*RAC*Trac Quarterly Webinar

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April 6, 2011

Agenda

- Thanks for making *RAC*Trac a Success!!
- RAC Update & AHA Resources
- *RAC*Trac Results, January 2011
- Making *RAC*Trac Results Work For You
- *RAC*Trac Data Collection Period, April 2011
- *RAC*Trac Enhancements
- Questions and Answers

THANKS

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

1850 Responding Hospitals (up from 1667 last quarter)
1454 with RAC Activity, 398 without

RAC Update & AHA Resources

RAC Update

- As of March 17, 758 approved RAC issues
  - 595 complex audits, including 481 DRG validations
  - 113 Medical Necessity Review issues approved

- CMS rebilling policy

- Update on ongoing RAC process issues
  - RAC penalties
  - 60 day timeframe
  - 3 year look-back period
  - Demand letters
  - Remittance advice confusion

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

- Medicare Parts C & D RACs and Medicaid RACs

American Hospital Association

AHA RAC & *RAC*Trac Resources

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

*RAC*Trac Results, January 2011

*RAC*Trac Background Information

- AHA created *RAC*Trac—a free, web-based survey—in response to a lack of data and information provided by the Centers for Medicare & Medicaid Services (CMS) on the impact of the Recovery Audit Contractor (RAC) program on America's hospitals

  - Data are collected on a quarterly basis, capturing cumulative RAC activity in participating hospitals

  - Survey questions are designed to assess RAC activity in hospitals and the administrative burden associated the RAC program

  - Respondents use AHA's online survey application, *RAC*Trac (accessed at www.aharactrac.com), to submit their data regarding the impact of the RAC program

- Since *RACTrac* began collecting data in January, 2010, over 1800 hospitals have participated

- RACTrac survey enhancements are made on a regular basis

RAC TRAC
American Hospital Association

January 2011 Results—Executive Summary

- Over 1850 hospitals have participated in *RAC*Trac since we began collecting data in January of 2010.

- Nearly four out of five participating hospitals reported experiencing RAC activity.

- $86 million in denied claims have been reported since the first quarter of 2010.

- 57% of participating hospitals with complex denials cited medically unnecessary as a reason for denial.

- Nearly half of all hospitals with RAC activity reported receiving at least one underpayment determination.

- 57% of hospitals reported appealing at least one RAC denial.

- 23% of reported denials were appealed and of the appealed claims that have completed the process, 85% were overturned in favor of the provider.

- 76% of participating hospitals report that the RAC program impacted their organization in the first quarter of 2011—whether they experienced RAC reviews or not.
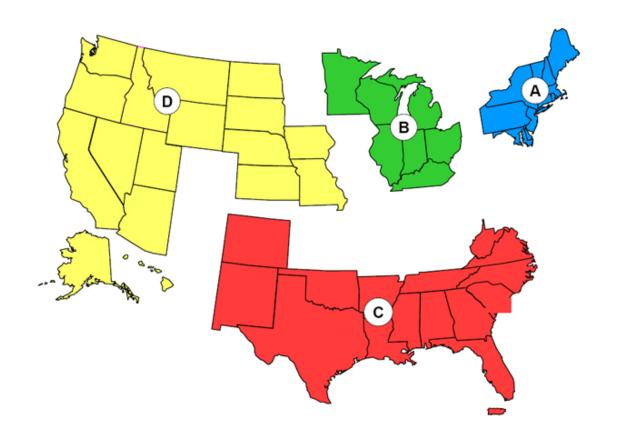
*RACT*rac Participation

There are four RAC regions nationwide. RAC Region C encompasses 40% of all hospitals in the United States.

Distribution of Hospitals by RAC Region

	Percent of Hospitals Nationwide
Region A	15%
Region B	19%
Region C	40%
Region D	26%

Source: Centers for Medicare and Medicaid Services
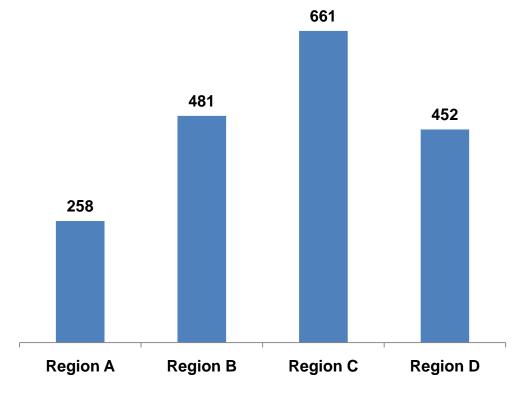
Participation in RACTrac was generally consistent with hospital representation in each of the RAC regions.

Hospitals Participating in the *RAC*Trac Survey by RAC Region, through 4th Quarter, 2010

	Percent of Hospitals Nationwide	Percent of Participating Hospitals by Region
Region A	15%	14%
Region B	19%	26%
Region C	40%	36%
Region D	26%	24%

661

481

452

258

Region A   Region B   Region C   Region D

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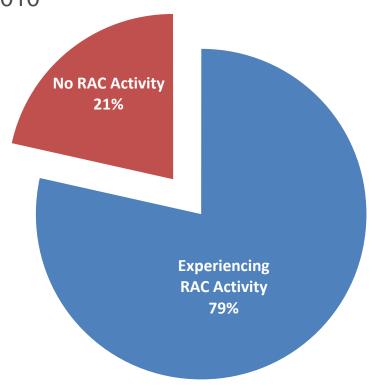
RAC Activity

Nearly four out of five participating hospitals are experiencing RAC activity.
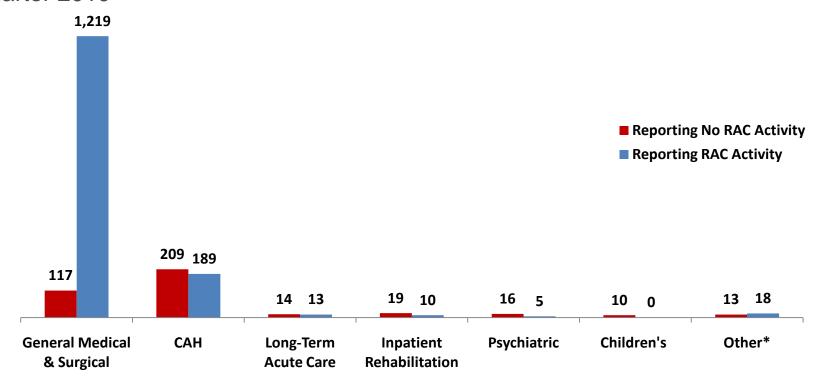
Percent of Participating Hospitals Experiencing RAC Activity, through 4th Quarter 2010

No RAC Activity
21%

Experiencing
RAC Activity
79%

Source: AHA. (February 2011). *RACT*rac Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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 majority of hospitals reporting RAC activity were general medical and surgical hospitals.

Number of Hospitals Reporting RAC Activity by Hospital Type, through 4th Quarter 2010

Legend:
- ■ Reporting No RAC Activity (red)
- ■ Reporting RAC Activity (blue)

Hospital Type	Reporting No RAC Activity	Reporting RAC Activity
General Medical & Surgical	117	1,219
CAH	209	189
Long-Term Acute Care	14	13
Inpatient Rehabilitation	19	10
Psychiatric	16	5
Children's	10	0
Other*	13	18

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

Source: AHA. (February 2011). *RACT*rac Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.

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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 4th Quarter 2010

Legend:
- Reporting No RAC Activity (red)
- Reporting RAC Activity (blue)

Category	Reporting RAC Activity	Reporting No RAC Activity
Less than 200 beds	74%	26%
200 - 399 beds	89%	11%
400+ beds	91%	9%
Urban	83%	17%
Rural	74%	26%
Teaching	87%	13%
Non Teaching	78%	22%

Source: AHA. (February 2011). *RACTrac* Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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 Region C has the highest number of hospitals reporting RAC activity.

Number of Participating Hospitals Reporting RAC Activity by Region, through 4th Quarter 2010

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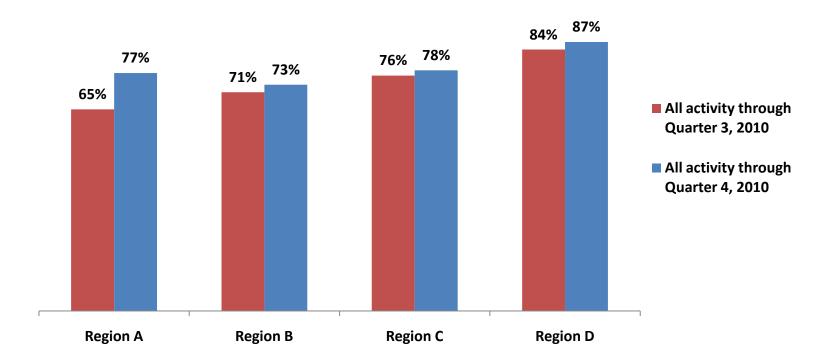
Region C: Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, Puerto Rico, and U.S. Virgin Islands

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. (February 2011). *RACT*rac Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.

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RAC Region A had a significant increase in participating hospitals reporting RAC activity.

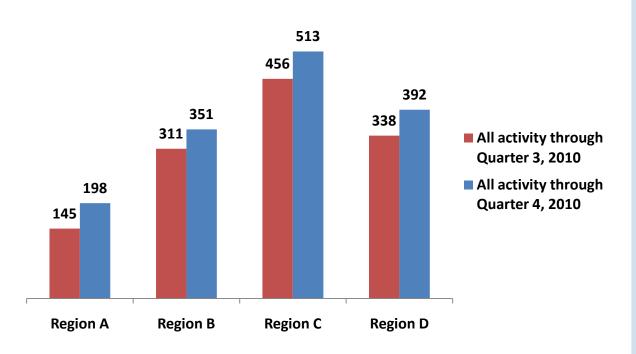Percent of Participating Hospitals Reporting RAC Activity, by Region, through 4th Quarter, 2010

Source: AHA. (February 2011). *RACT*rac Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.
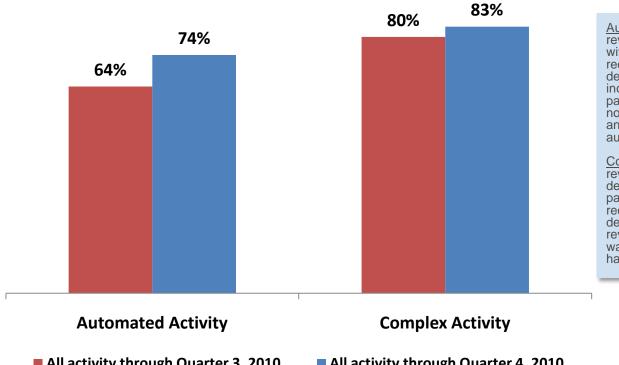
RAC Reviews

A higher percentage of hospitals reported automated reviews than the previous quarter, but RACs continue to focus their efforts on complex reviews.

Percent of Participating Hospitals with RAC Activity Experiencing Automated and/or Complex RAC Review, through 4th 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".

- **All activity through Quarter 3, 2010**
- **All activity through Quarter 4, 2010**

Source: AHA. (February 2011). *RACTrac* Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.
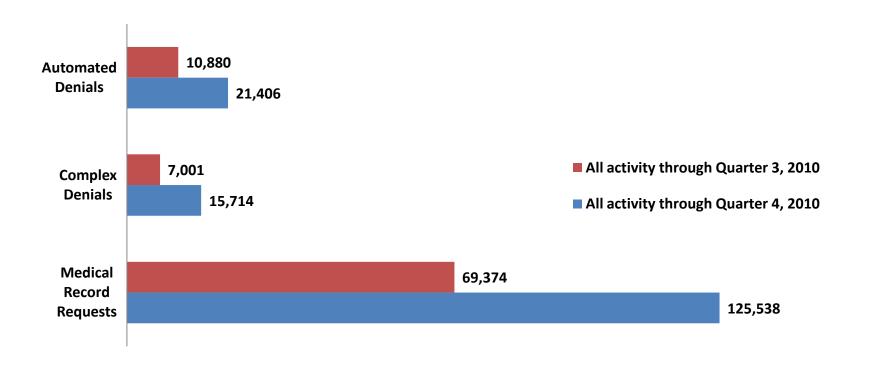
20

Reported RAC activity of all types has nearly doubled since last quarter.

Reported Automated Denials, Complex Denials and Medical Records Requests by Participating Hospitals, through 4th Quarter 2010

Automated Denials
- 10,880
- 21,406

Complex Denials
- 7,001
- 15,714

Medical Record Requests
- 69,374
- 125,538

■ All activity through Quarter 3, 2010
■ All activity through Quarter 4, 2010

Source: AHA. (February 2011). *RACT*rac Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.
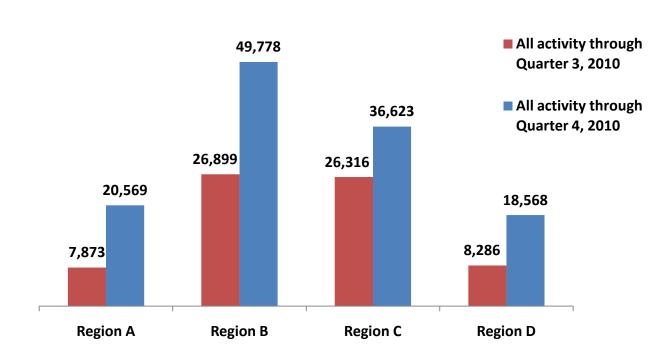
21

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 4th Quarter 2010
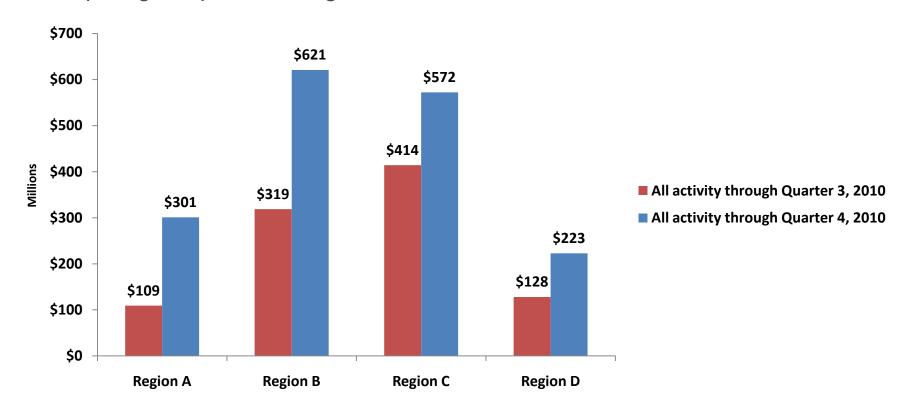
Average Number of Medical Record Requests per Reporting Hospital, through Q4, 2010	
Region A	162
Region B	194
Region C	112
Region D	123

Legend:
- All activity through Quarter 3, 2010
- All activity through Quarter 4, 2010

Region A: 7,873 / 20,569
Region B: 26,899 / 49,778
Region C: 26,316 / 36,623
Region D: 8,286 / 18,568

Among participating hospitals, $1.7 billion in Medicare payments were targeted for medical record requests through the 4th quarter of 2010.

Medicare Payments Associated with Medical Records Requested from Participating Hospitals, through 4th Quarter 2010, in Millions

Legend:
- All activity through Quarter 3, 2010
- All activity through Quarter 4, 2010

Region	Quarter 3, 2010	Quarter 4, 2010
Region A	$109	$301
Region B	$319	$621
Region C	$414	$572
Region D	$128	$223

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 4th Quarter 2010

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RAC Denials

$86 million in denials have been reported, more than double the $42 million reported last quarter.
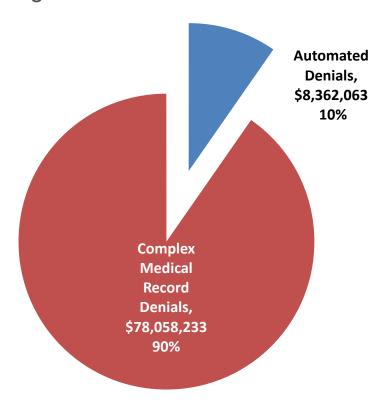
Dollar Value of Automated and Complex Denials by RAC Region for Reporting Hospitals, through 4th Quarter 2010, Millions

Legend:
- All Activity through Quarter 3, 2010
- All activity through Quarter 4, 2010

Chart data:
- Region A: $1.5, $7.8
- Region B: $12.7, $29.9
- Region C: $20.8, $33.7
- Region D: $7.2, $15.0

Y-axis: Millions ($0 to $40)

Source: AHA. (February 2011). *RACTrac* Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.

90% of denied dollars were complex denials totaling over $78 million dollars.
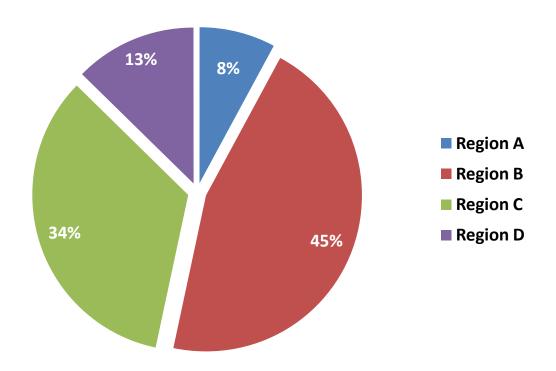
Percent and Dollar Amounts of Automated Denials Versus Complex Denials for Reporting Hospitals, through 4th Quarter 2010

Automated Denials, $8,362,063 10%

Complex Medical Record Denials, $78,058,233 90%

Regions B and C account for nearly 80% of all reported denials.

Percent of Automated and Complex Denials by RAC Region for Reporting Hospitals, through 4th Quarter 2010
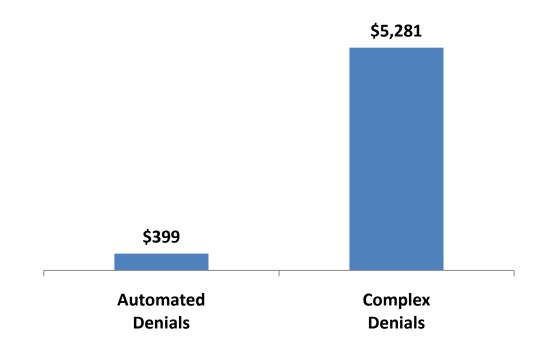

Legend:
- Region A
- Region B
- Region C
- Region D

Region A: 8%
Region B: 45%
Region C: 34%
Region D: 13%

Source: AHA. (February 2011). *RACT*rac Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.

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The average dollar value of an automated denial was $399 and the average dollar value of a complex denial was $5,281.

Average Dollar Value of Automated and Complex Denials Among Hospitals Reporting RAC Denials, through 4th Quarter 2010

Average Dollar Amount of Automated and Complex Denials Among Reporting Hospitals, by Region		
RAC Region	Automated Denial	Complex Denial
Region A	$526	$4,039
Region B	$312	$5,168
Region C	$408	$5,342
Region D	$733	$6,472

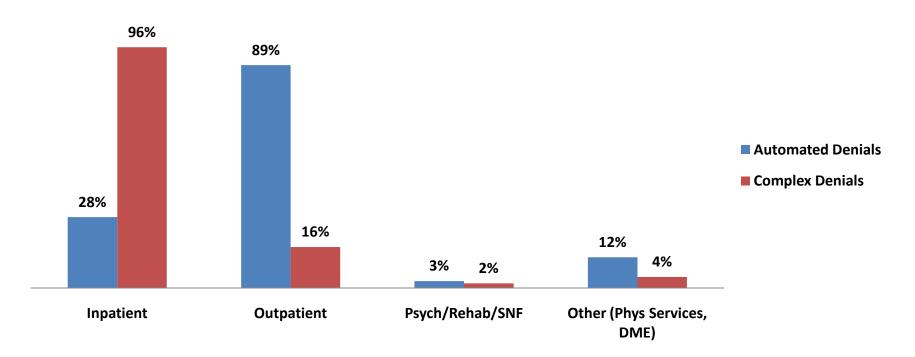**$399** — Automated Denials

$5,281 — Complex Denials

89% of participating hospitals reported automated denials in the outpatient service area and 96% of participating hospitals reported complex denials in the inpatient service area.

Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Denials by Type of Service, 4th Quarter 2010

Survey participants were asked to select all areas targeted for denials

Legend:
- Automated Denials
- Complex Denials

Data shown:
- Inpatient: 28% (Automated), 96% (Complex)
- Outpatient: 89% (Automated), 16% (Complex)
- Psych/Rehab/SNF: 3% (Automated), 2% (Complex)
- Other (Phys Services, DME): 12% (Automated), 4% (Complex)
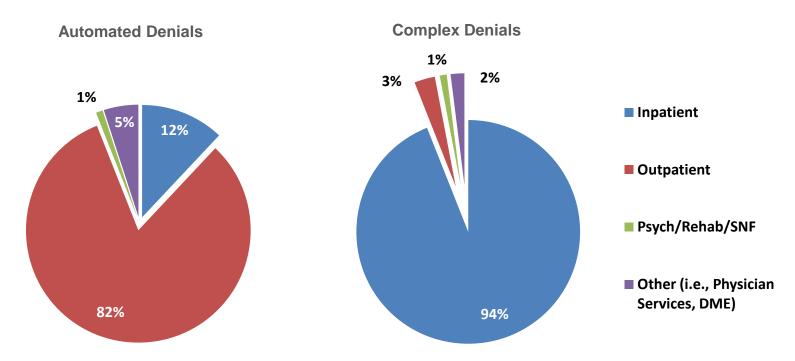
RAC TRAC American Hospital Association

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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, 4th Quarter 2010

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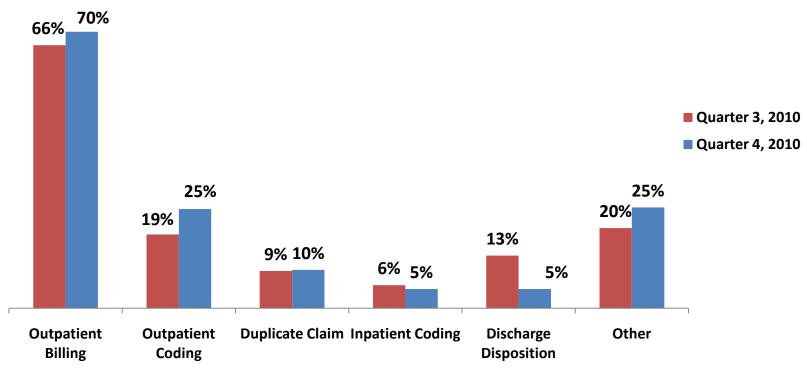

Automated Denials

1%
5%
12%
82%

Complex Denials

1%
3%
2%
94%

- ■ Inpatient
- ■ Outpatient
- ■ Psych/Rehab/SNF
- ■ Other (i.e., Physician Services, DME)

Source: AHA. (February 2011). *RACT*rac Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.

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Automated RAC Denials

70% of participating hospitals with automated activity cited outpatient billing as a reason for denial.

Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Automated Denials, by Reason, 3rd and 4th Quarter 2010

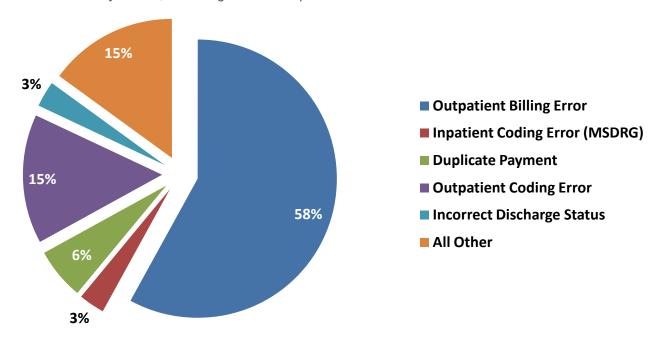*Survey participants were asked to select all reasons for denial.*

Legend:
- Quarter 3, 2010
- Quarter 4, 2010

Chart data:

Reason	Quarter 3, 2010	Quarter 4, 2010
Outpatient Billing	66%	70%
Outpatient Coding	19%	25%
Duplicate Claim	9%	10%
Inpatient Coding	6%	5%
Discharge Disposition	13%	5%
Other	20%	25%

Automated denials for 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, 4th Quarter 2010

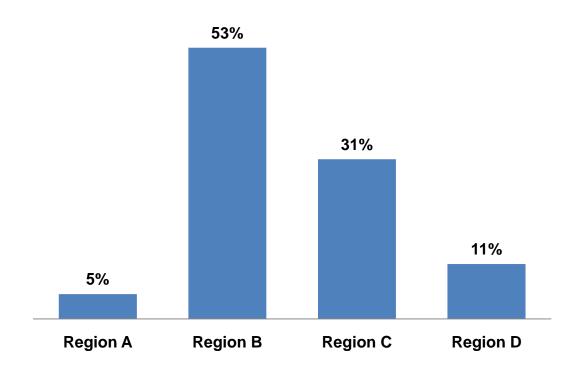*Survey participants were asked to rank denials by reason, according to dollars impacted.*

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

Pie chart values: 58%, 3%, 6%, 15%, 3%, 15%

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Region B has experienced 53% of all reported automated denials.

Percent and Number of Reported Automated Denials, by Region, through 4th Quarter 2010

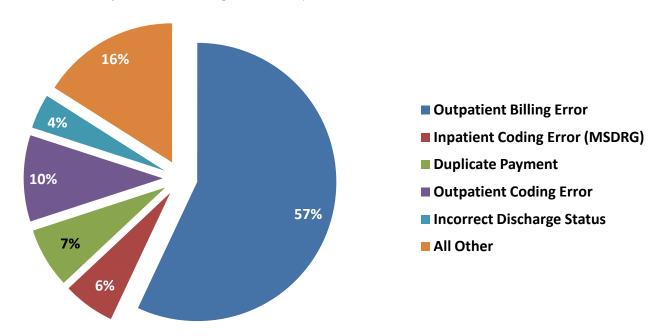|	Total Number of Automated Denials by RAC Region
Region A	1,042
Region B	11,369
Region C	6,695
Region D	2,300

Bar chart: Region A 5%, Region B 53%, Region C 31%, Region D 11%
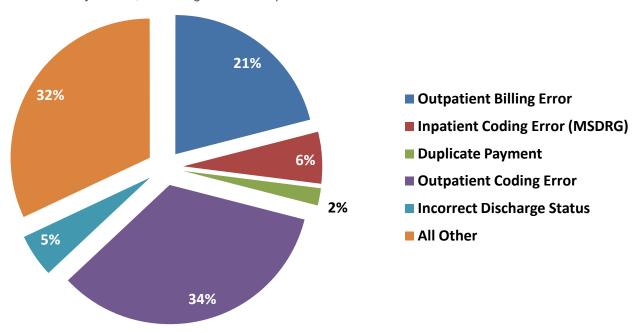
Region A: Bucking the national trend, only 21% of Region A hospitals ranked outpatient billing errors as the top reason for automated denials.

Percent of Participating Hospitals by Top Reason for Automated Denials by Dollar Amount for **Medical/Surgical Acute** Hospitals with RAC Activity, 4th Quarter 2010, Region A

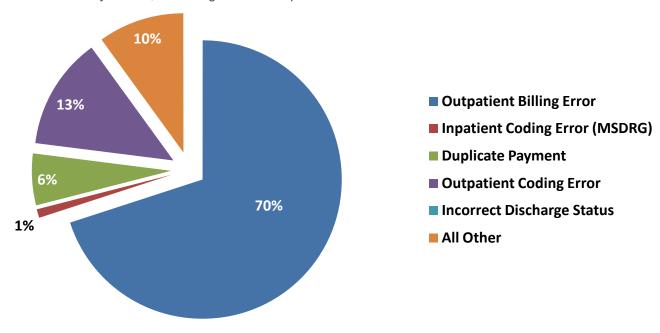*Survey participants were asked to rank denials by reason, according to dollars impacted.*

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

Pie chart values: 21%, 6%, 2%, 34%, 5%, 32%

Region B: With more than half of all automated denial activity, 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, 4th Quarter 2010, Region B

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**
- **Incorrect Discharge Status**
- **All Other**
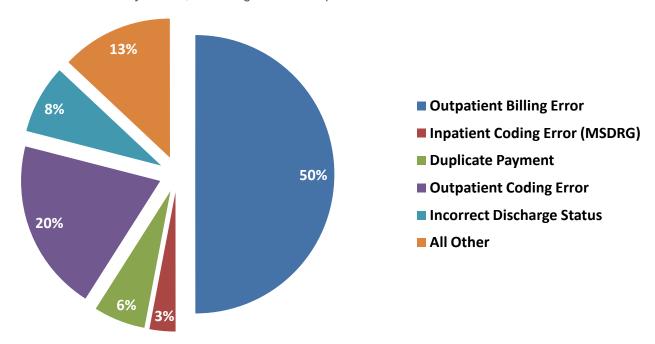
Pie chart values: 57%, 16%, 4%, 10%, 7%, 6%

Region C: 70% of 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, 4th Quarter 2010, Region C

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

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

Pie chart values: 70%, 1%, 6%, 13%, 10%

Region D: 50% of 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, 4th Quarter 2010, Region D

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

Legend:
- **Outpatient Billing Error** — 50%
- **Inpatient Coding Error (MSDRG)** — 3%
- **Duplicate Payment** — 6%
- **Outpatient Coding Error** — 20%
- **Incorrect Discharge Status** — 8%
- **All Other** — 13%

Complex RAC Denials

57% of participating hospitals with complex denials cited medically unnecessary as a reason for denial.

Percent of Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Complex Denials by Reason, 3rd and 4th Quarter 2010

Survey participants were asked to select all reasons for denial.

Other   19%

>3 days   5%

Short Stay 33%

■ Quarter 3, 2010
■ Quarter 4, 2010

88% 81% — Inpatient Coding
14% 57% — Medically Unnecessary
15% 12% — No Documentation
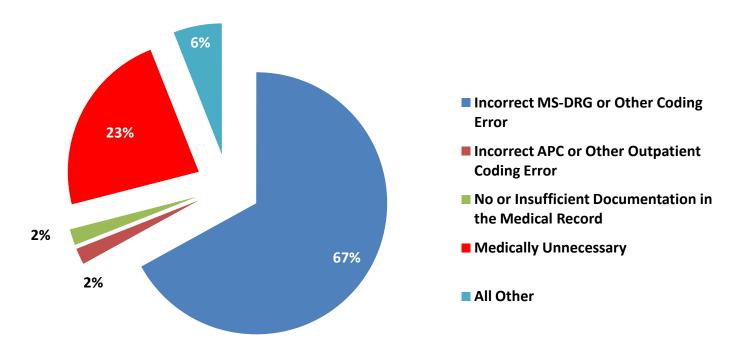8% 5% — Outpatient Coding
21% 15% — Other

RAC TRAC

Incorrect MS-DRG continues to represent the top reason by dollars for complex denials, but 23% of hospitals are now ranking medically unnecessary as the top reason for denial.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for Medical/Surgical Acute Hospitals with RAC Activity, 4th Quarter 2010

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

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

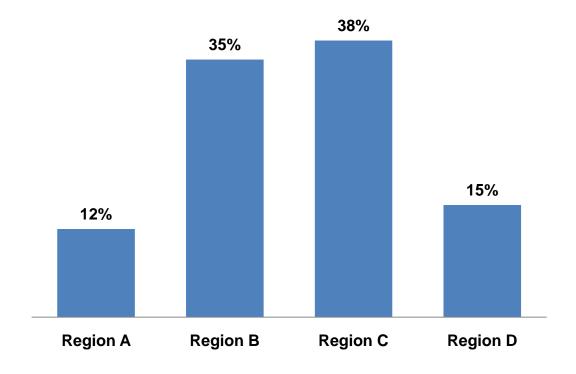Pie chart values: 67%, 23%, 6%, 2%, 2%

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All regions are now reporting a significant number of complex denials; Region C hospitals reported the most with 38% of all complex denials.

Percent and Number of Reported RAC Complex Denials, by Region, through 4th Quarter 2010

	Total Number of Claims with Overpayment Determination
Region A	1,887
Region B	5,510
Region C	5,919
Region D	2,398
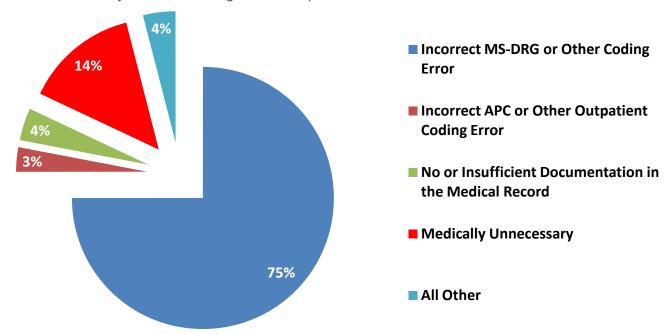
Region A: Medically Unnecessary was identified by 14% of hospitals as the top reason for complex denials.

Percent of Participating Hospitals by Top Reason for Complex Denials by Dollar Amount for **Medical/Surgical Acute** Hospitals with RAC Activity, 4th Quarter 2010, Region A

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

Pie chart segments:
- 75% — Incorrect MS-DRG or Other Coding Error
- 3% — Incorrect APC or Other Outpatient Coding Error
- 4% — No or Insufficient Documentation in the Medical Record
- 14% — Medically Unnecessary
- 4% — All Other

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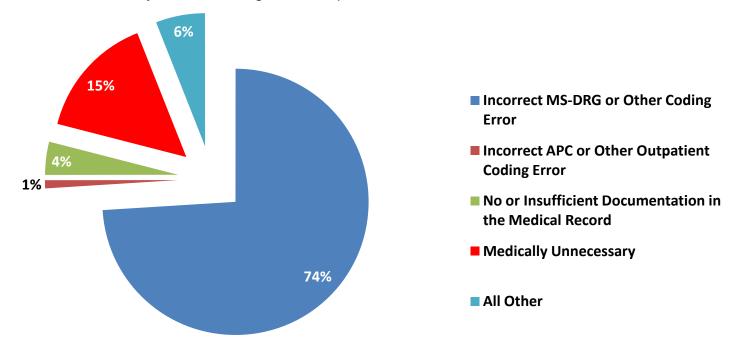- ■ **All Other**

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Region B: Medically Unnecessary was identified by 15% 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, 4th Quarter 2010, Region B

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
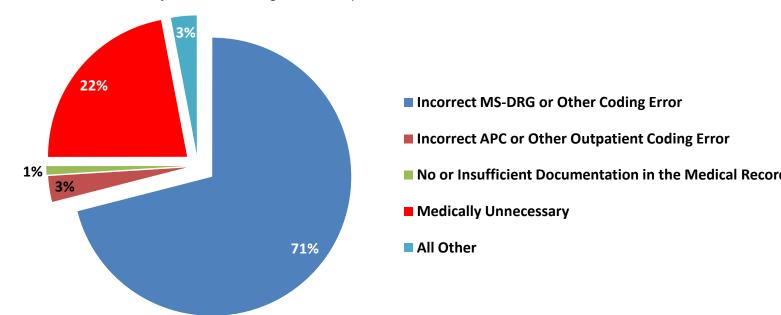- Medically Unnecessary
- All Other

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Region C: Medically Unnecessary was identified by 22% 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, 4th Quarter 2010, Region C

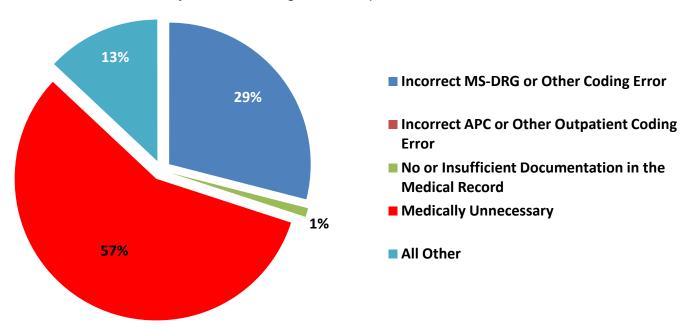*Survey participants were asked to rank denials by reason, according to dollars impacted.*

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

Pie chart values: 71%, 22%, 3%, 3%, 1%

Region D: Medically Unnecessary was identified by 57% 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, 4th Quarter 2010, Region D

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

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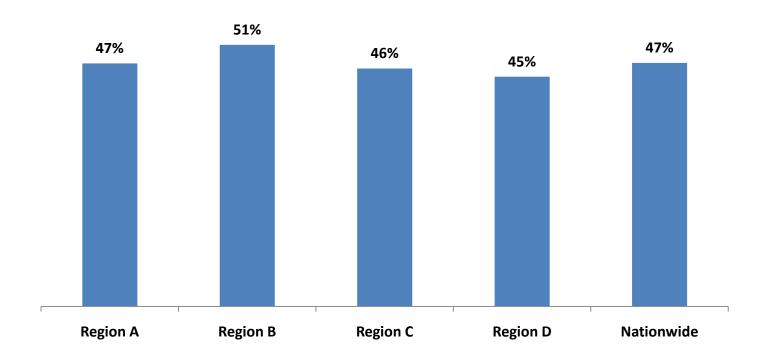- **All Other**

Pie chart values: 29%, 57%, 13%, 1%

Underpayments

Nearly half of all hospitals with RAC activity reported receiving at least one underpayment determination.

Percent of Hospitals Reporting Underpayment Determinations, By Region, through 4th Quarter 2010
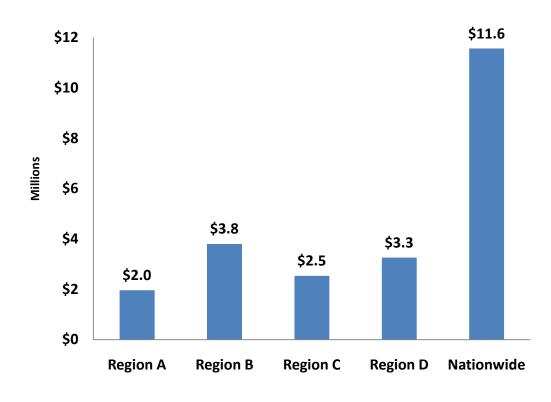

Source: AHA. (February 2011). *RACTrac* Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 2010. Data were collected from general medical/surgical acute care hospitals (including critical access hospitals and cancer hospitals), long-term acute care hospitals, inpatient rehabilitation hospitals and inpatient psychiatric hospitals.

Hospitals reported RAC identified underpayments totaling $11.6 million dollars.

Total Dollar Value of Underpayment Determinations, By Region, through 4th Quarter 2010, Millions

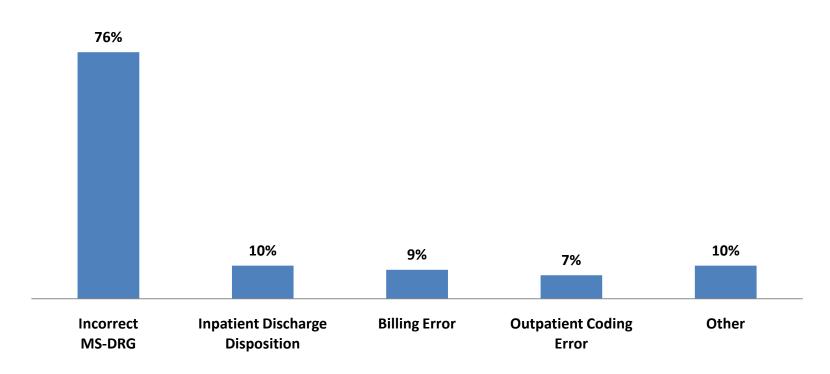|	Number of RAC Underpayment Determinations
NATIONWIDE	2,394
Region A	419
Region B	566
Region C	472
Region D	937

76% of hospitals with underpayment determinations cited incorrect MS-DRG as a reason for the underpayment.

Percent of Participating Hospitals with RAC Activity Experiencing Underpayments by Reason, 4th Quarter 2010

Survey participants were asked to select all reasons for underpayment.
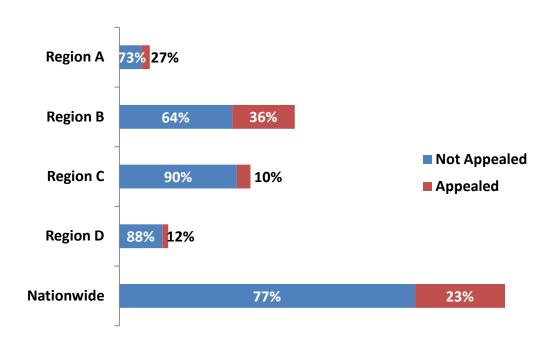

Incorrect MS-DRG	Inpatient Discharge Disposition	Billing Error	Outpatient Coding Error	Other
76%	10%	9%	7%	10%

Source: AHA. (February 2011). *RACTrac Survey*
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.

Appeals

Region B appealed 36% of all denials available* for appeal, the national average was 23%.

Total Number of Automated and Complex Denials Appealed by Hospitals with RAC Activity, by Region, through 4th Quarter 2010

	Total Number of Denials Available* for Appeal	Percent of Appealed Denials
NATIONWIDE	37,120	23%
Region A	2,929	27%
Region B	16,879	36%
Region C	12,614	10%
Region D	4,698	12%

Region A: 73% Not Appealed, 27% Appealed
Region B: 64% Not Appealed, 36% Appealed
Region C: 90% Not Appealed, 10% Appealed
Region D: 88% Not Appealed, 12% Appealed
Nationwide: 77% Not Appealed, 23% Appealed

Legend: Not Appealed (blue), Appealed (red)

* Available for appeal means that the hospital received a demand letter for this claim, either as a result of automated or complex review. Region B appeal activity represents several high volume hospitals whose survey entries have been verified.
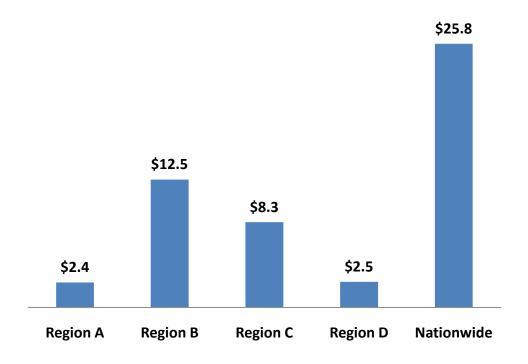
53

57% of hospitals reported appealing at least one RAC denial. Hospitals reported appealing denials totaling $25.8 million.

Total Dollar Value, Percent and Average Number of Appealed Claims for Hospitals with Automated or Complex RAC Denials, through 4th Quarter 2010, Millions

	Percent of Hospitals with Any Appealed Denials	Average Number of Appealed Denials per Hospital
NATIONWIDE	57%	17.2
Region A	50%	12.8
Region B	71%	32.9
Region C	55%	7.5
Region D	46%	6.5

Region B appeal activity represents several high volume hospitals whose survey entries have been verified.

Bar chart values:
- Region A: $2.4
- Region B: $12.5
- Region C: $8.3
- Region D: $2.5
- Nationwide: $25.8

RAC TRAC American Hospital Association

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Of the claims that have completed the appeals process, 85% were overturned in favor of the provider. 42% of claims are still in the appeals process.

Summary of Appeal Rate and Determinations in Favor of the Provider, for Hospitals with RAC Activity, through 4th Quarter 2010
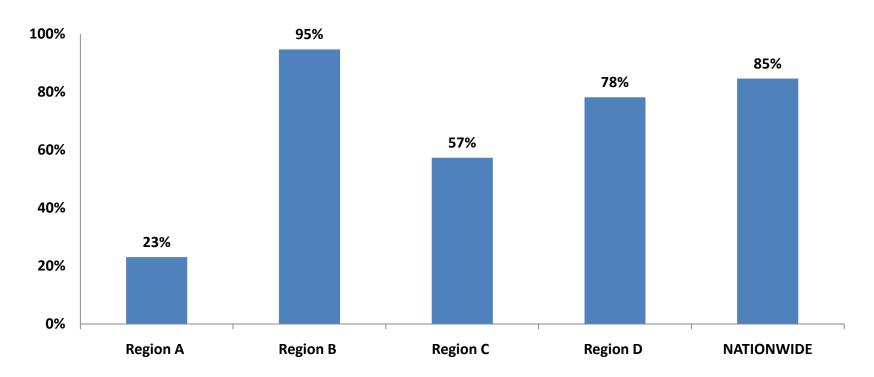
|	Appealed	Percent of Denials Appealed	Number of Claims Pending Appeals Determination	Number of Claims Withdrawn from Appeals Process	Number of Denials Overturned in the Appeals Process	Percent of Completed Appeals Overturned
NATIONWIDE	8,655	23%	3,617	527	4,261	85%
Region A	779	27%	384	211	91	23%
Region B	6,014	36%	2,115	123	3,691	95%
Region C	1,301	10%	809	156	282	57%
Region D	561	12%	309	37	197	78%
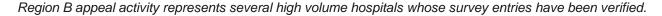
Due to survey submission marginal error, total appeals may be slightly greater than the sum of pending/withdrawn/overturned appeals.
Region B appeal activity represents several high volume hospitals whose survey entries have been verified.

Region B has the highest overturn rate upon appeal at 95%.

Percent of Completed Appeals with Denials Overturned, by Region, through 4th Quarter 2010

Region B appeal activity represents several high volume hospitals whose survey entries have been verified.
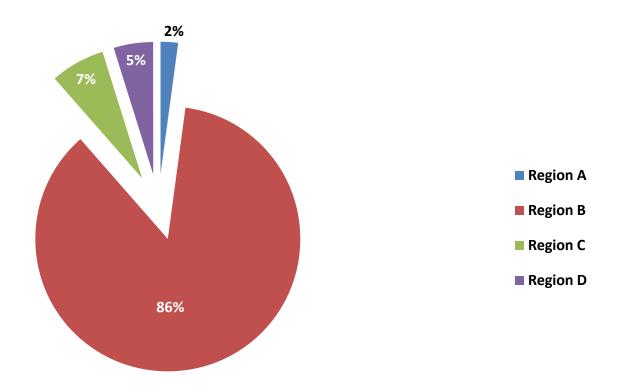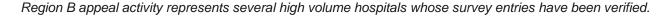
Of the claims that have completed the appeals process, 86% of overturned denials were reported in Region B.

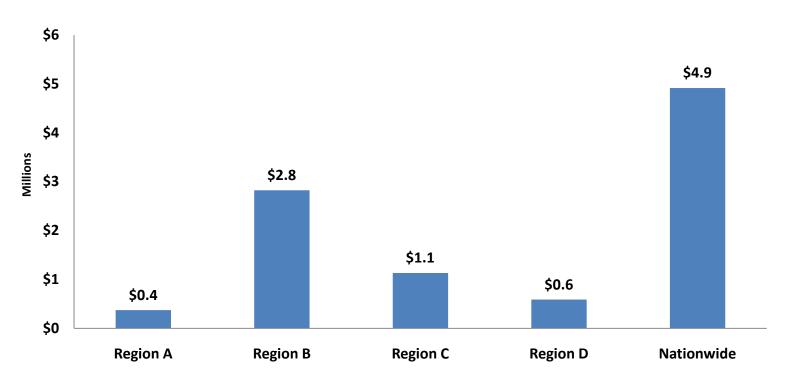Percent of Overturned Denials by Region, through 4th Quarter 2010

Region B appeal activity represents several high volume hospitals whose survey entries have been verified.

Source: AHA. (February 2011). *RACTrac* Survey
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.

Hospitals reported a total of $4.9 million in overturned denials, with $2.8 million in Region B alone.

Value of Denials Overturned in the Appeals Process, by Region, through 4th Quarter 2010, Millions

Region B appeal activity represents several high volume hospitals whose survey entries have been verified.
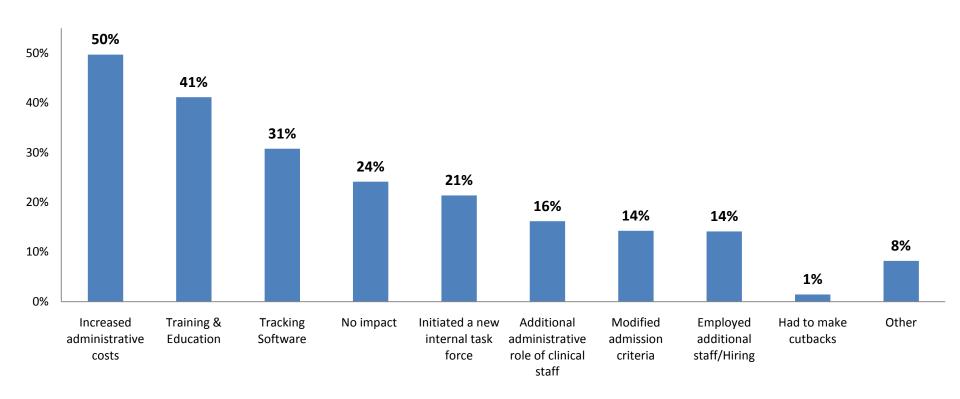
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Administrative Burden

76% of participating hospitals reported that RAC impacted their organization this quarter and 50% reported increased administrative costs.

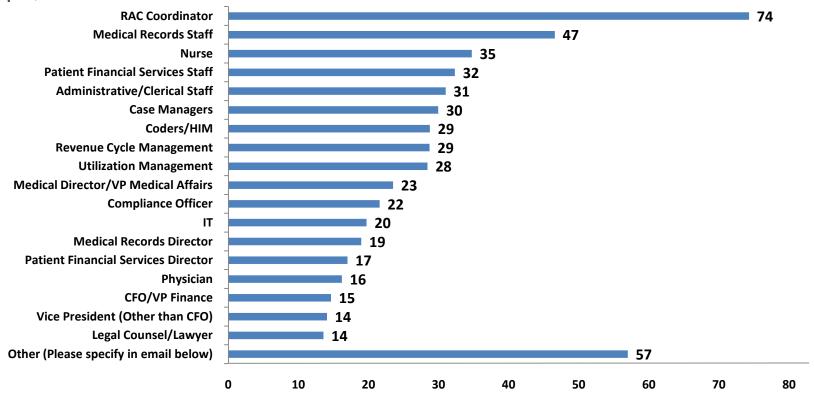## Impact of RAC on Participating Hospitals* by Type of Impact, 4th Quarter 2010

Type of Impact	Percentage
Increased administrative costs	50%
Training & Education	41%
Tracking Software	31%
No impact	24%
Initiated a new internal task force	21%
Additional administrative role of clinical staff	16%
Modified admission criteria	14%
Employed additional staff/Hiring	14%
Had to make cutbacks	1%
Other	8%

Includes participating hospitals with and without RAC activity

Source: AHA. (February 2011). *RACTrac Survey*
AHA analysis of survey data collected from 1,852 hospitals: 1,454 reporting activity, 398 reporting no activity through December 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.

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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, 4th Quarter 2010
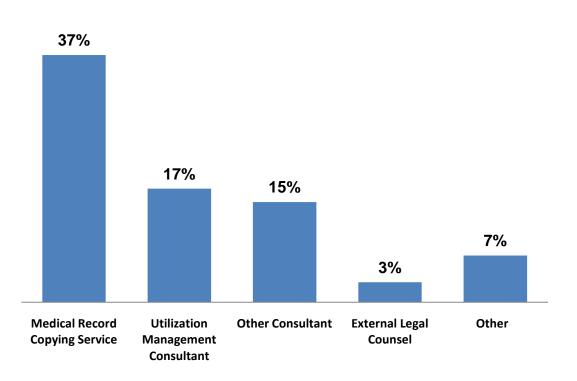

Includes participating hospitals with and without RAC activity

37% of hospitals using external resources spent money on copying records and nearly a quarter of them hired a utilization management or other consultant.

Percent of Hospitals Using External Resources by Type and Average Dollars Spent *this quarter*, 4th Quarter 2010

Administrative Burden	Average Dollar Amount This Quarter
Medical Record Copying Service	$2,014
Utilization Management Consultant	$38,712
Other Consultant	$19,170
External Legal Counsel	$2,231
Other	$2,564

Average dollars spent by hospitals that reported utilizing external resources.

Bar chart labels: Medical Record Copying Service 37%, Utilization Management Consultant 17%, Other Consultant 15%, External Legal Counsel 3%, Other 7%

*RAC*Trac Data Collection Period, April 2011

April 2011 *RAC*Trac Data Collection Period

- *RACTrac is open NOW—Submit Your Data Today!*

- *RAC*Trac will collect data April 1 through April 15

- Hospital leaders nationwide received an email with their *RAC*Trac registration info on March 14

- If you need your *RAC*Trac registration information contact **RACTrac Support** at: 1-888-722-8712 or ractracsupport@providercs.com

- *RAC*Trac will open at the beginning of each subsequent quarter to collect data on RAC activity experienced in the previous quarter

RACTrac Enhancements

2011 *RAC*Trac Enhancements

- The AHA recently implemented enhancements to *RAC*Trac to collect additional information on the impact of RACs on hospitals

- Enhancements were made at the request of hospitals, Allied hospital associations and *RAC*Trac-compatible vendors

- Enhancements are effective April 1, 2011

- AHA will work with *RAC*Trac-compatible vendors to incorporate new data elements into CSV files

- State and metro hospital associations will be able to access state-level data for each of the enhancements

2011 *RAC*Trac Enhancements

RACTrac is now collecting data on:

1. Incorrect MS-DRG denials

   - Top three DRG codes denied

2. Medical necessity review (MNR) denials

   - Number and dollar amount of total MNR denials

   - Number and dollar amount of MNR denials for inappropriate setting

   - Top three DRG codes denied

3. RAC process problems

   - Questions added to the Administrative Burden section regarding a myriad of RAC process issues including (but not limited to!):

   -RAC customer service and responsiveness   -Rescinded RAC requests

   -Discussion period   -Untimely and inaccurate demand letters

   -60-day determination period violation   -Remittance advice issues

   …and the list goes on….

2011 *RAC*Trac Enhancements *(continued)*

RACTrac is now collecting data on:

4. Other reasons for RAC denials

5. Cost of the appeals process

Additionally hospitals that upload CSV files to RACTrac from RACTrac compatible vendors are now able to validate their file. During the validation process, RACTrac will inform the user if there is conflicting data in their CSV file.

American Hospital Association

Questions and Answers

For more information on:
*RAC*Trac
Tracking RAC activity with AHA's Free Claim Level Tool
Previous *RAC*Trac Webinars
www.aha.org/aha/issues/RAC/ractrac.html