



# Examining the Impact of Medicare Audits on HME Suppliers

Results of AAHomecare Audit Key Survey, 2<sup>nd</sup> Quarter 2016

September 2016

# Audit Key Background

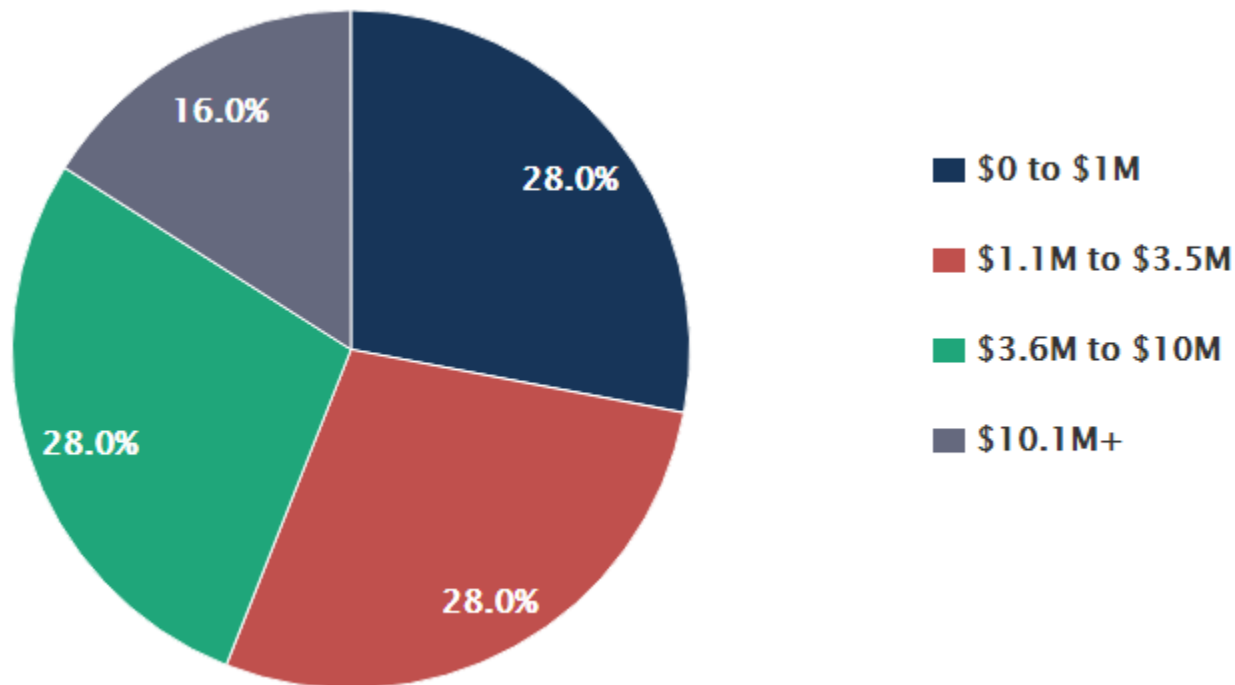
- AAHomecare created the Audit Key—a free, web-based survey to quantify the impacts of audits and appeals to present compelling data to encourage change.
  - Suppliers use AAHomecare’s online survey application, Audit Key (accessed at [WWW.HMEAuditKey.org](http://WWW.HMEAuditKey.org)), to submit their 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](mailto:support@HMEAuditKey.org) or 1-844-HME A KEY.

# Executive Summary

- This is the third quarter of data which includes audit and appeal information from 10/1/15 through 06/30/16
- 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 2, 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 2, 2016

Net Revenue Range	Average Medicare Percent
\$0 to \$1M	28%
\$1.1M to \$3.5M	38%
\$3.6M to \$10M	31%
\$10.1M+	37%

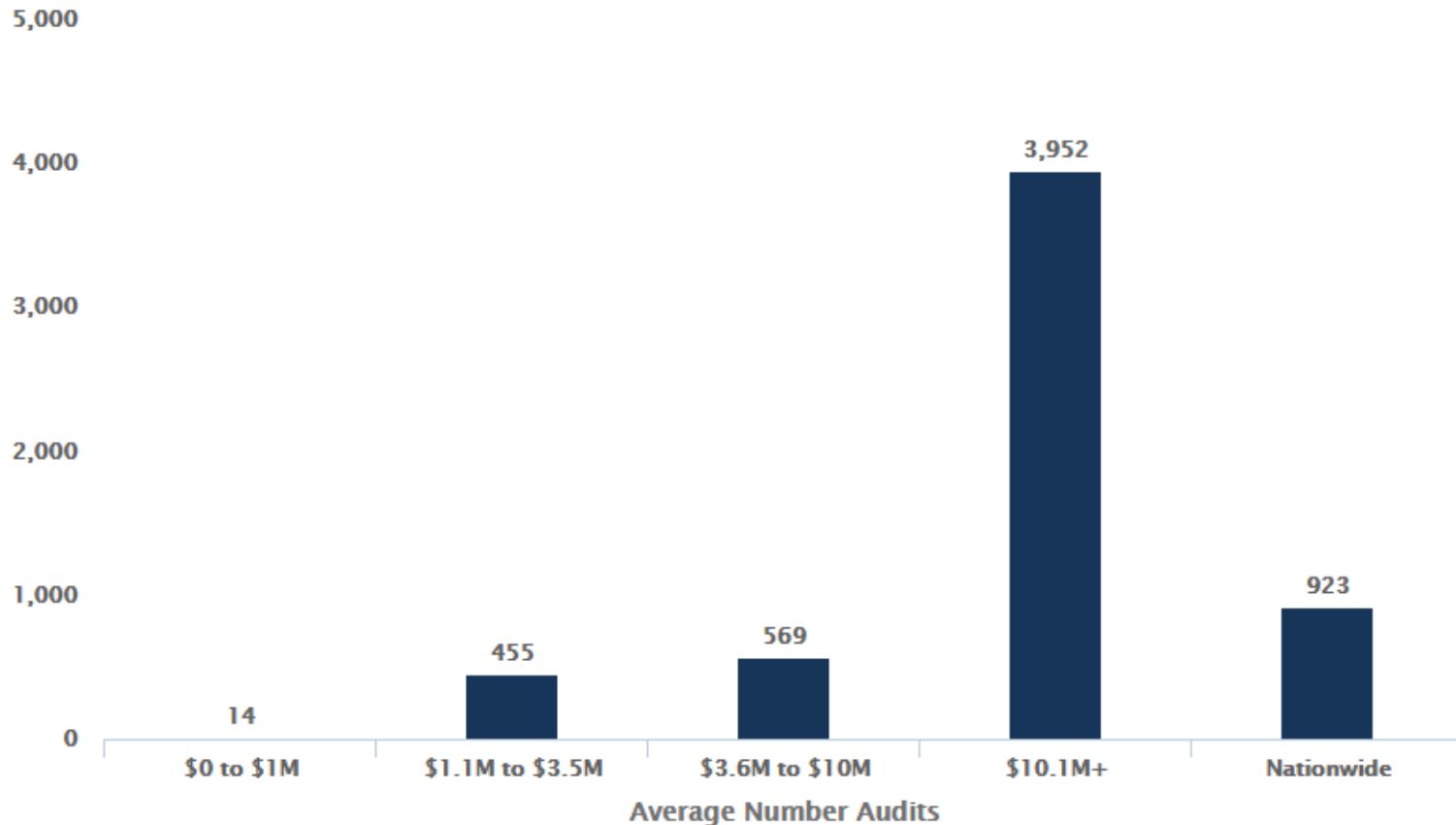
Note: Response Rates vary by Quarter



# Medicare (FFS) Prepayment Audit Activity Analysis

# Suppliers with Net Revenue of \$10.1M and Over Averaged Over 3,900 Audits

Average Number of DME MAC Prepayment Audits Received By Participating Supplier Net Revenue Range - through Quarter 2, 2016



Note: Response Rates vary by Quarter

# The Average Percent of Audits Denied Nationwide Increased 6% Between Q4 2015 and Q2 2016

Distribution of Average Percent of DME MAC Prepayment Audits Denied Among Participating Suppliers – through Quarter 2, 2016

Participating Supplier Net Revenue Range	Average % Audits Denied
\$0 to \$1M	29%
\$1.1M to \$3.5M	30%
\$3.6M to \$10M	25%
\$10.1M+	24%
Nationwide	25%

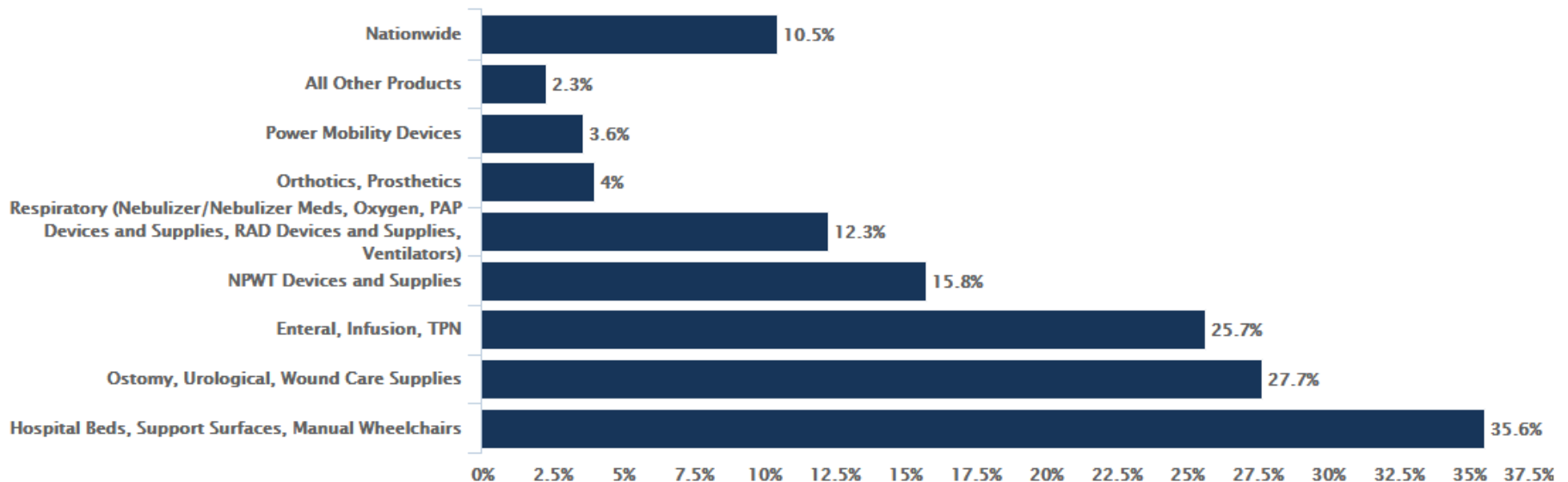
Interesting to note the % of ADRS denied with 3<sup>rd</sup> quarter data is more aligned across supplier size.

Note: Response Rates vary by Quarter



# DME MAC Prepay Audits: 36% 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 2, 2016

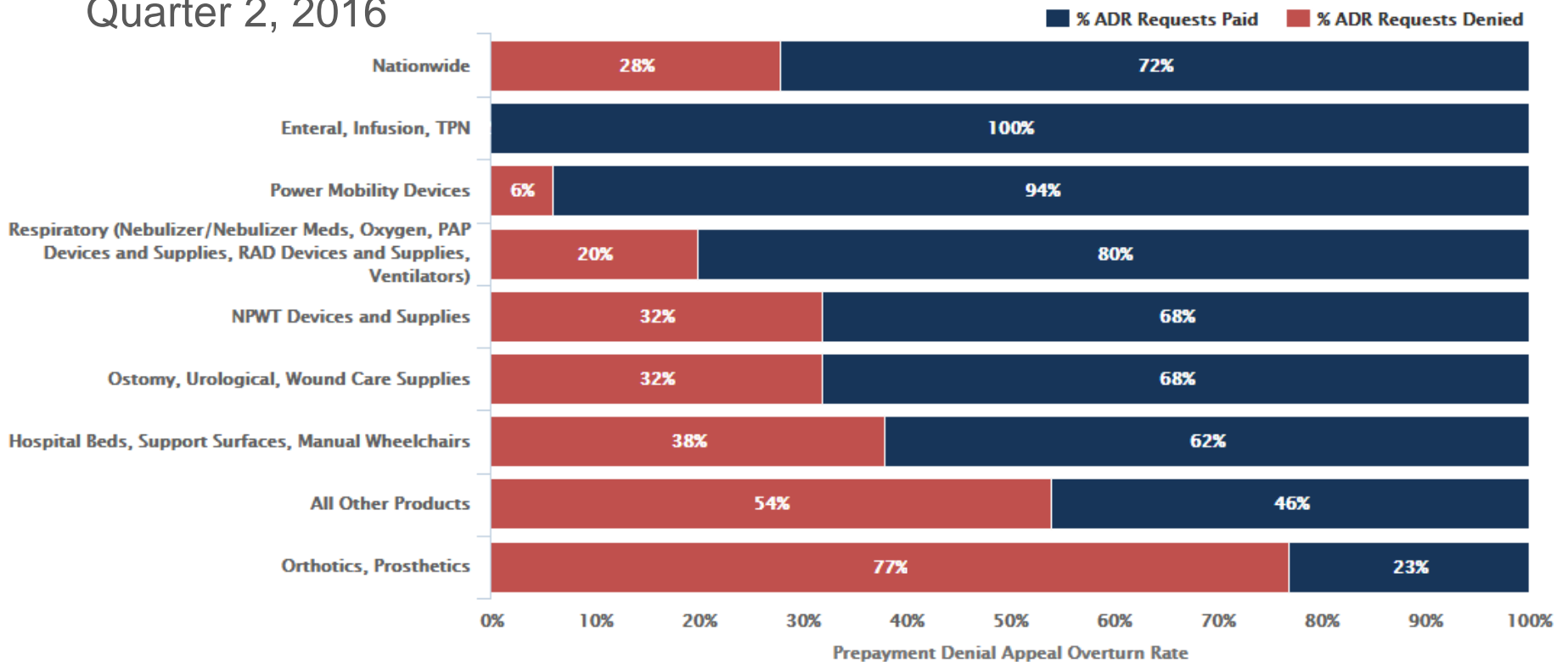


\* Excludes product category new patients of suppliers not reporting audits for respective category in top 3 product categories.

Note: Response Rates vary by Quarter

# 72% 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 2, 2016



Note: Response Rates vary by Quarter



# Supplier Appeal Activity

# Supplier Appeal Rate of MAC Prepayment Denials Decreased 10% Nationwide Between Q1 and Q2

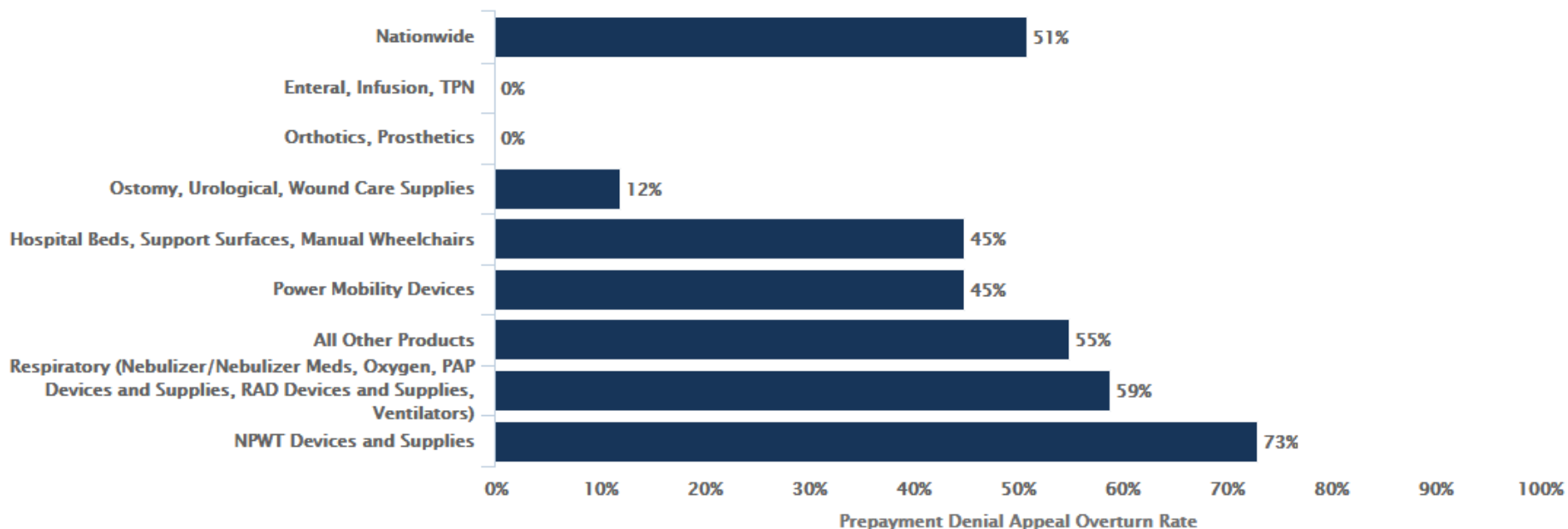
Summary of Appeal Rate by Product Category for MAC Prepayment Denials Among Participating Suppliers - through Quarter 2, 2016

Product Category	MAC Prepayment Denials	% MAC Prepayment Denials Appealed
Orthotics, Prosthetics	413	98%
All Other Products	464	81%
Hospital Beds, Support Surfaces, Manual Wheelchairs	2,092	71%
Power Mobility Devices	26	65%
Ostomy, Urological, Wound Care Supplies	63	54%
Respiratory (Nebulizer/Nebulizer Meds, Oxygen, PAP Devices and Supplies, RAD Devices and Supplies, Ventilators)	2,619	43%
NPWT Devices and Supplies	70	34%
Enteral, Infusion, TPN	0	0%
Nationwide	5,747	60%

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 Among Participating Suppliers - through Quarter 2, 2016



\* Includes favorable determinations at any level of appeal.

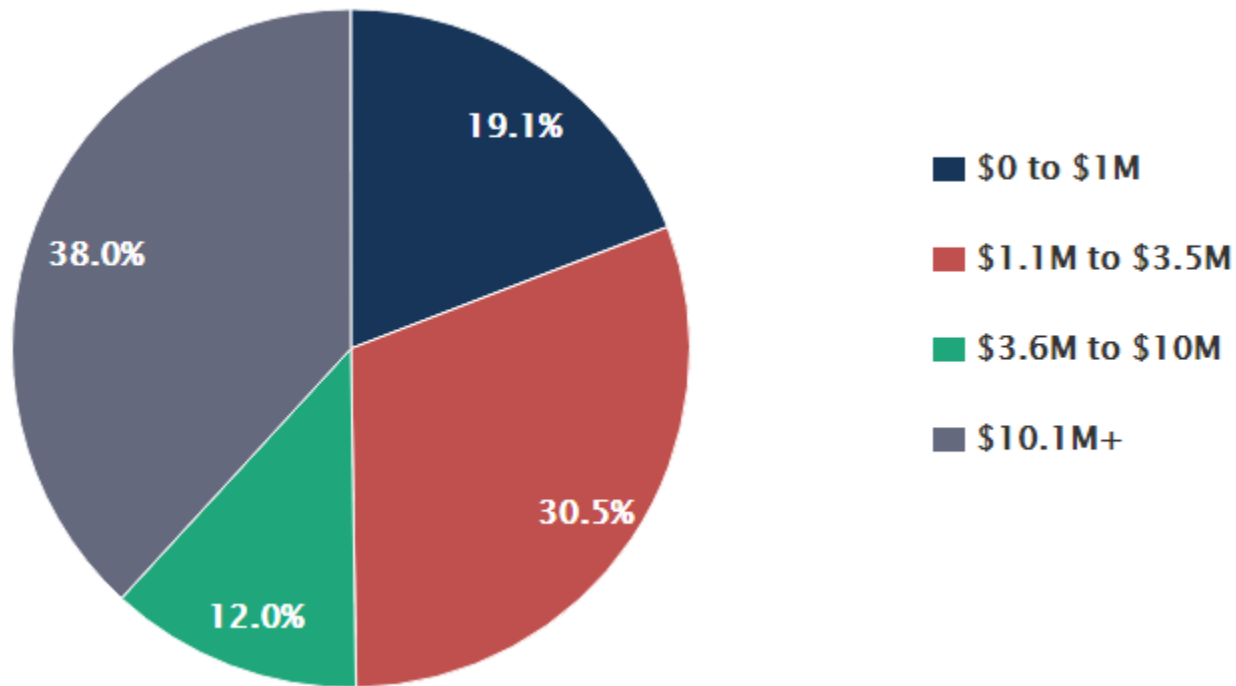
Note: Response Rates vary by Quarter



# **Medicare (FFS) Post Payment SMRC Audit Activity Analysis**

# SMRC Audits of Respiratory Products Targeted Suppliers of All Size

Distribution of SMRC Respiratory Post Payment Audits Received By Participating Supplier Net Revenue Range - through Quarter 2, 2016



Note: Response Rates vary by Quarter



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

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