



Examining the Impact of Medicare Audits on HME Suppliers

Results of AAHomecare Audit Key Survey, 2nd Quarter 2015

September 28, 2015

Audit Key Background

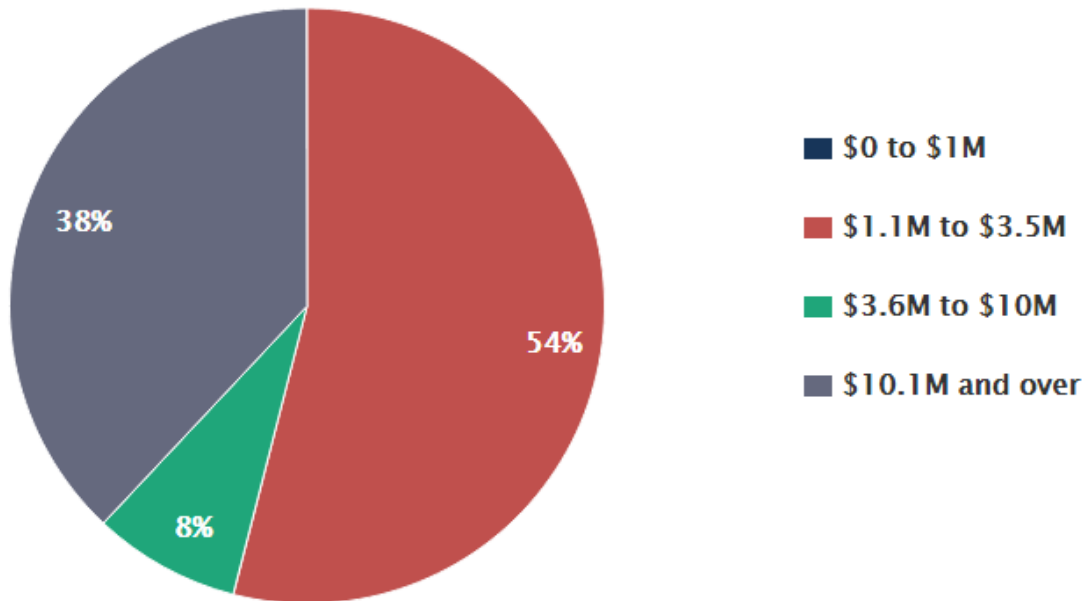
- AAHomecare created the Audit Key—a free, web-based survey to quantify the impacts of audits and present compelling data that policymakers cannot ignore.
 - Suppliers use AAHomecare’s online survey application, Audit Key (accessed at www.HMEAuditKey.org), to submit their data regarding the impact of Medicare audits.
 - Survey questions are designed to collect *cumulative* Audit and Appeal experience data beginning with activity in the 4th quarter of 2015.
 - Survey registration information and Audit Key support can be accessed at support@HMEAuditKey.org or 1-844-HME A KEY.
 - Suppliers will soon be able to easily submit data to Audit Key through a audit and appeal tracking tool being developed by AAHomecare.

Executive Summary

- Initial audit key data represents a limited number of suppliers participating in phase II testing
- Initial time frame includes audits received from 10/1/14 through 6/30/15
- Data analysis shows similarities between large national and small suppliers. Dispelling the myth that large or small suppliers experience more or less audits
- The larger the supplier pool of participants, the stronger the message will be
- **PARTICIPATE NOW!**

54% of Participating Suppliers in Q2 2015 had Net Revenues Between \$1.1M and \$3.5M

Distribution of Audit Key Participating Suppliers by Net Revenue Range and Average Percent of Net Revenue from Medicare - Quarter 2 2015



Net Revenue Range	Average Medicare Percent
\$0 to \$1M	0%
\$1.1M to \$3.5M	38%
\$3.6M to \$10M	30%
\$10.1M and over	29%

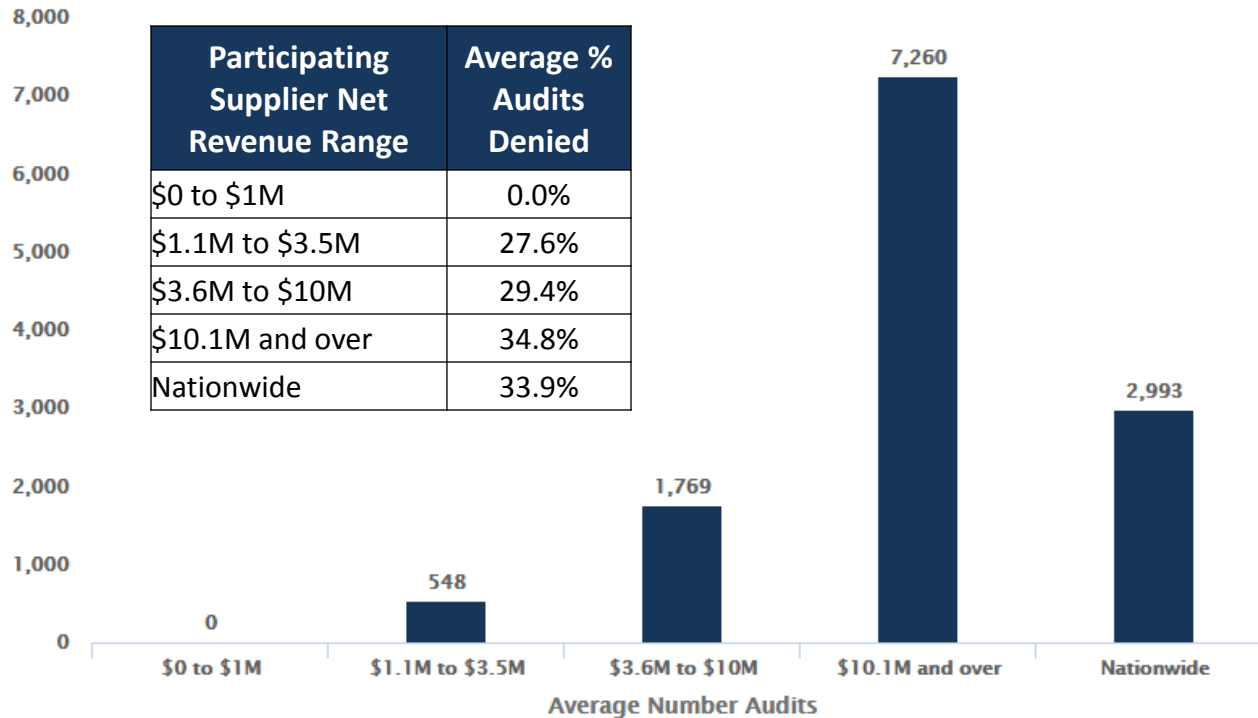
Note: Response Rates vary by Quarter



Medicare (FFS) Prepayment Audit Activity Analysis

Suppliers with Net Revenue of \$10.1M and Over Averaged Over 7,000 Audits with an Average Denial Rate of 34.8%

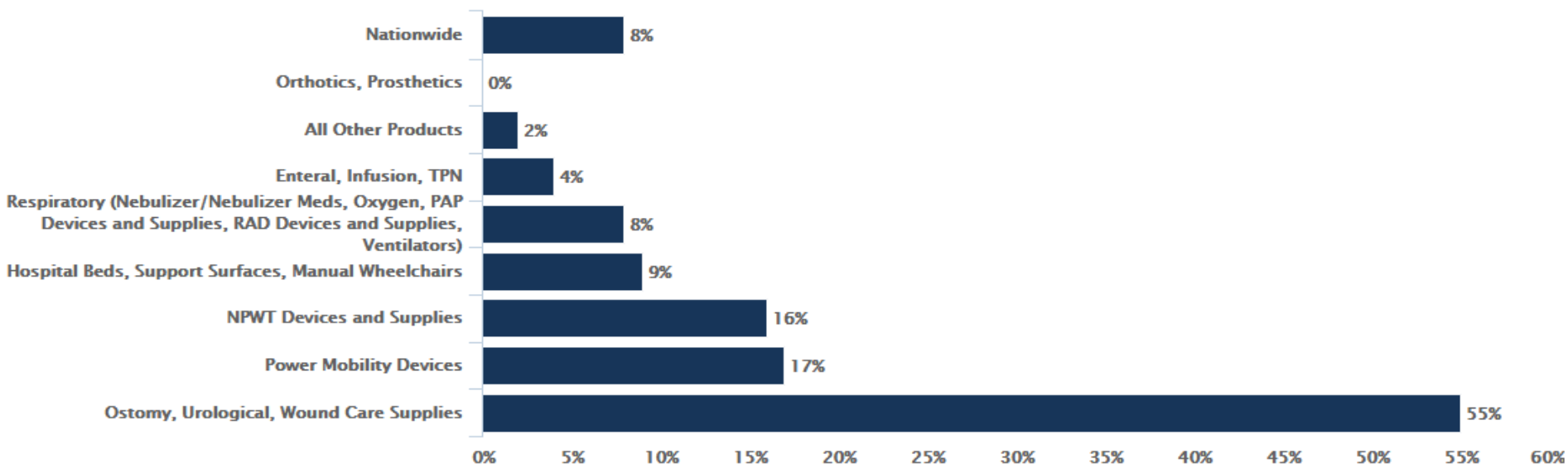
Average Number of MAC Prepayment Audits and Percent of Audits Denied By Net Revenue Range Among Participating Suppliers – through Quarter 2, 2015



Note: Response Rates vary by Quarter

55% of Ostomy, Urological & Wound Care Supply New Patients Are Subject to MAC Prepayment Audit

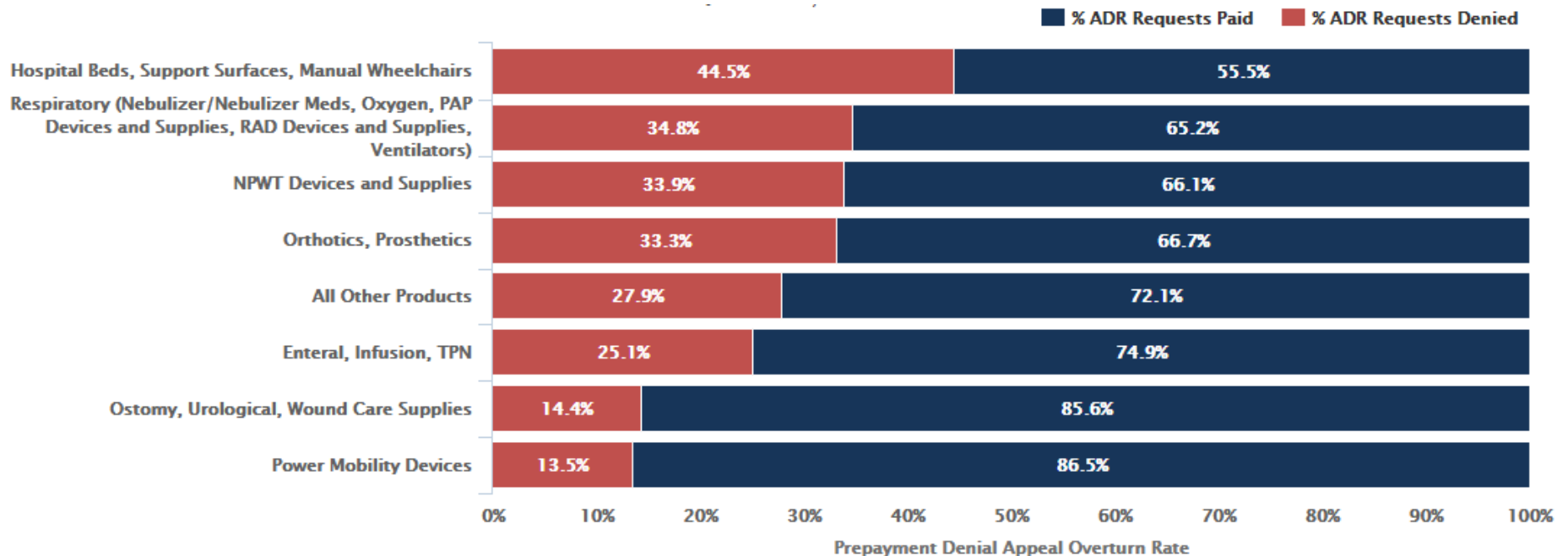
Cumulative Percent of Medicare New Patients Subject to MAC Prepayment Audit Among Participating Suppliers By Product Category and Nationwide - through Quarter 2, 2015



Note: Response Rates vary by Quarter

Over 86% of MAC Prepayment Audits of Power Mobility Devices were Paid Upon Review

Cumulative Percent of MAC Prepayment Audits Denied Versus Paid Among Participating Suppliers by Product Category – through Quarter 2, 2015



Note: Response Rates vary by Quarter



Supplier Appeal Activity

Suppliers Appealed 79% of MAC Prepayment Denials Nationwide

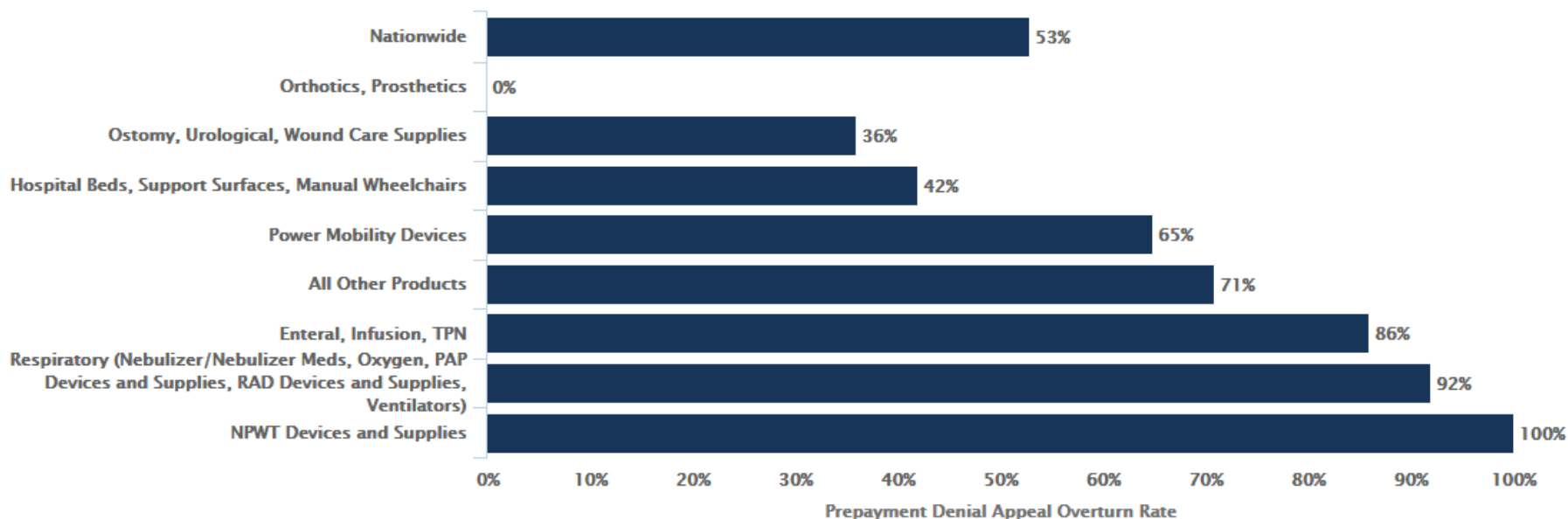
Summary of Appeal Rate by Product Category for MAC Prepayment Denials – through Quarter 2, 2015

ProductCategory	MAC Prepayment Denials	% MAC Prepayment Denials Appealed
Orthotics, Prosthetics	1	100%
Ostomy, Urological, Wound Care Supplies	215	100%
Power Mobility Devices	317	100%
Enteral, Infusion, TPN	61	87%
All Other Products	151	85%
Respiratory (Nebulizer/Nebulizer Meds, Oxygen, PAP Devices and Supplies, RAD Devices and Supplies, Ventilators)	11,039	80%
Hospital Beds, Support Surfaces, Manual Wheelchairs	2,244	67%
NPWT Devices and Supplies	168	62%
Nationwide	14,196	79%

Note: Response Rates vary by Quarter

Suppliers Appealed 80% of MAC Prepayment Denials for Respiratory Products and 92% Were Overturned

Summary of Appeal Determinations in Favor of Suppliers* by Product Category for MAC Prepayment Denials – through Quarter 2, 2015



* Includes favorable determinations at any level of appeal.

Note: Response Rates vary by Quarter



1-844-HME A KEY (844-463-2539)

support@HMEAuditKey.org