

# MOUNTING PRESSURE FOR AMERICA'S HOSPITALS

## Hospitals face a huge array of challenges:



Thousands of pages of new and excessive regulatory policies, like the "two-midnight" policy



Helping patients navigate insurance changes and enroll in new coverage opportunities



New payment and delivery system models like value-based purchasing, bundling and accountable care organizations



Implementation of electronic health records and ICD-10 coding



New penalty programs for hospital-acquired conditions and readmissions

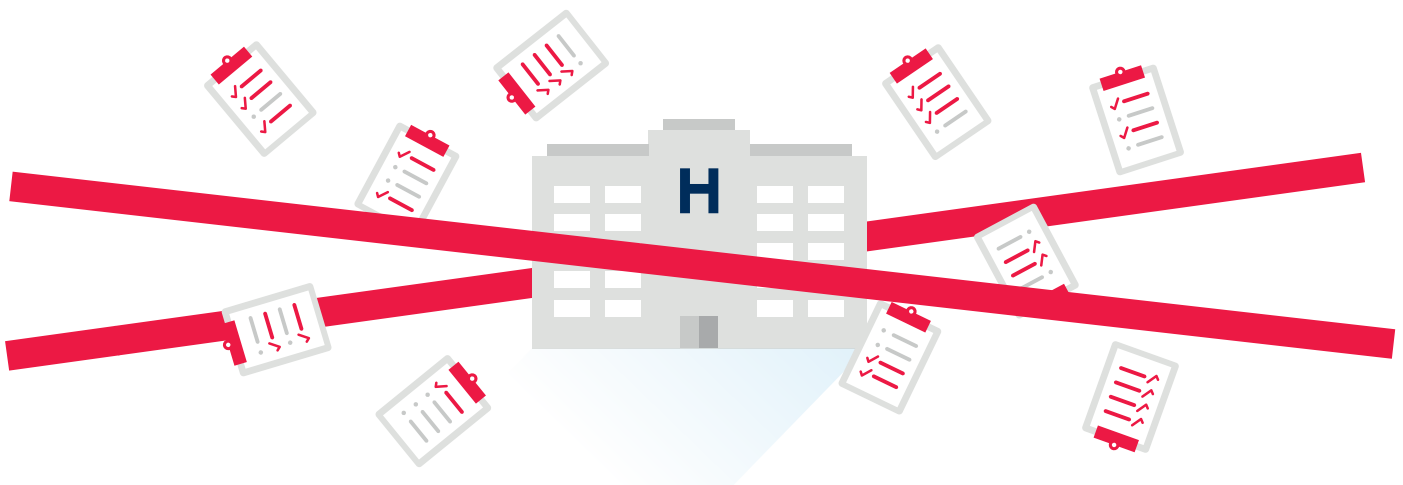


New responsibility managing population health

These are just a few of a long list of issues hospitals are tackling day in and day out...

## CURRENT STATUS

### Hospitals are Buried in Unnecessary Audits and Red Tape



The Recovery Audit Contractor (RAC) program began in 2010 with the goal of ensuring accurate payments to Medicare providers. However, 4 years later, the program requires fundamental reform.

**9-12.5%**  
**RAC COMMISSION**

RACs are bounty hunters paid a fee based on the money clawed back from denied claims. Due to this incentive structure, RACs frequently target high-dollar inpatient claims.

*RACs are often inaccurate and inflict avoidable legal and administrative costs on hospitals.*

**56%**

OF CLAIMS ARE FOUND TO BE WITHOUT ERROR

**42%**

OF REVIEWED CLAIMS DENIED

**47%**

OF DENIED CLAIMS ARE EVENTUALLY APPEALED

**72%**

OF APPEALED HOSPITAL MEDICARE PART A DENIALS ARE FULLY OVERTURNED AT THE THIRD LEVEL OF APPEAL

## FUTURE CUTS

### Payment for Hospital Services Continues to Remain at Risk

Hospitals' ability to maintain access to care is threatened by repeated ratcheting of Medicare and Medicaid payments for hospital services.

**89**

**CENTS ON THE DOLLAR**

FOR MEDICAID, HOSPITALS RECEIVED PAYMENT OF ONLY 89 CENTS FOR EVERY DOLLAR SPENT BY HOSPITALS

**86**

**CENTS ON THE DOLLAR**

FOR MEDICARE, HOSPITALS RECEIVED PAYMENT OF ONLY 86 CENTS FOR EVERY DOLLAR SPENT BY HOSPITALS

**\$46**

**BILLION**

NEARLY \$46 BILLION UNCOMPENSATED CARE

## ENOUGH IS ENOUGH

Hospitals simply cannot sustain further payment cuts without jeopardizing patients' access to needed care.

We need room and resources to grow into the new health care environment.

Join us and advocate to protect care in hospitals.



**American Hospital Association®**

SOURCE: AHA RACTrac, November 2013