hospital has not experienced RAC activity—we need to know where the activity is and is not happening

For more information on:
- *RAC*Trac
- Tracking RAC activity with AHA's Free Claim Level Tool
- Full PowerPoint Presentation on April 2010 RACTrac Results
- Previous *RAC*Trac Webinars, including step-by-step instructions on how to fill out the *RAC*Trac survey

www.aha.org/aha/issues/RAC/ractrac.html

*RAC*Trac Results, April 2010

Full report available at:
www.aha.org/aha/issues/RAC/ractrac.html

*RAC*Trac Results—Executive Summary

- *RAC*Trac collects RAC activity data from hospitals on a quarterly basis

- CMS administers the RAC program and there are four RAC regions nationwide

  - RAC Region C encompasses 40% of hospitals in the United States

  - First quarter 2010 participation in *RAC*Trac was generally consistent with hospital representation in each of the four RAC regions

*RAC*Trac Results—Executive Summary (cont.)

- 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

- More than two thirds of the 653 hospitals responding to *RAC*Trac experienced RAC activity in the first quarter of 2010

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

  - Different types and sizes of hospitals were subject to RAC review

  - Region C had the highest number of hospitals reporting RAC activity

  - Region B had the most activity among hospital respondents, with three-fourths of responding hospitals reporting RAC activity

*RAC*Trac Results—Executive Summary (cont.)

- RACs are primarily engaging in complex reviews

  - Outpatient coding and billing were often the target for automated reviews, while inpatient coding was a common target for complex reviews

  - Medical record requests drove the majority of RAC activity for responding hospitals during the first quarter of 2010

  - Region C had the highest number of medical records requested in the first quarter of 2010 among reporting hospitals, over 4,500, and an average of 30 per reporting hospital

  - *RAC*Trac respondents reported complex reviews of medical records totaling over $117 million in Medicare payments nationwide, $72 million for Region C alone

*RAC*Trac Results—Executive Summary (cont.)

- $2.47 million in denied claims were reported for the 437 hospital respondents experiencing RAC activity in the first quarter of 2010

  - 87% of denied payments resulted from complex denials

  - Region C had the highest number of hospitals reporting denied claims, both complex and automated denials

  - Two thirds of hospitals reporting automated denials experienced denials for outpatient coding and billing errors, while nearly all hospitals reporting complex denials experienced denials for inpatient coding errors

  - The average dollar value of an automated denial was $709 and the average dollar value of a complex denial was $6,542

  - *A note on RAC Appeals*—many hospitals are in the early stages of RAC activity, reporting limited RAC appeals experience in the first quarter of 2010. See future *RAC*Trac reports for more information on RAC appeals

*RAC*Trac Results—Executive Summary (cont.)

- 84% of responding hospitals report that their RAC impacted their organization in the first quarter of 2010—whether they experienced RAC reviews or not

  – 49% of responding hospitals reported increased administrative costs

  – Managing the RAC process is spread across many types of hospital staff creating significant administrative burden

  – Clerical and other types of staff, including RAC coordinators, spent the most time responding to RAC activity

  – Hospitals are using both internal and external resources to prepare and manage RAC activity

  – 17% of responding hospitals hired an external utilization management consultant, spending an average of $91,636 in the first quarter of 2010

Participation in *RACT*rac was generally consistent with hospital representation in each of the RAC regions.

Hospitals Participating in the *RACT*rac Survey by RAC Region, 1st Quarter, 2010

	Percent of Hospitals Nationwide	Percent of Participating Hospitals by Region
Region A	16%	9%
Region B	19%	30%
Region C	39%	38%
Region D	26%	22%
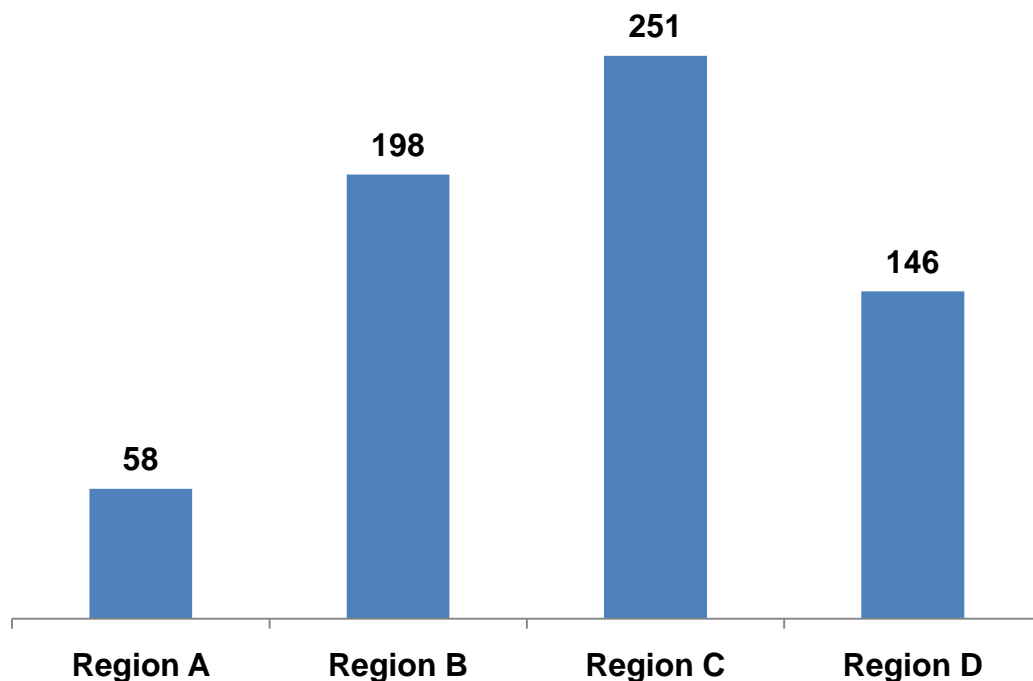
Region A: 58
Region B: 198
Region C: 251
Region D: 146

More than two thirds of responding hospitals are experiencing RAC activity.

Percent of Responding Hospitals Experiencing RAC Activity, through 1st Quarter 2010
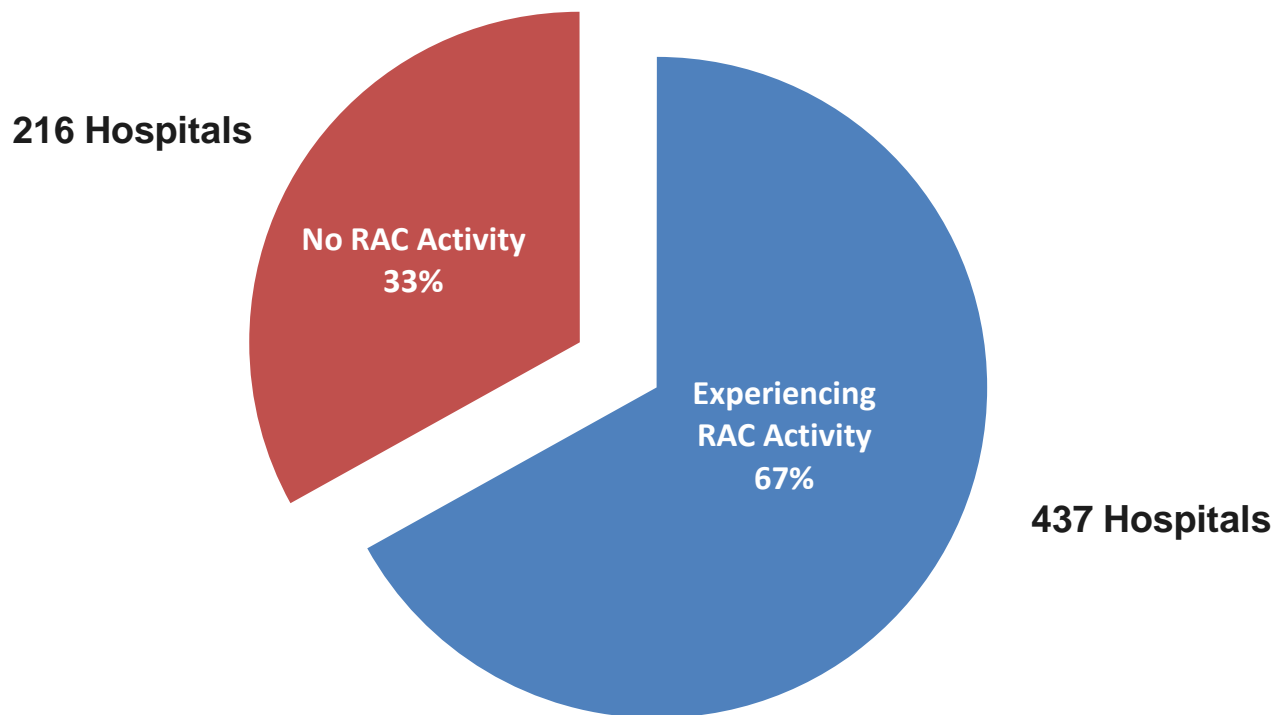
216 Hospitals

No RAC Activity
33%

Experiencing
RAC Activity
67%

437 Hospitals

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

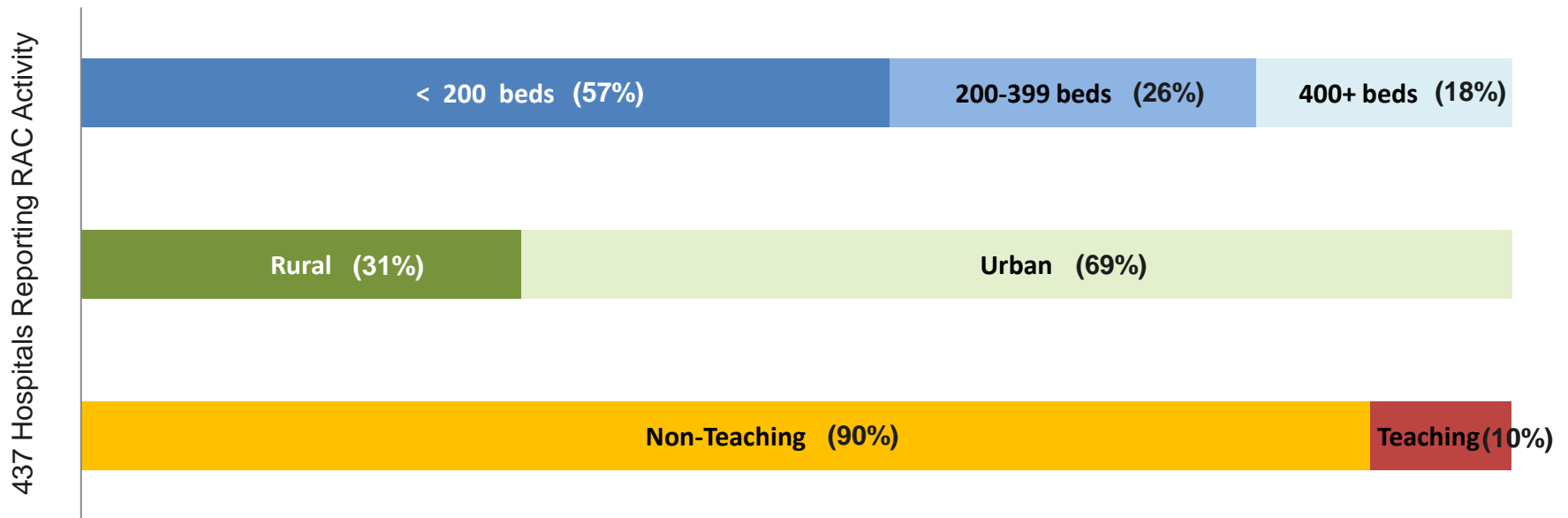Number of Hospitals Reporting RAC Activity by Hospital Type, through 1st Quarter 2010
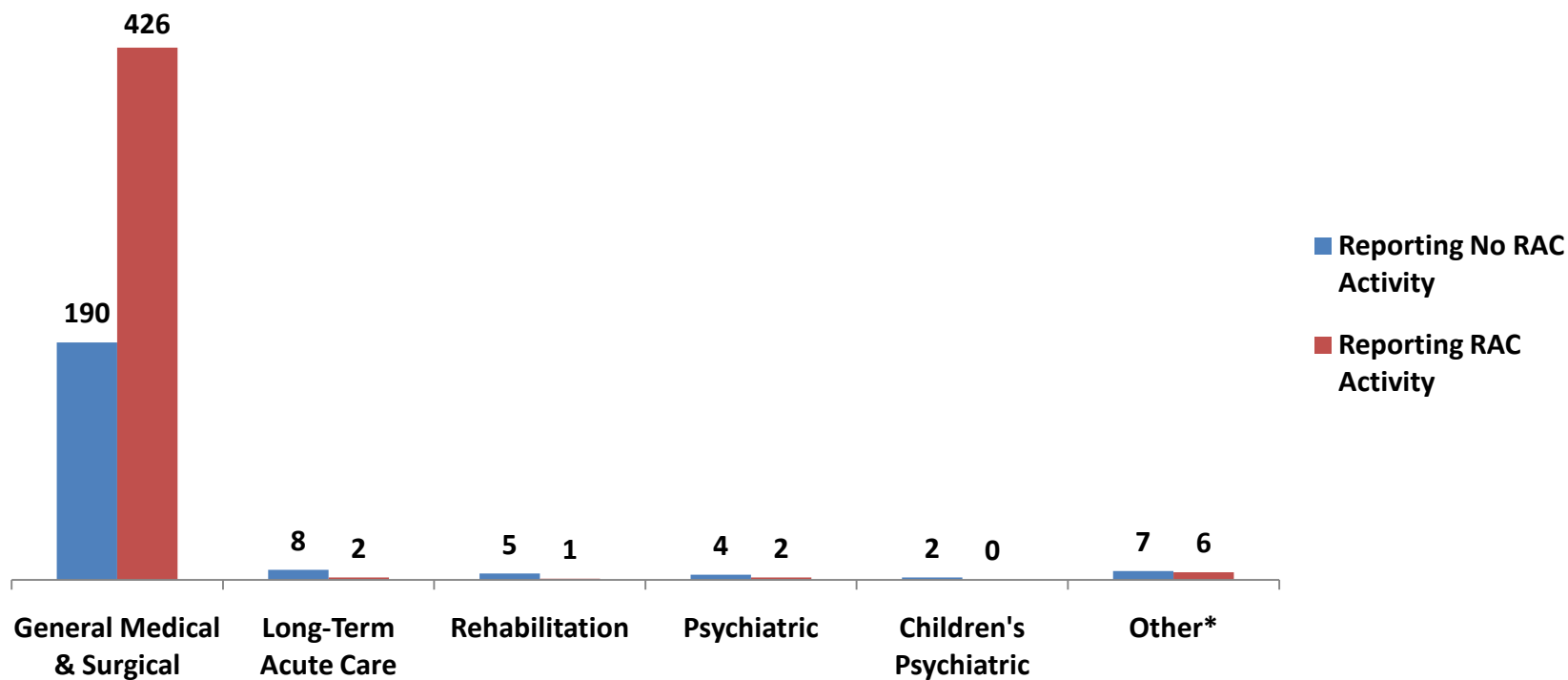
Legend:
- ■ Reporting No RAC Activity
- ■ Reporting RAC Activity

Hospital Type	Reporting No RAC Activity	Reporting RAC Activity
General Medical & Surgical	190	426
Long-Term Acute Care	8	2
Rehabilitation	5	1
Psychiatric	4	2
Children's Psychiatric	2	0
Other*	7	6

Source: AHA. (May 2010). *RACT*rac Survey
AHA analysis of survey data collected from 653 hospitals: 437 reporting activity, 216 reporting no activity
from January to March 2010. 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. * Other includes: Cancer, Chronic Disease, Health Care Management, Alcohol and Other Chemical Dep., Children's General, Heart, Obstetrics & Gynecology and Orthopedic hospitals.

27

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

## RAC Activity by Type of Hospital, through 1st Quarter 2010

437 Hospitals Reporting RAC Activity (y-axis label)

| < 200 beds (57%) | 200-399 beds (26%) | 400+ beds (18%) |

| Rural (31%) | Urban (69%) |

| Non-Teaching (90%) | Teaching (10%) |

RAC Region C had the highest number of hospitals reporting RAC activity…

Number of Responding Hospitals Reporting RAC Activity by Region, through 1st Quarter 2010

Bar chart:
- Region A: 30
- Region B: 148
- Region C: 186
- Region D: 73
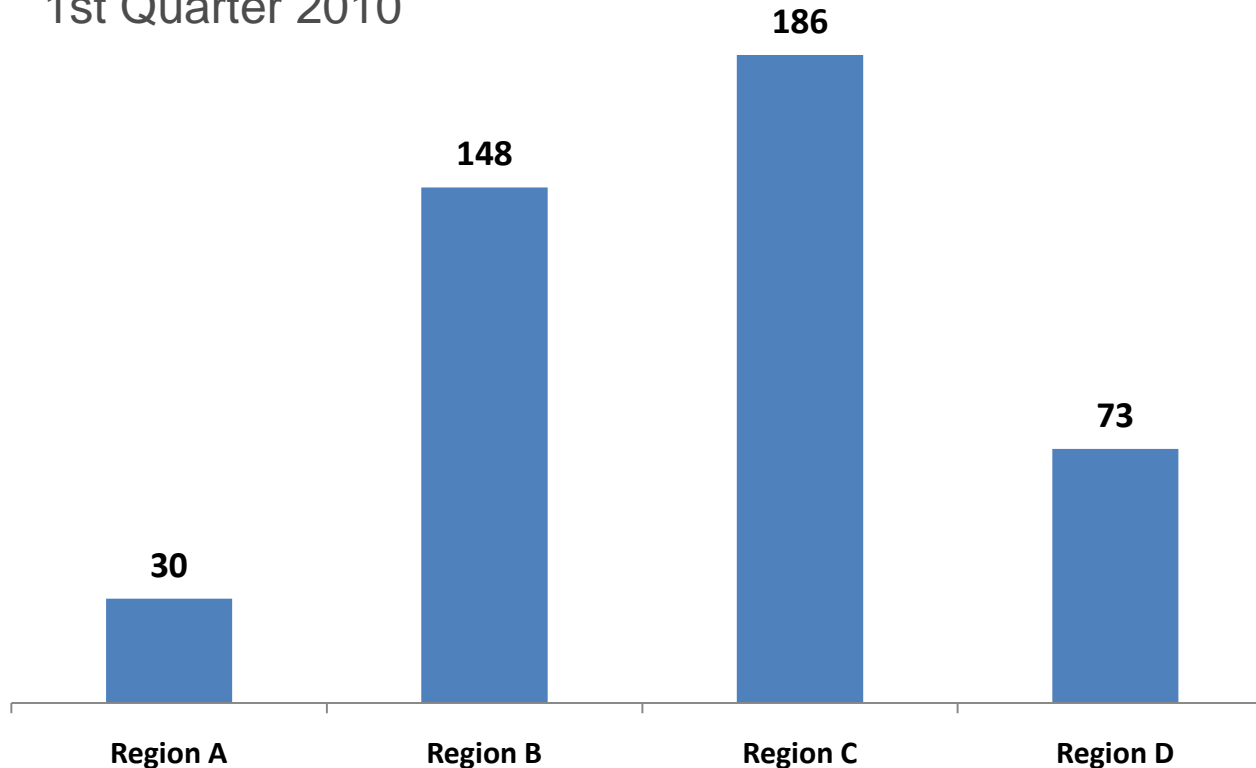
States By RAC Region

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. (May 2010). *RACT*rac Survey
AHA analysis of survey data collected from 653 hospitals: 437 reporting activity, 216 reporting no activity
from January to March 2010. 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.

…but 75% of participating hospitals in RAC Region B reported RAC activity.

Percent of Participating Hospitals Reporting RAC Activity, by Region, 1st Quarter, 2010
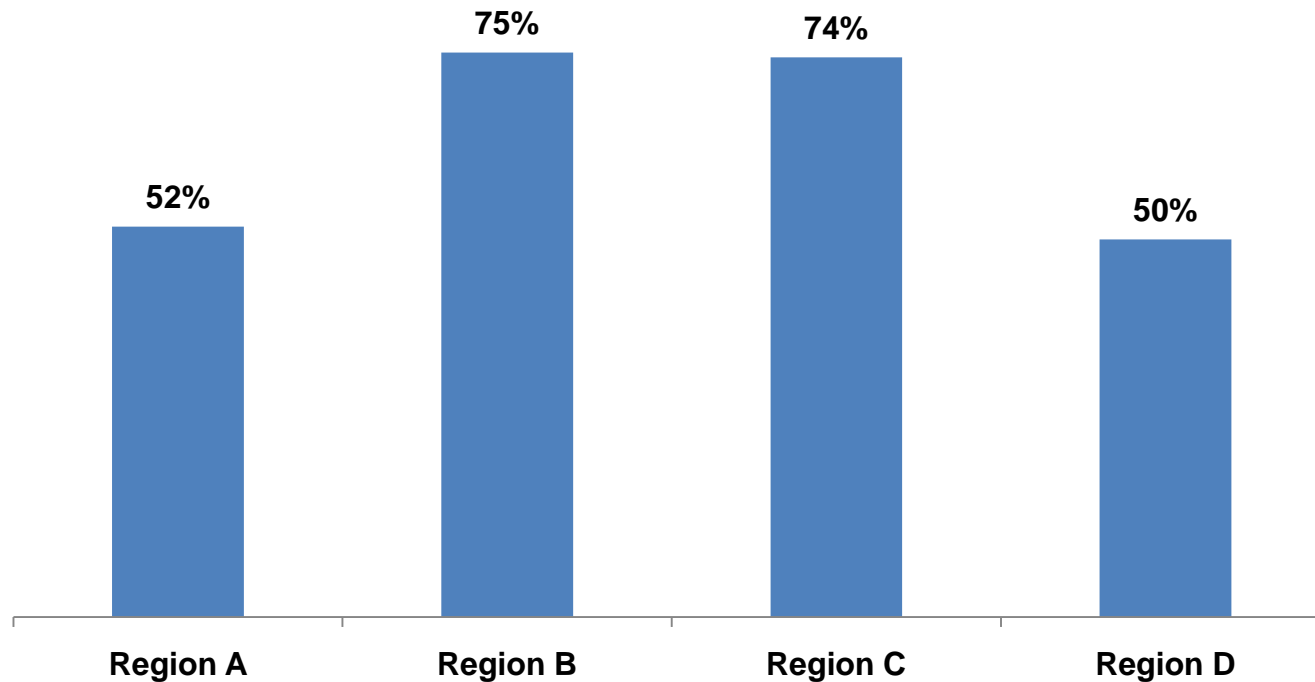
Source: AHA. (May 2010). *RACT*rac Survey
AHA analysis of survey data collected from 653 hospitals: 437 reporting activity, 216 reporting no activity from January to March 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.
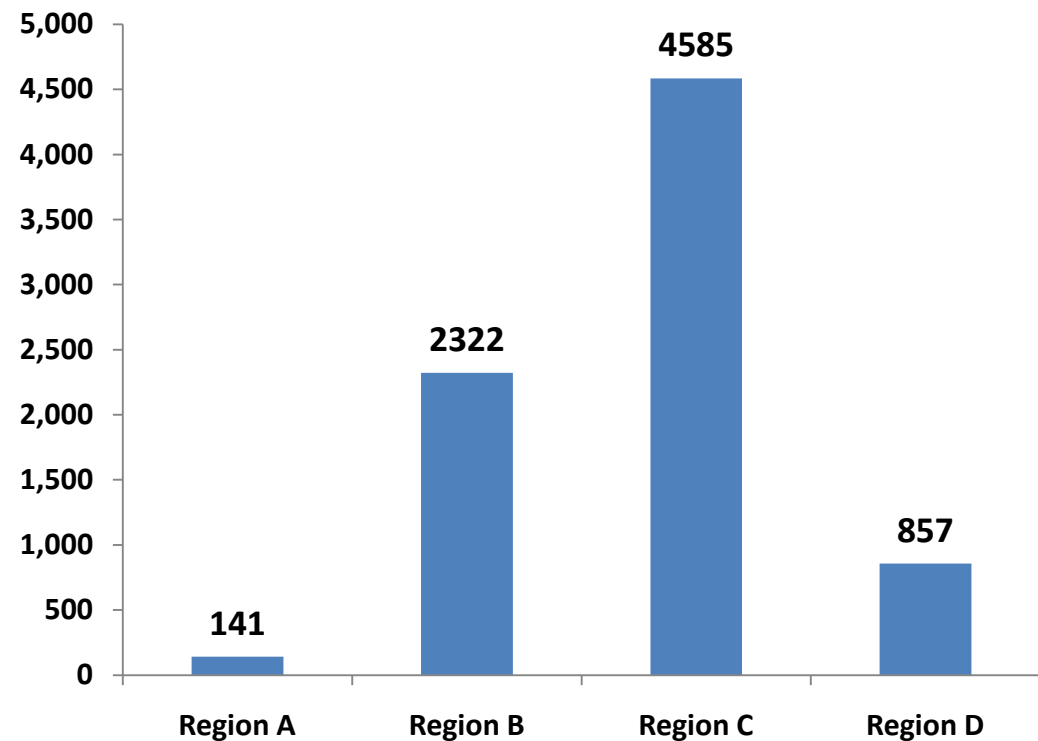
RACs are primarily conducting complex reviews…

Percent of Responding Hospitals with RAC Activity Experiencing Automated and/or Complex RAC Review, through 1st Quarter 2010
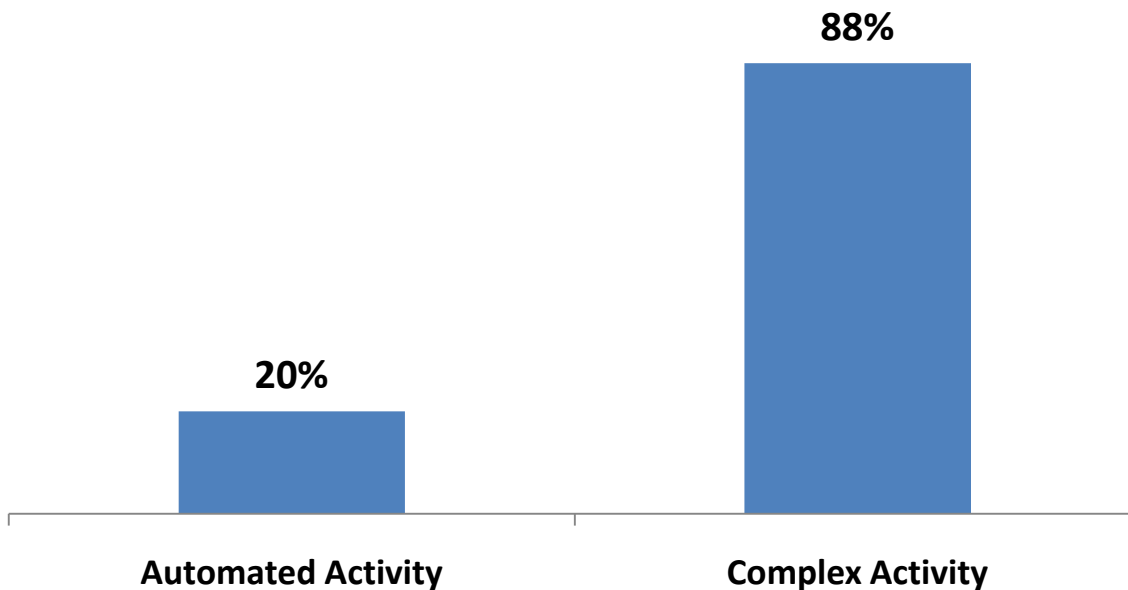
Automated Activity: includes all automated reviews, which is a claim determination without a human review of the medical record. RACs use proprietary software that is designed to detect certain types of errors including but not limited to duplicate payments, billing or coding errors. The RAC notifies the provider via a demand letter when an overpayment has been identified through automated review.

Complex Activity: includes all complex reviews, which is a human review and determination of whether or not an improper payment has been identified once the medical record has been received. Upon that determination, a hospital will be notified via a review results letter if an improper payment was found and therefore the associated claim has been "denied".

88%

20%

Automated Activity

Complex Activity

…and the majority of RAC activity during the first quarter of 2010 was medical record requests.

Total Reported Automated Denials, Complex Denials and Complex Medical Records Requests, through 1st Quarter 2010

Automated Denials: 470
Complex Denials: 606
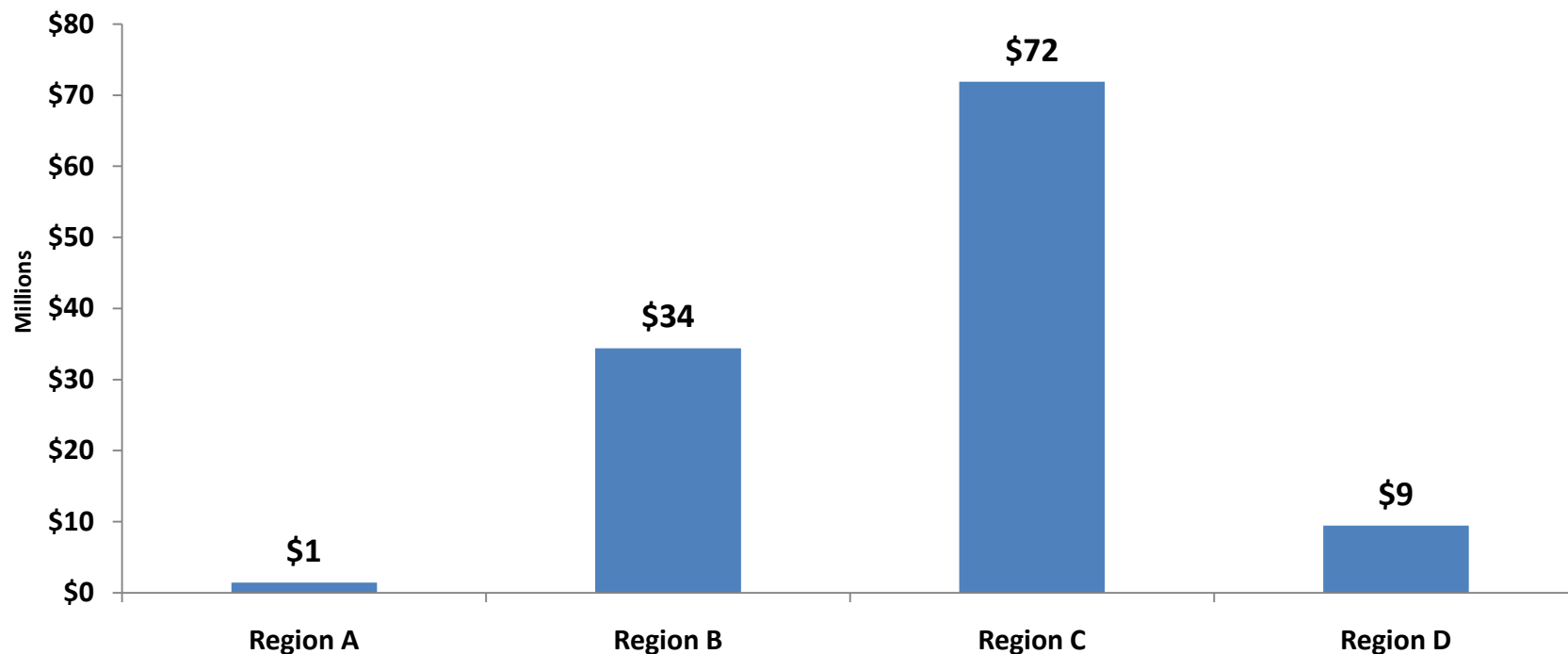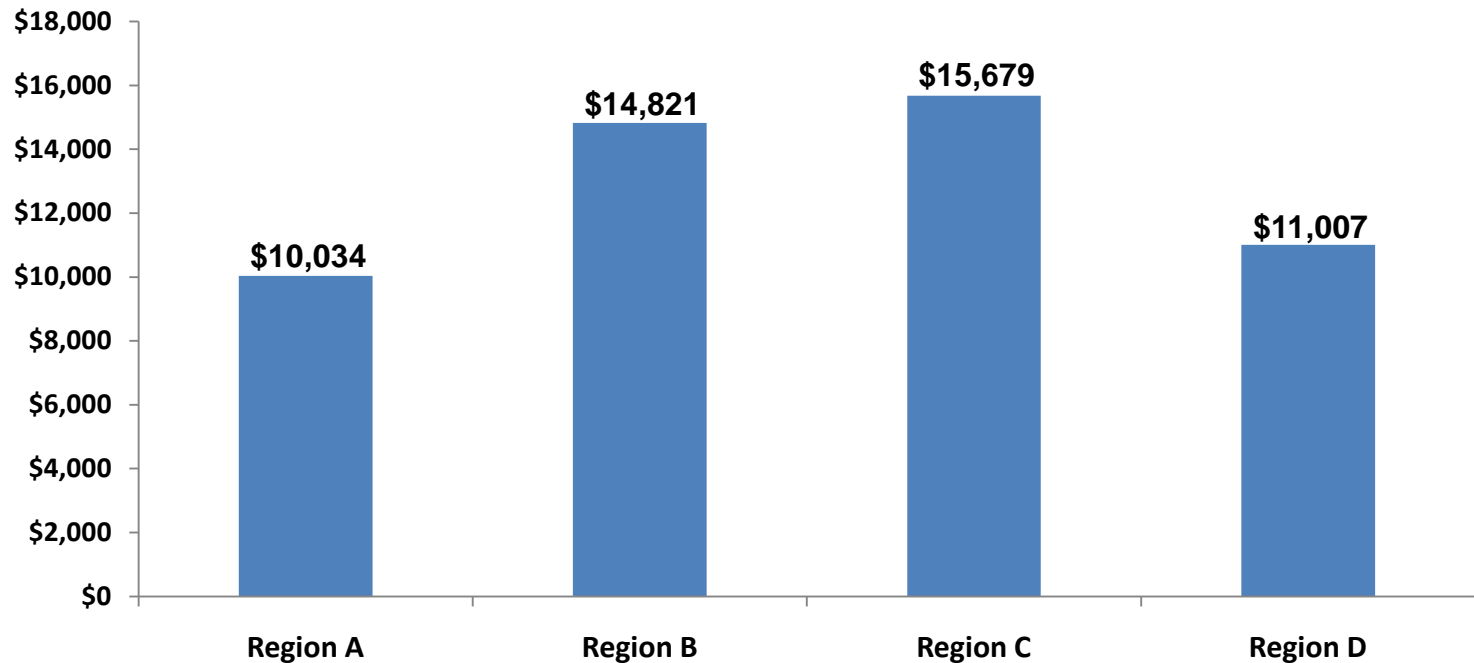Complex Medical Record Requests: 7,905

Source: AHA. (May 2010). *RACT*rac Survey
AHA analysis of survey data collected from 653 hospitals: 437 reporting activity, 216 reporting no activity from January to March 2010. 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 had the highest number of medical records requested, over 4,500, and an average of 30 per reporting hospital.

Number of Medical Records Requested from Responding Hospitals With RAC Activity, through 1st Quarter 2010

	Average Number of Medical Record Requests per Reporting Hospital
Region A	16
Region B	19
Region C	30
Region D	19

Chart values:
- Region A: 141
- Region B: 2322
- Region C: 4585
- Region D: 857

Region C also had the highest amount of dollars targeted in medical record requests, over $72 million.

Dollar Value of Medical Records Requested from Responding Hospitals, through 1st Quarter 2010, in Millions

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 1st Quarter 2010
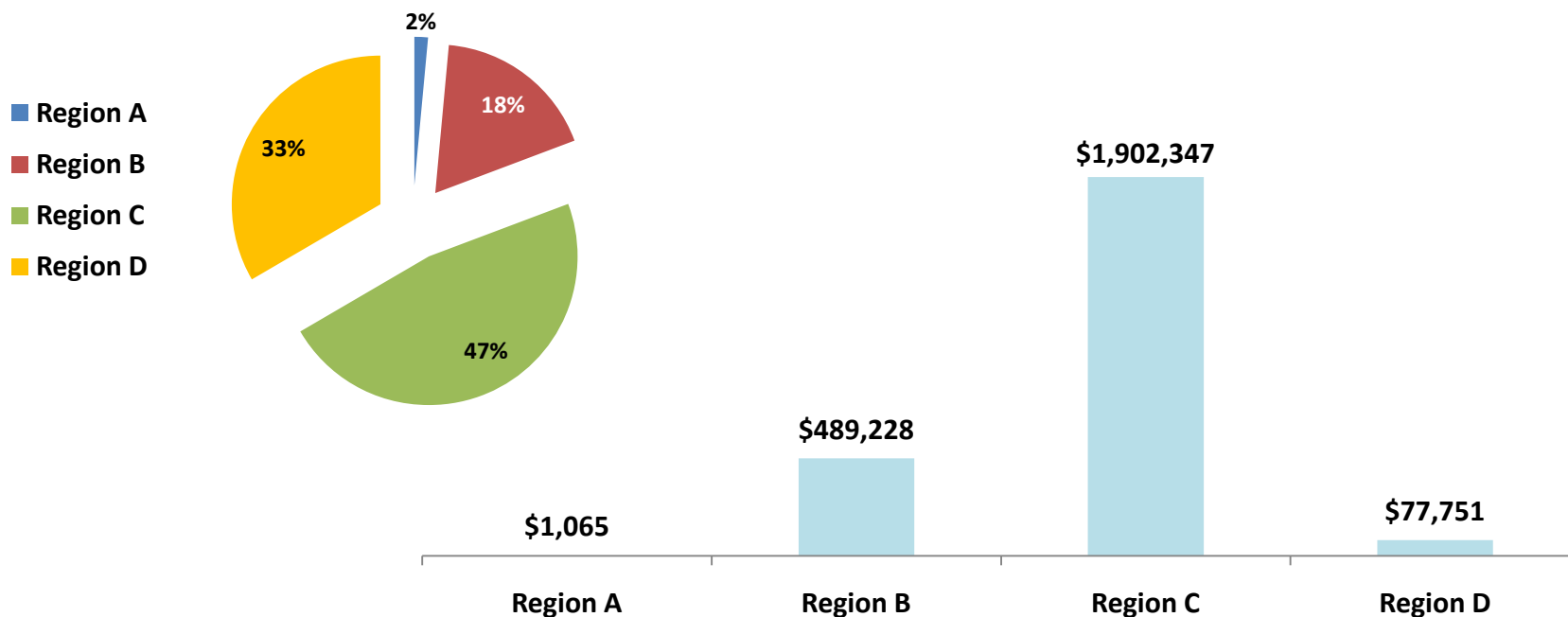
$2.47 million in denied claims were reported in the first quarter of 2010 and Region C had 47% of the reported denials.

Percent and Dollar Value of Automated and Complex Denials by RAC Region, through 1st Quarter 2010

Legend:
- Region A
- Region B
- Region C
- Region D

Pie chart values:
- Region A: 2%
- Region B: 18%
- Region C: 47%
- Region D: 33%

Bar chart values:
- Region A: $1,065
- Region B: $489,228
- Region C: $1,902,347
- Region D: $77,751

Source: AHA. (May 2010). RACTrac Survey
AHA analysis of survey data collected from 653 hospitals: 437 reporting activity, 216 reporting no activity from January to March 2010. 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.
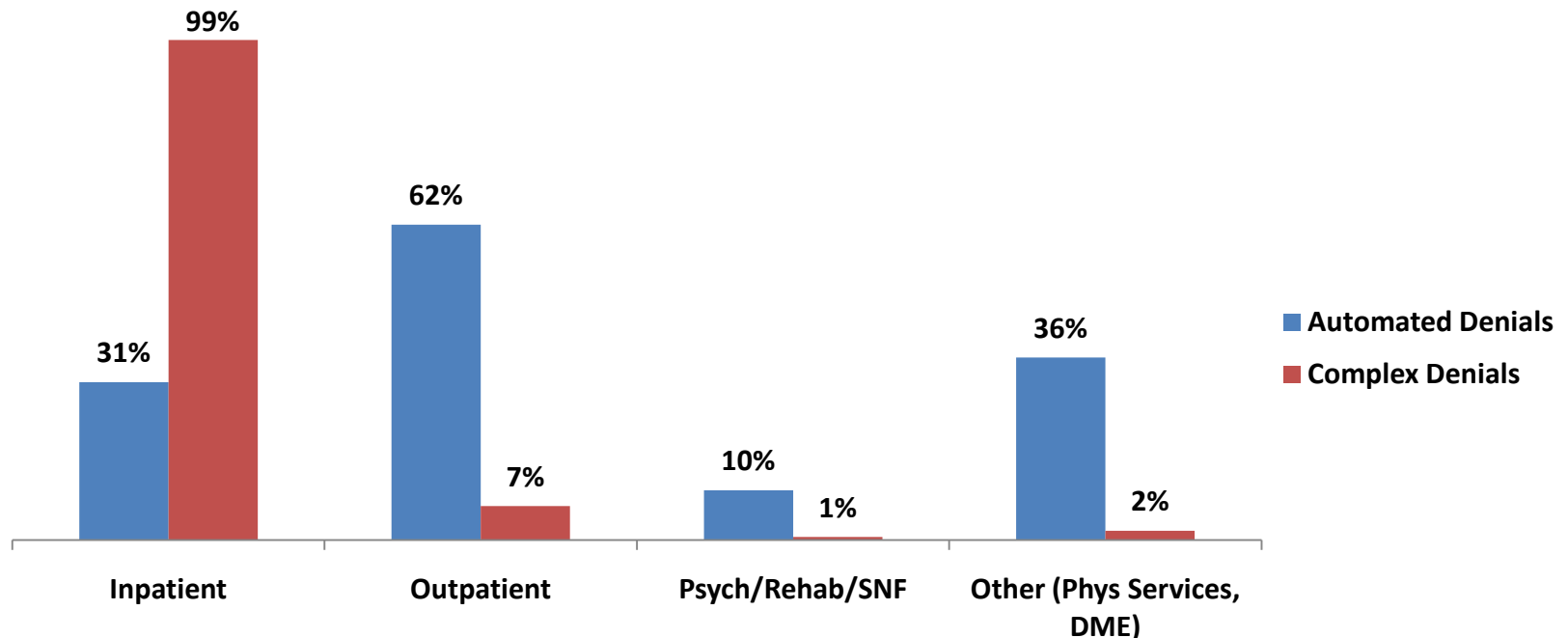
87% of denied dollars were complex denials.

Percent and Dollar Amounts of Automated Denials Versus Complex Denials, through 1st Quarter 2010
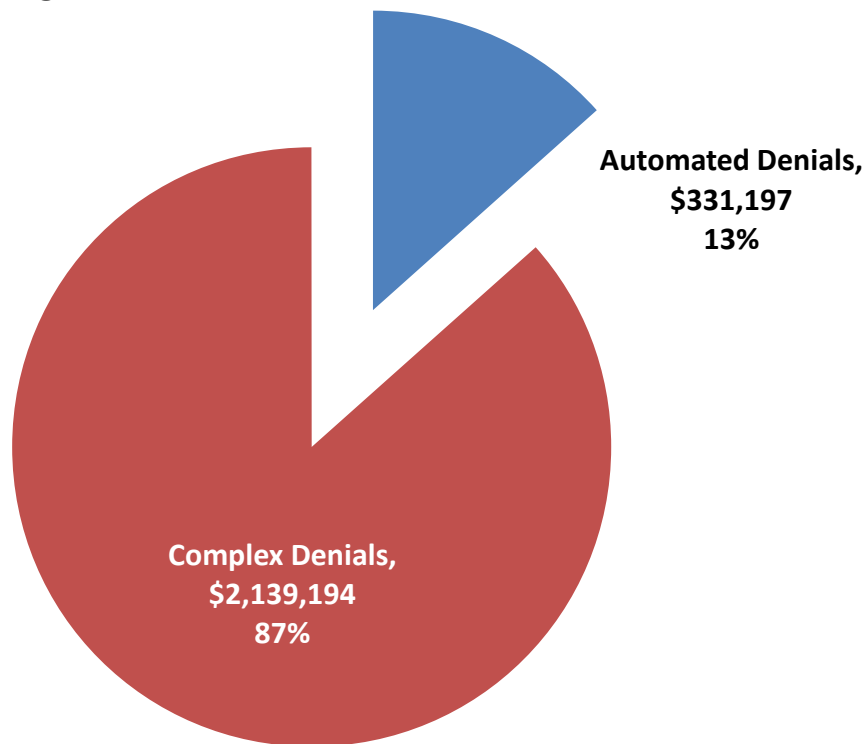
Automated Denials,
$331,197
13%

Complex Denials,
$2,139,194
87%

The average dollar value of an automated denial was $709 and the average dollar value of a complex denial was $6,542.

Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 1st Quarter 2010
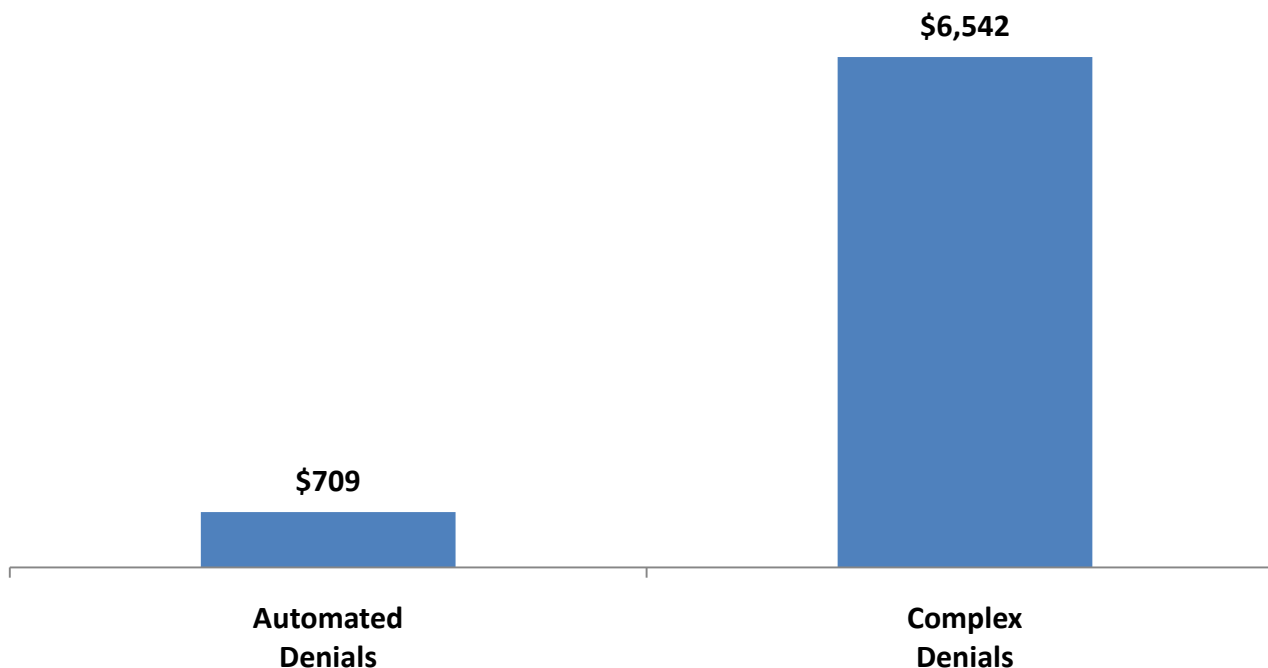
The highest percentage of hospitals reported automated denials in the outpatient service area and complex denials in the inpatient service area.

Percent of Responding Hospitals with RAC Activity Experiencing Denials by Type of Service, 1st Quarter 2010

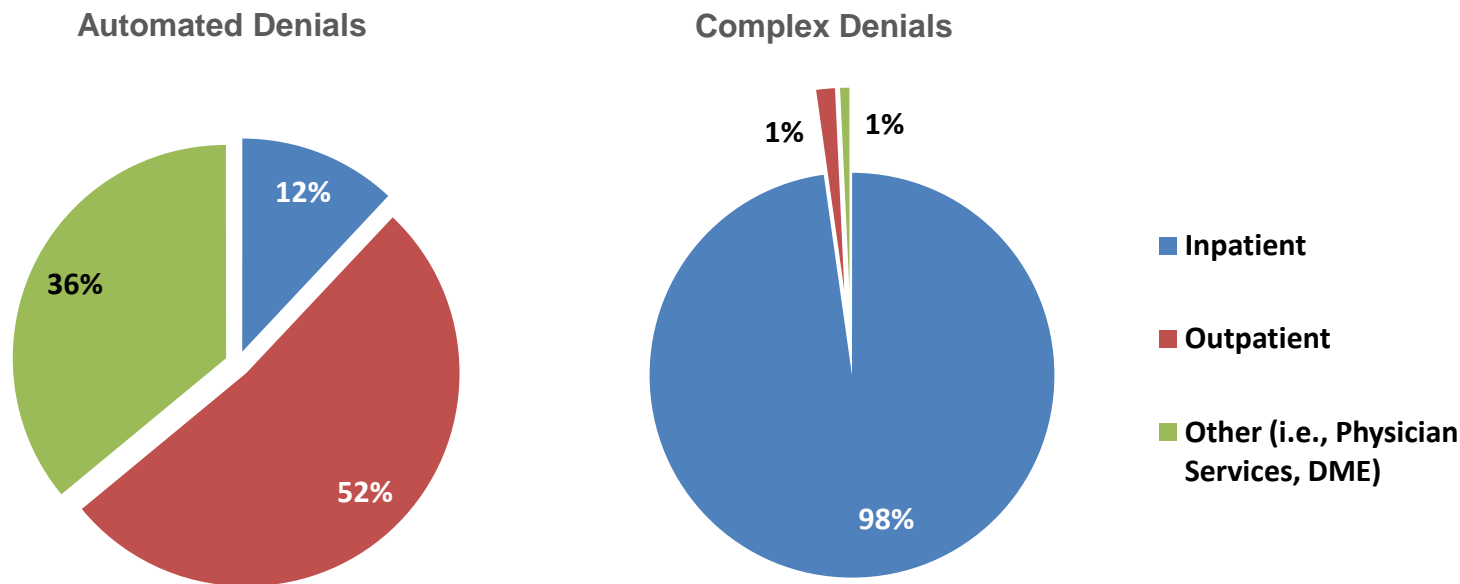*Survey participants were asked to select all areas targeted for denials*

Legend:
- ■ Automated Denials
- ■ Complex Denials

Service Area	Automated Denials	Complex Denials
Inpatient	31%	99%
Outpatient	62%	7%
Psych/Rehab/SNF	10%	1%
Other (Phys Services, DME)	36%	2%

Hospitals reporting automated denials in the outpatient service area had the largest financial impact while complex denials in the inpatient service area had the largest financial impact.

Top Service Area for Denials by Dollar Amount for Hospitals with RAC Activity, 1st Quarter 2010

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

Automated Denials

- 12%
- 36%
- 52%

Complex Denials

- 1%
- 1%
- 98%

- ■ Inpatient
- ■ Outpatient
- ■ Other (i.e., Physician Services, DME)

RAC TRAC

Two thirds of hospitals reporting automated denials experienced denials for outpatient coding and billing errors.

Percent of Responding Hospitals with RAC Activity Experiencing Automated Denials by Reason, 1st Quarter 2010
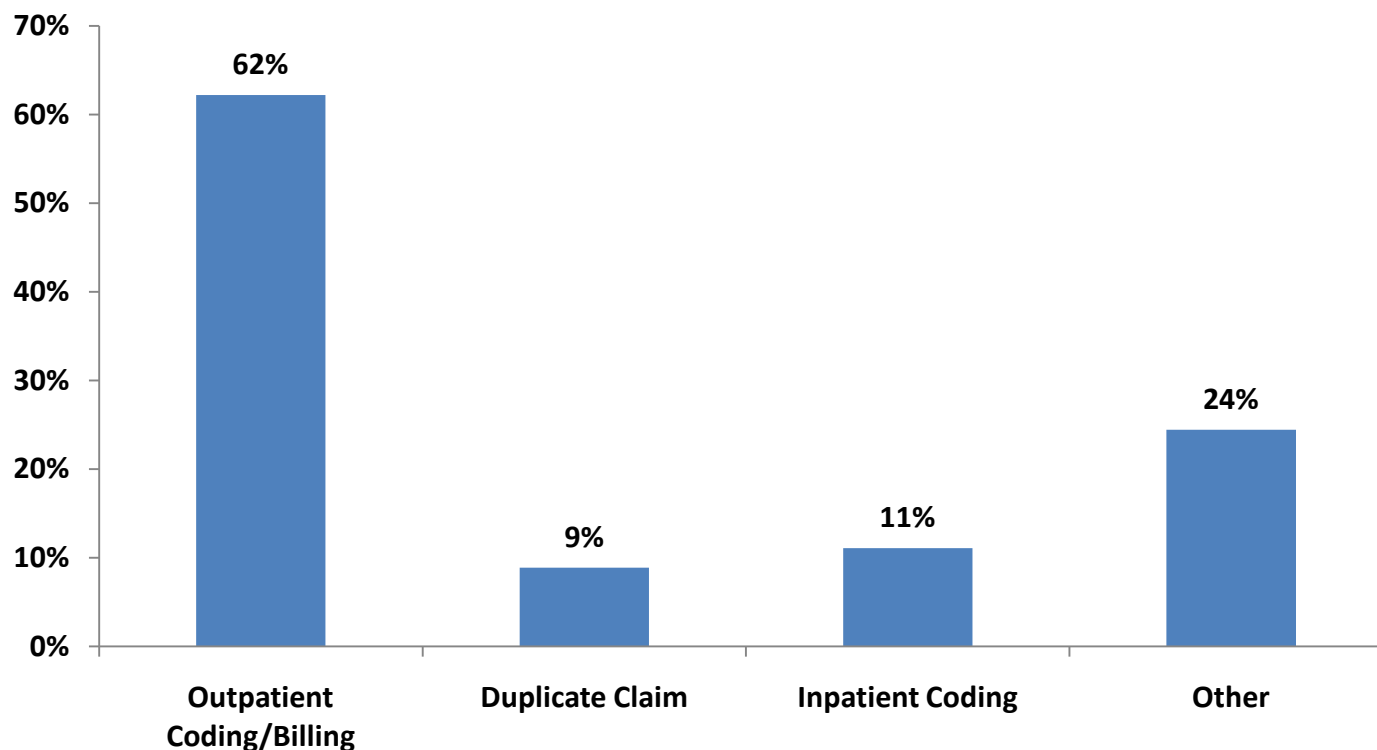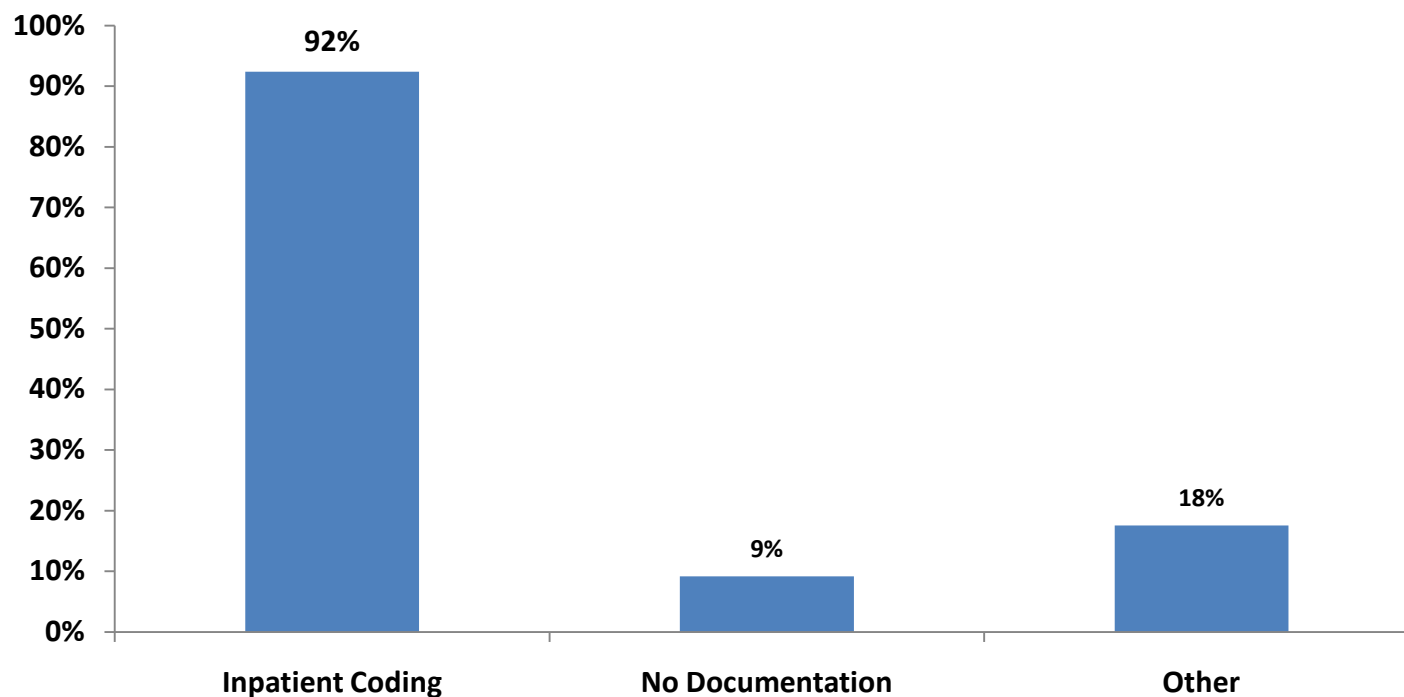

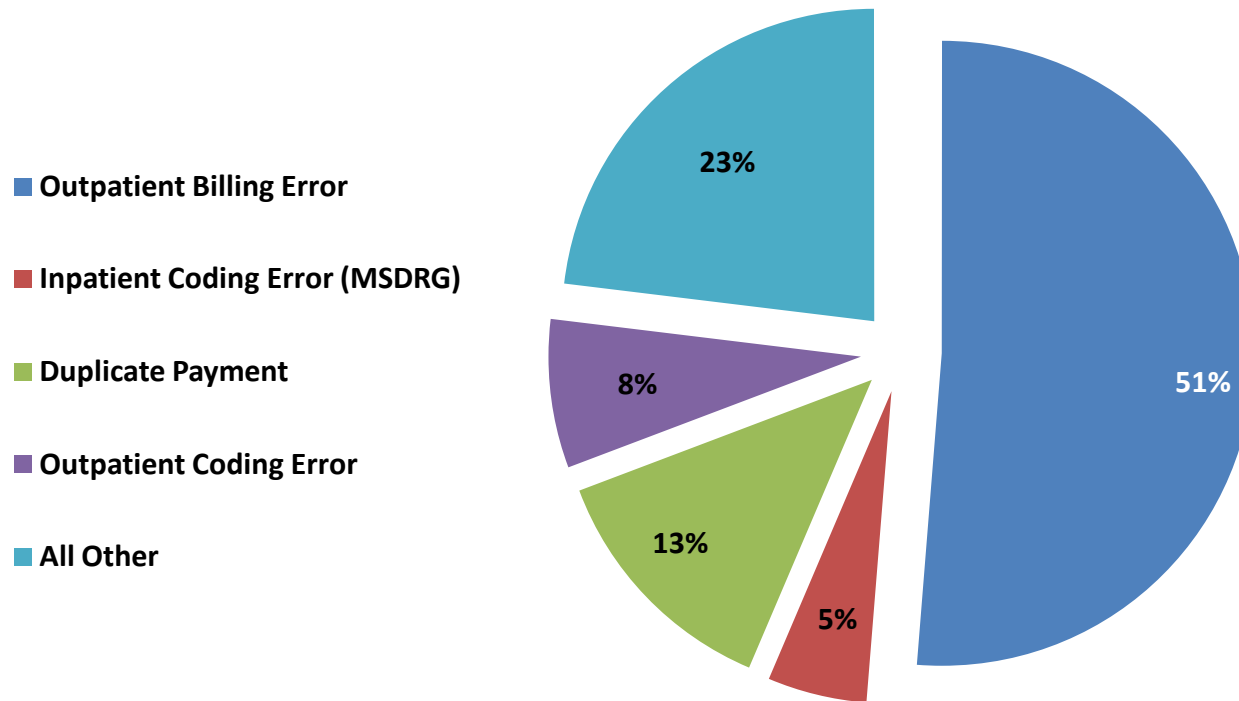Source: AHA. (May 2010). RACTrac Survey
AHA analysis of survey data collected from 653 hospitals: 437 reporting activity, 216 reporting no activity from January to March 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

Nearly all hospitals reporting complex denials experienced denials for inpatient coding errors.

Percent of Responding Hospitals with RAC Activity Experiencing Complex Denials by Reason, 1st Quarter 2010

Automated denials for outpatient billing errors had the largest financial impact on reporting hospitals…

Top Reason for Automated Denials by Dollar Amount for Hospitals with RAC Activity, 1st Quarter 2010

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

- ■ **Outpatient Billing Error**
- ■ **Inpatient Coding Error (MSDRG)**
- ■ **Duplicate Payment**
- ■ **Outpatient Coding Error**
- ■ **All Other**
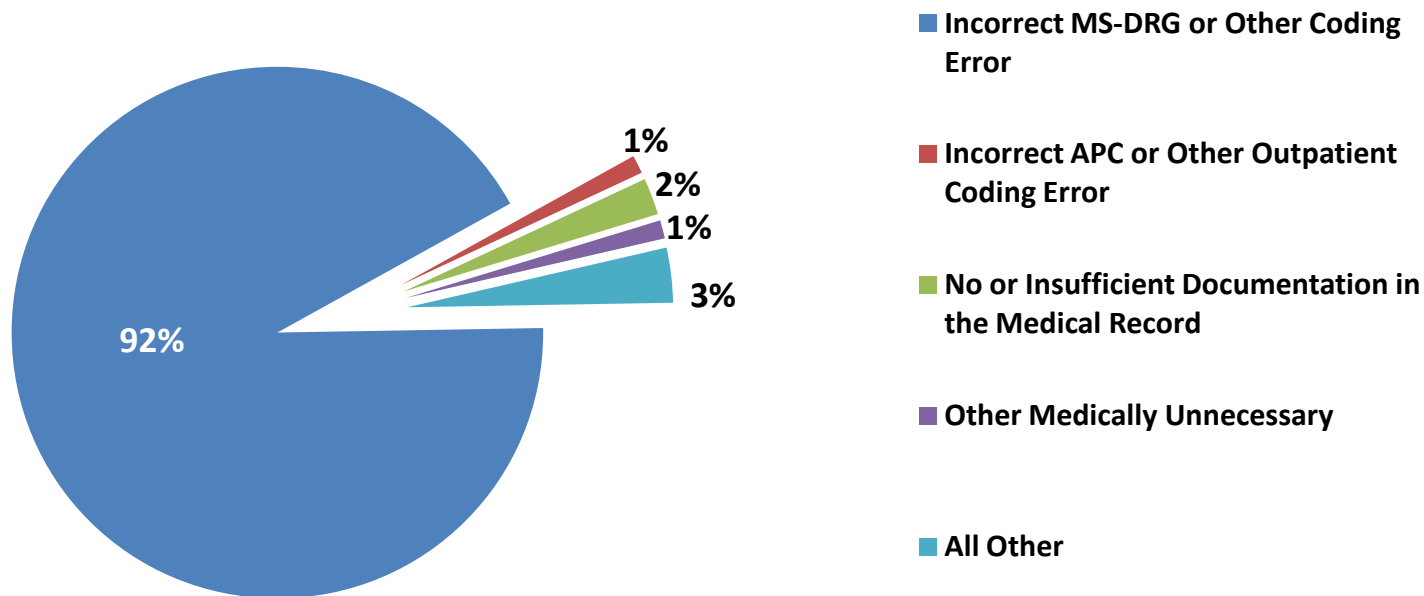
23%

51%

8%

13%

5%

Source: AHA. (May 2010). RACTrac Survey
AHA analysis of survey data collected from 653 hospitals: 437 reporting activity, 216 reporting no activity from January to March 2010. 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

43

…and incorrect coding of MS-DRGs or other coding errors represented 92% of the dollars impacted by complex denials.

Top Reason for Complex Denials by Dollar Amount for Hospitals with RAC Activity, 1st Quarter 2010
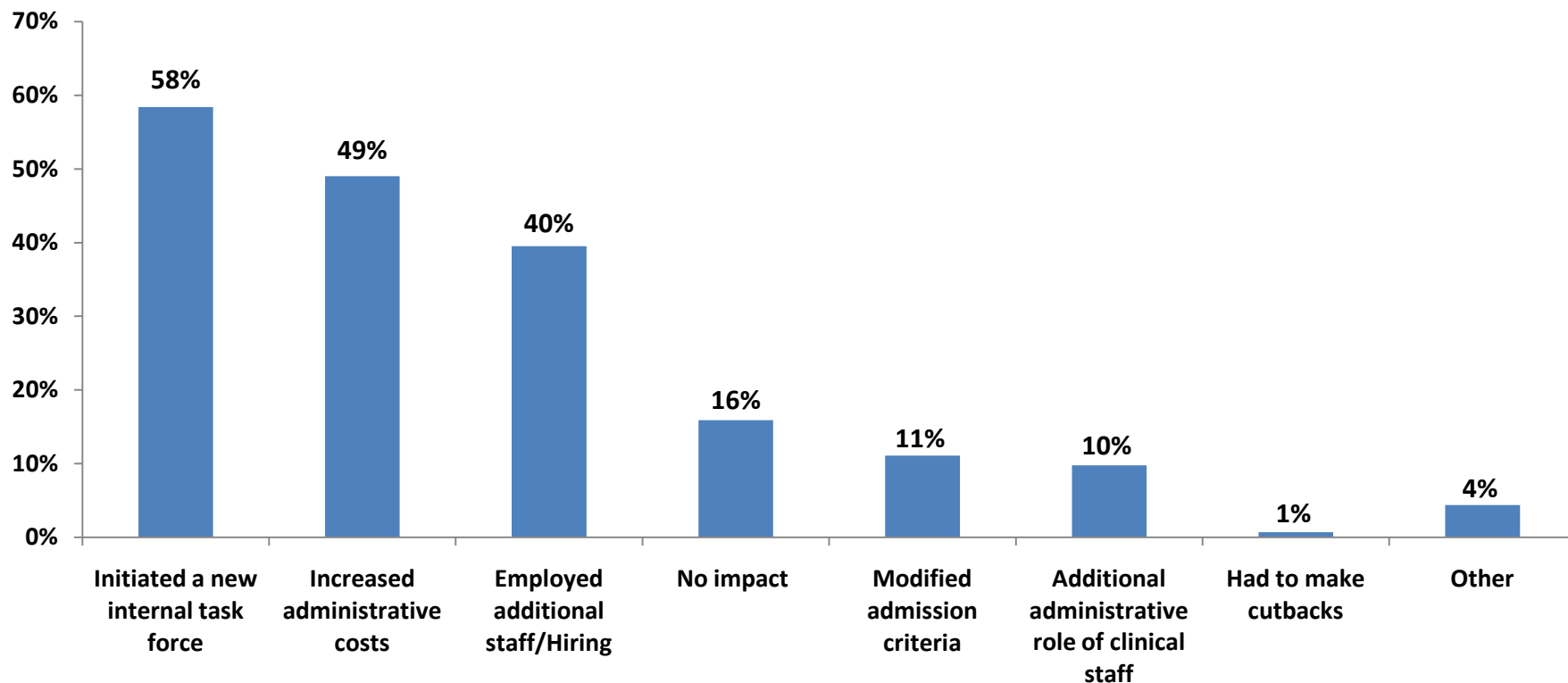
Survey participants were asked to rank denials by reason, according to dollars impacted.

- **Incorrect MS-DRG or Other Coding Error**
- **Incorrect APC or Other Outpatient Coding Error**
- **No or Insufficient Documentation in the Medical Record**
- **Other Medically Unnecessary**
- **All Other**

92% — 1% — 2% — 1% — 3%

RAC TRAC

84% of responding hospitals reported that RACs impacted their organization during the first quarter of 2010 and 49% reported increased administrative costs.

Impact of RAC on Responding Hospitals* by Type, through 1st Quarter 2010

Bar chart values:
- Initiated a new internal task force: 58%
- Increased administrative costs: 49%
- Employed additional staff/Hiring: 40%
- No impact: 16%
- Modified admission criteria: 11%
- Additional administrative role of clinical staff: 10%
- Had to make cutbacks: 1%
- Other: 4%

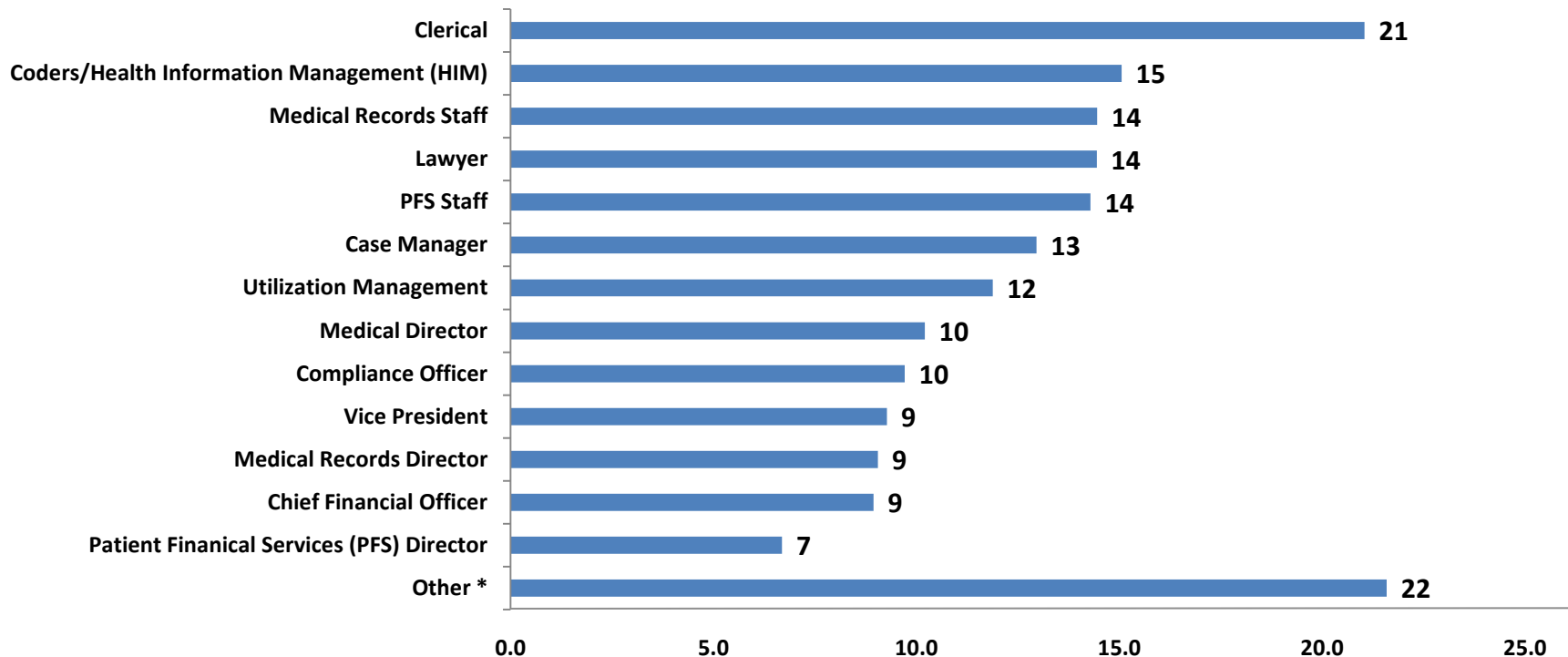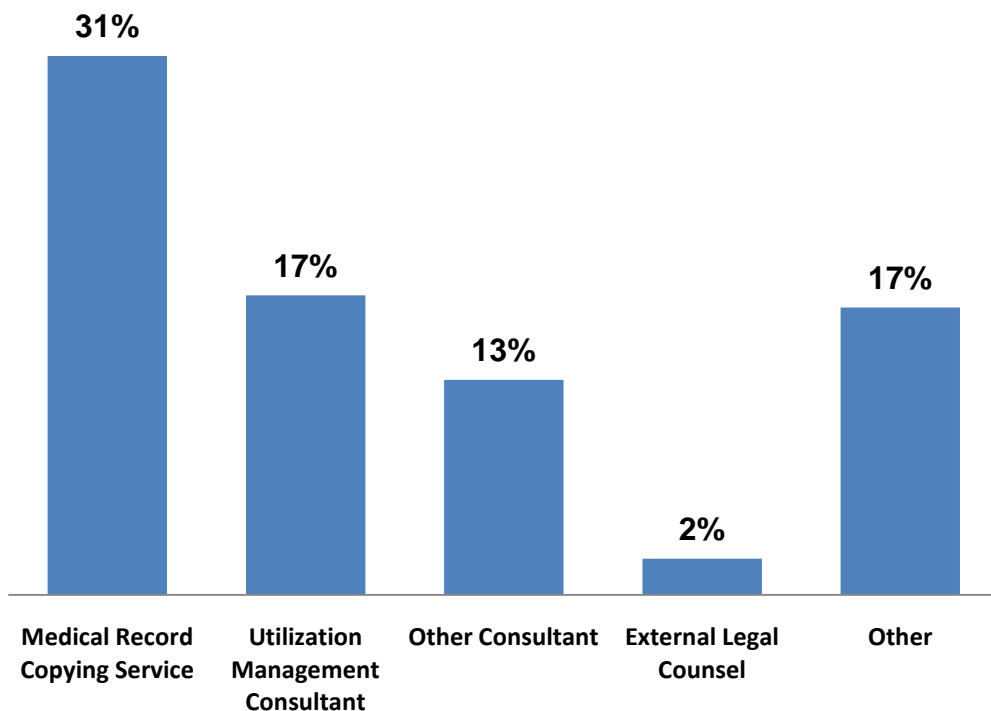*Includes responding hospitals with and without RAC activity

Source: AHA. (May 2010). *RACTrac Survey*
AHA analysis of survey data collected from 653 hospitals: 437 reporting activity, 216 reporting no activity from January to March 2010. 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. Clerical and other types of staff, including RAC coordinators, spent the most time responding to RAC activity

Average Hours of Staff Time Spent Per Responding Hospital* on RAC by Staff Type, 1st Quarter 2010

Staff Type	Hours
Clerical	21
Coders/Health Information Management (HIM)	15
Medical Records Staff	14
Lawyer	14
PFS Staff	14
Case Manager	13
Utilization Management	12
Medical Director	10
Compliance Officer	10
Vice President	9
Medical Records Director	9
Chief Financial Officer	9
Patient Finanical Services (PFS) Director	7
Other *	22

*Includes responding hospitals with and without RAC activity

46

Hospitals are also spending on external resources to deal with RAC activity and 17% of hospitals spent an average of $91,636 to hire a utilization management consultant.

Percent of Hospitals Using External Resources by Type and Average Dollars* Spent *this quarter*, 1st Quarter 2010

Administrative Burden	Average Dollar Amount This Quarter
Medical Record Copying Service	$639
Utilization Management Consultant	$91,636
Other Consultant	$22,981
External Legal Counsel	$2,795
Other	$6,876

Bar chart values: Medical Record Copying Service 31%, Utilization Management Consultant 17%, Other Consultant 13%, External Legal Counsel 2%, Other 17%

RAC TRAC

Making *RAC*Trac Results Work For You

*RAC*Trac Hospital(s) Report

- Hospitals can run reports of their own data
- State Hospital Associations can run reports of hospital data from their state

Using *RAC*Trac Results in Your Hospital

- ✓ Identify RAC trends in hospital, your state, RAC region and nationwide
- ✓ Use *RAC*Trac data to implement preventative measures to avoid future RAC recoupments
- ✓ Learn what's going on in other RAC regions to identify potential future RAC issues in your state
- ✓ Learn more about the administrative burden associated with RACs

*RAC*Trac Supports Critical Advocacy Efforts

- ✓ Currently only tool available to gather RAC experience data

- ✓ No more anecdotal evidence—*RAC*Trac provides real data on hospital RAC experience nationwide

- ✓ AHA and State Hospital Associations can use *RAC*Trac data to advocate for needed improvements in the RAC program

- ✓ *RAC*Trac allows State Hospital Associations to put their finger on the pulse of RAC activity in their state

- ✓ State hospital associations can conduct their own analysis and pull out relevant points

*RAC*Trac Data Collection Period, July 2010

*RAC*Trac Collecting Hospital Data **NOW !**

- On June 24th, hospital leaders nationwide received an email with *RAC*Trac registration information

  - If you did not receive this information, contact ***RAC*Trac Support** to obtain your *RAC*Trac Organization ID and Security Code

    - 1-888-722-8712 or ractracsupport@providercs.com

- *RAC*Trac is **OPEN** now through July 23
- **Submit your RAC experience data TODAY!**
- *RAC*Trac is only as successful as we make it

Additional Information

For more information on:
- *RAC*Trac
- Tracking RAC activity with AHA's Free Claim Level Tool
- Full PowerPoint Presentation on April 2010 RACTrac Results
- Previous *RAC*Trac Webinars

www.aha.org/aha/issues/RAC/ractrac.html

Questions and Answers