



Examining the Impact of Medicare Audits on HME Suppliers

Results of AAHomecare Audit Key Survey, 1st Quarter 2016

June 2016

Audit Key Background

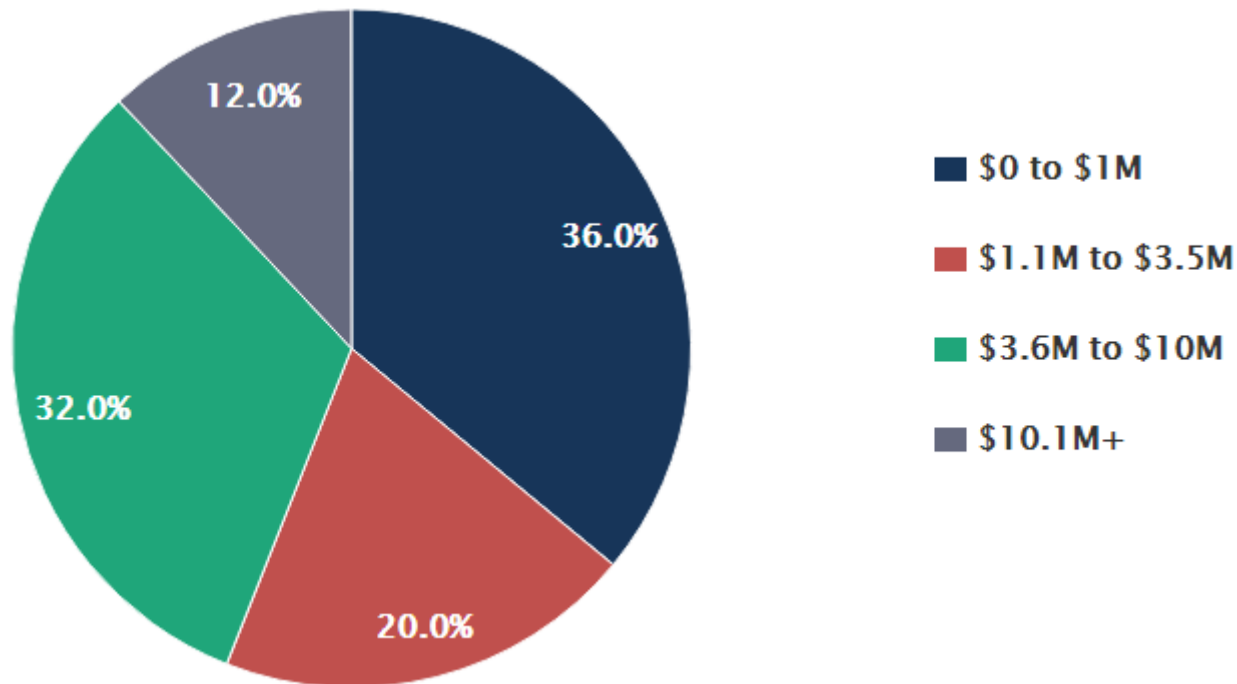
- AAHomecare created the Audit Key—a free, web-based survey to quantify the impacts of audits and appeals to present compelling data to encourage change.
 - Suppliers use AAHomecare’s online survey application, Audit Key (accessed at WWW.HMEAuditKey.org), to submit their data with audit and appeal experience.
 - 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.

Executive Summary

- This is the second quarter of data which includes audit and appeal information from 10/1/15 through 03/31/16
- Our goal is to increase participation every quarter to encompass a large percentage of market share
- Data analysis shows similarities between all sizes of 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!

Participating Suppliers Represented a Cross Section of Net Revenue

Distribution of Audit Key Participating Suppliers by Net Revenue Range - Quarter 1, 2016



Note: Response Rates vary by Quarter

The Average Percent of Medicare Revenue Varied Little Based on Supplier Size

Distribution of Audit Key Participating Suppliers by Average Percent of Net Revenue from Medicare - Quarter 1, 2016

Net Revenue Range	Average Medicare Percent
\$0 to \$1M	31%
\$1.1M to \$3.5M	29%
\$3.6M to \$10M	38%
\$10.1M+	28%

Interesting to note the \$3.6-\$10 category increased in %

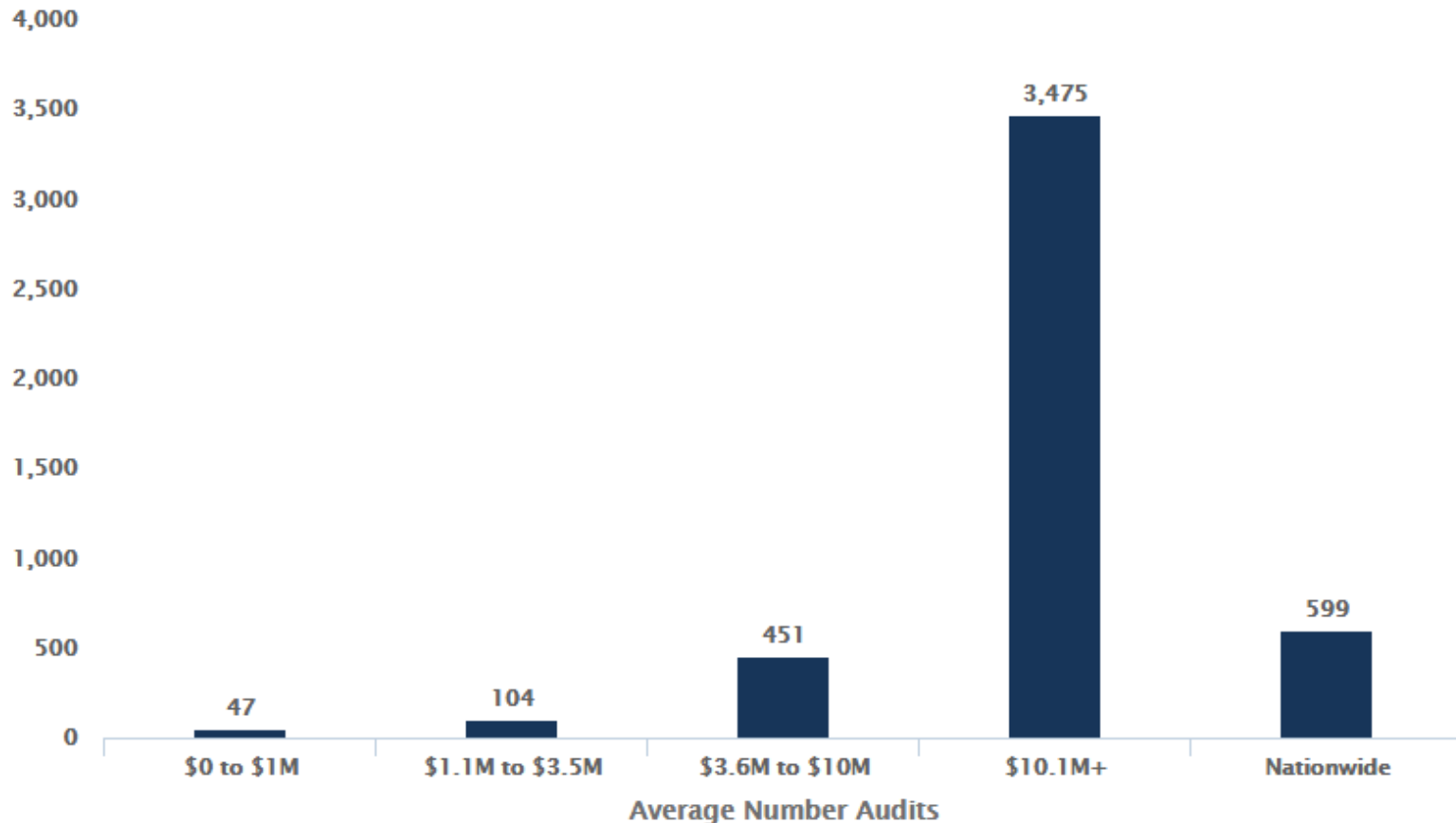
Note: Response Rates vary by Quarter Medicare from last quarter



Medicare (FFS) Prepayment Audit Activity Analysis

Suppliers with Net Revenue of \$10.1M and Over Averaged Over 3,400 Audits

Distribution of DME MAC Prepayment Audits Received By Participating Supplier Net Revenue Range - through Quarter 1, 2016



Note: Response Rates vary by Quarter

The Average Percent of Audits Denied Nationwide Increased 5% Between Q4 2015 and Q1 2016

Distribution of Average Percent of DME MAC Prepayment Audits Denied – through Quarter 1, 2016

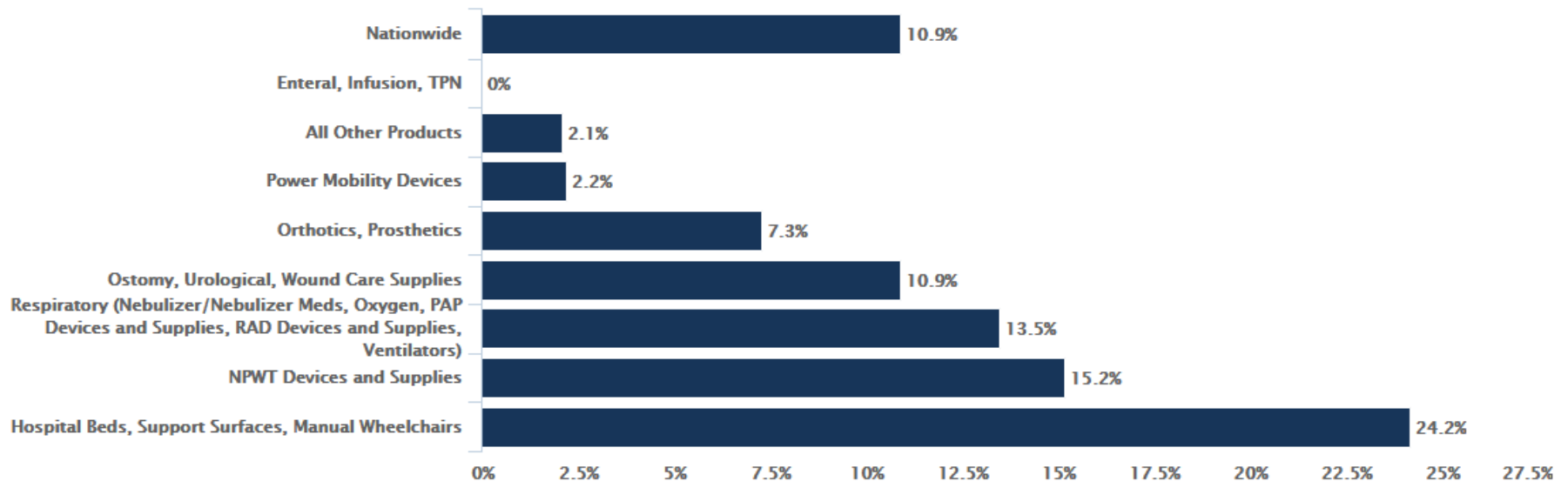
Participating Supplier Net Revenue Range	Average % Audits Denied
\$0 to \$1M	13%
\$1.1M to \$3.5M	10%
\$3.6M to \$10M	40%
\$10.1M+	19%
Nationwide	24%

Interesting to note denials from \$3.6-\$10M is 3 times that of the \$0-\$1M suppliers

Note: Response Rates vary by Quarter

DME MAC Prepay Audits: 24% of Hospital Beds, Support Surfaces and Manual Wheelchair New Patients Were Subject to MAC Prepayment Audit

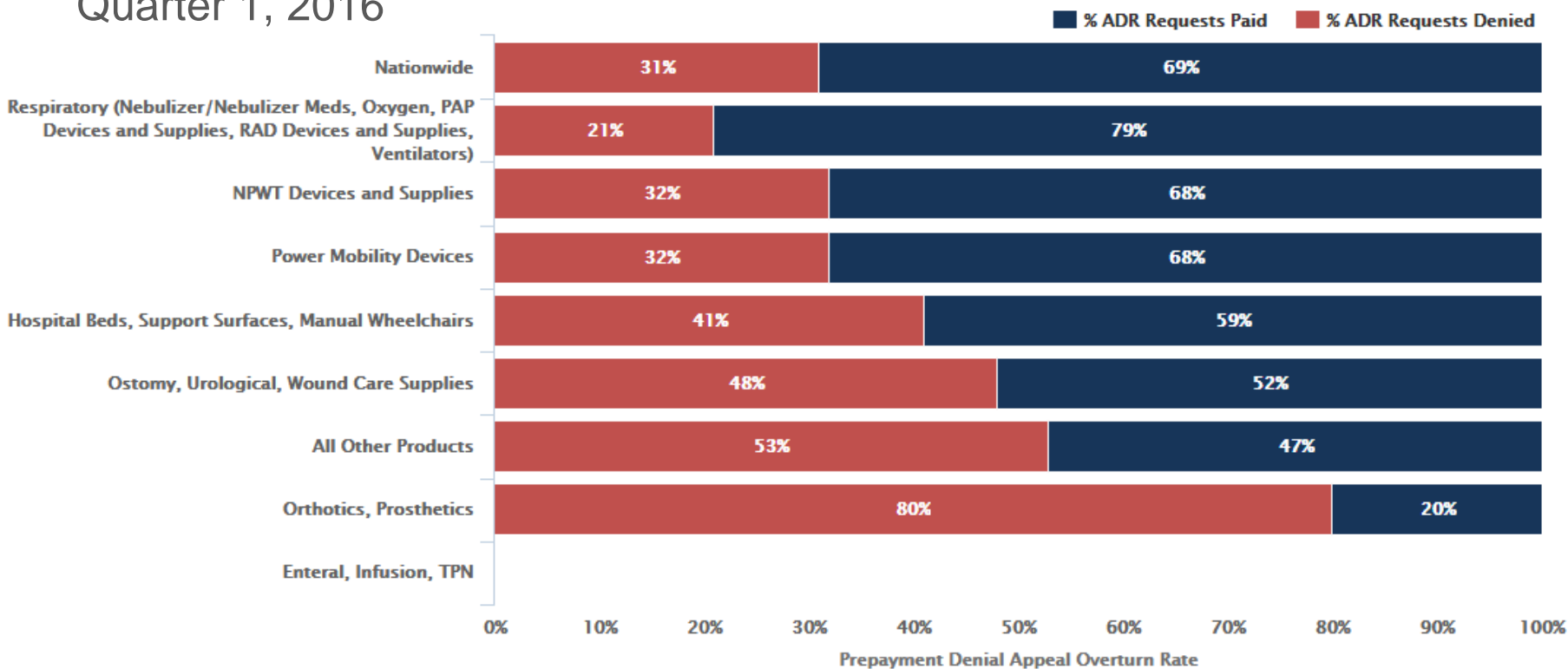
Cumulative Percent of Medicare New Patients Subject to MAC Prepayment Audit Among Participating Suppliers By Product Category and Nationwide – through Quarter 1, 2016



Note: Response Rates vary by Quarter

69% Of Completed MAC Prepayment Audits Nationwide Were Paid Upon Review

Cumulative Percent of Completed MAC Prepayment Audits Denied Versus Paid Among Participating Suppliers by Product Category - through Quarter 1, 2016



Note: Response Rates vary by Quarter



Supplier Appeal Activity

Suppliers Appealed 70% of MAC Prepayment Denials Nationwide

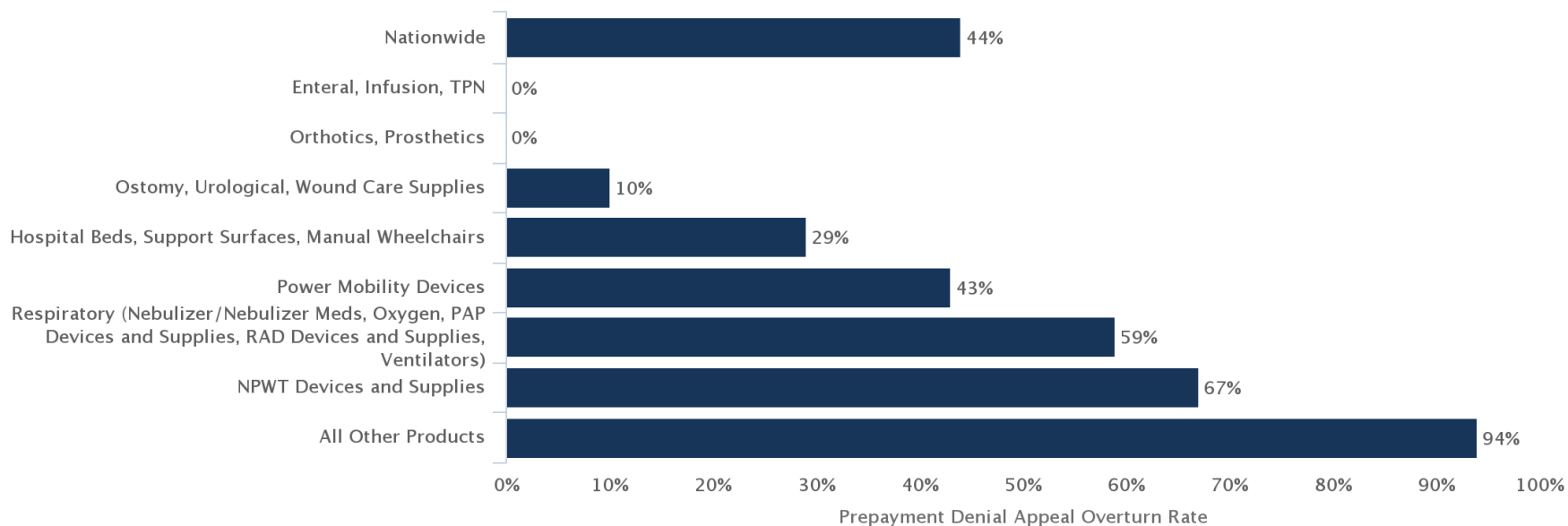
Summary of Appeal Rate by Product Category for MAC Prepayment Denials - through Quarter 1, 2016

Product Category	MAC Prepayment Denials	% MAC Prepayment Denials Appealed
Orthotics, Prosthetics	352	99%
All Other Products	380	94%
Hospital Beds, Support Surfaces, Manual Wheelchairs	1,165	81%
Power Mobility Devices	11	73%
Ostomy, Urological, Wound Care Supplies	47	62%
Respiratory (Nebulizer/Nebulizer Meds, Oxygen, PAP Devices and Supplies, RAD Devices and Supplies, Ventilators)	1,557	50%
NPWT Devices and Supplies	38	32%
Enteral, Infusion, TPN	0	0%
Nationwide	3,550	70%

Note: Response Rates vary by Quarter

59% of Completed Appeal Determinations For Respiratory Products Were in Favor of Suppliers.

Summary of Completed Appeal Determinations in Favor of Suppliers* by Product Category for MAC Prepayment Denials - through Quarter 1, 2016



* Includes favorable determinations at any level of appeal.

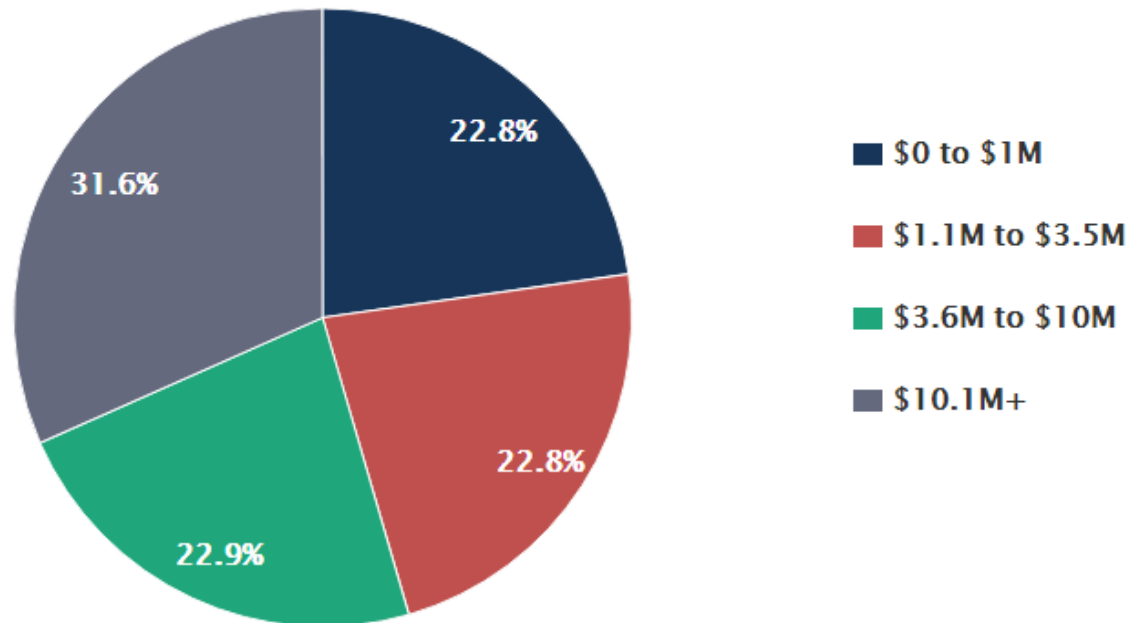
Note: Response Rates vary by Quarter



Medicare (FFS) Post Payment SMRC Audit Activity Analysis

SMRC Audits of Respiratory Products Targeted Suppliers of All Size Similarly

Distribution of SMRC Respiratory Post Payment Audits Received By Participating Supplier Net Revenue Range - through Quarter 1, 2016



Note: Response Rates vary by Quarter



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

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