

# HME Audit Key

*tracking the impacts of audits*



## WHERE ARE WE NOW?

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Regulatory Affairs**



# Goals of HME Audit Key



- Advocate for much needed improvements in the HME audit programs
  - Build the case—using real data—for program changes that reduce financial and administrative burdens
- Educate the field
  - Help suppliers focus on specific challenges
  - Identify problematic trends in audit activity by
    - ✦ Type of Contractor,
    - ✦ Product category
- Make it simple for suppliers to report data to AAHomecare for use in advocacy activities



# Why Should Suppliers Participate?

## What Is The ROI?



- As an industry we want smart audits:
  - fair volumes
  - suppliers who are not following the rules
- The ROI is simply taking the time to make a difference
- Anecdotal stories are not enough
- Without #s we cannot state the impact to the industry and gain any momentum to get a change

# Completing the Survey



- Data is collected quarterly in a 2-4 week time frame
- AAHomecare will notify suppliers before each collection period begins
- Second quarterly survey will open April 16<sup>th</sup>
- Key to success – KNOW WHAT DATA ELEMENTS ARE NEEDED AND CHANGE HOW YOU TRACK YOUR AUDITS TO BE ABLE TO PARTICIPATE

# Survey Results



- Individual suppliers will have access to their own quarterly surveys
- Aggregate survey results are developed into a report of charts and graphs with key findings
- Reports will be shared with legislators and regulators to show the impact of audits
- Suppliers may be able to compare their results with national trends

# Audit Key: The Steps



- Register your company and obtain an organizational ID.
- Review the data elements that are needed and begin to gather.
- Once the survey opens, enter your data and hit submit!



## **Examining the Impact of Medicare Audits on HME Suppliers**

Results of AAHomecare Audit Key Survey, 4<sup>th</sup> Quarter 2015

March 31, 2016

# Executive Summary

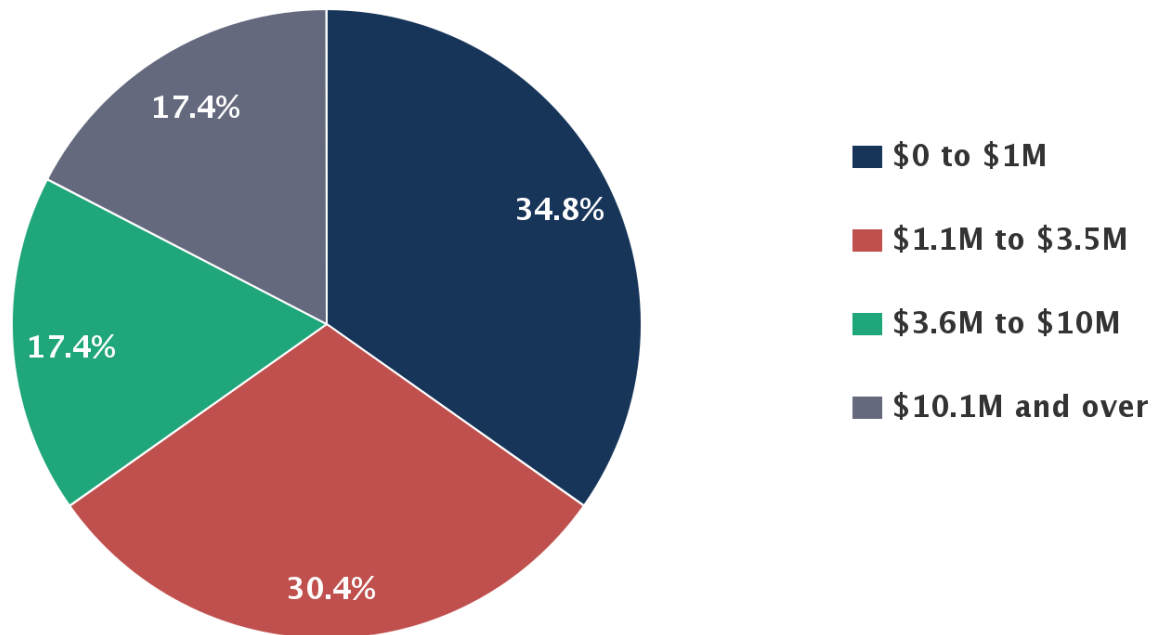


- The first quarterly survey data includes audits received from 10/1/15 through 12/31/15
- Our goal is to increase participation every quarter to encompass a large percentage of market share
- Data analysis shows similarities between large national and small suppliers. Dispelling the myth that large or small suppliers experience more or less audits
- The larger the supplier pool of participants, the stronger the message will be



# Participating Suppliers Represented a Cross Section of Net Revenue

Distribution of Audit Key Participating Suppliers by Net Revenue Range and Average Percent of Net Revenue from Medicare - Quarter 4, 2015



Note: Response Rates vary by Quarter

# Average Percent of Net Revenue from Medicare - Quarter 4, 2015

Net Revenue Range	Average Medicare Percent
\$0 to \$1M	33%
\$1.1M to \$3.5M	31%
\$3.6M to \$10M	41%
\$10.1M and over	29%

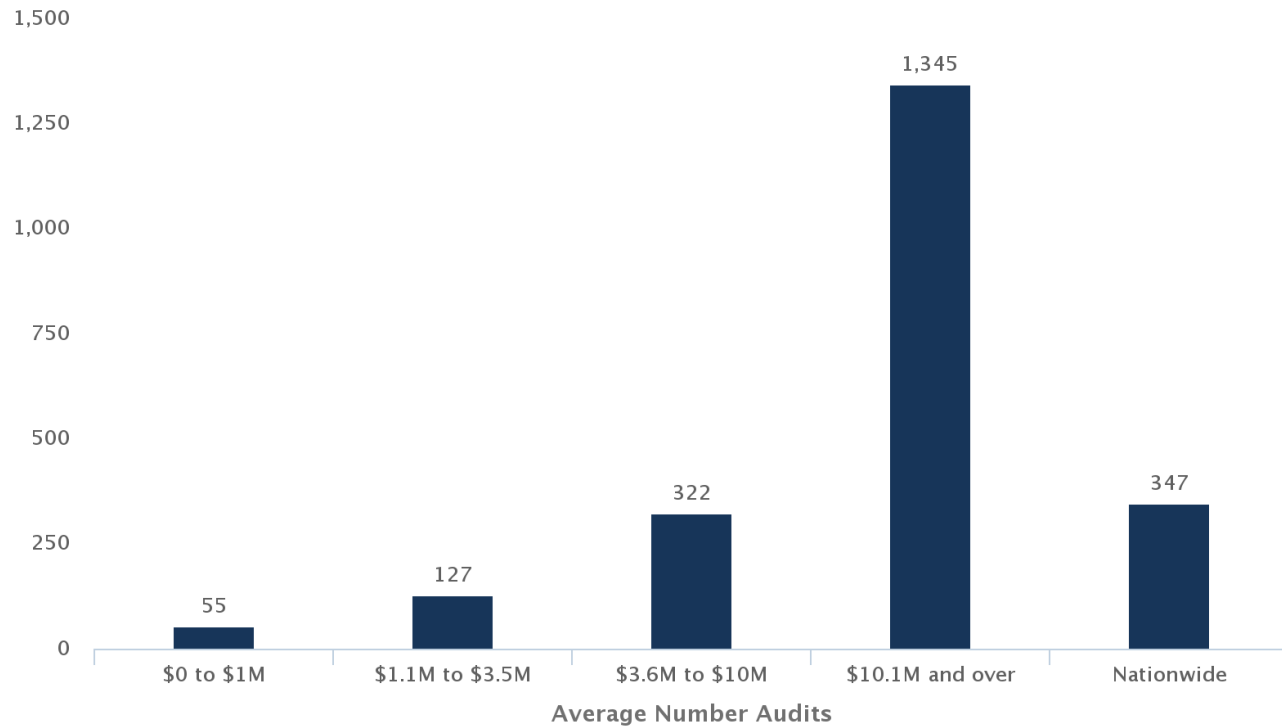
Interesting to note % Medicare today versus 5-10 years ago

Note: Response Rates vary by Quarter



# Medicare (FFS) Prepayment Audit Activity Analysis

# DME MAC Prepay Audits: Suppliers with Net Revenue of \$10.1M and Over Averaged Over 1,300 Audits in Q4 2015



Note: Response Rates vary by Quarter

## Percent of Audits Denied By Revenue Range in Q4 2015

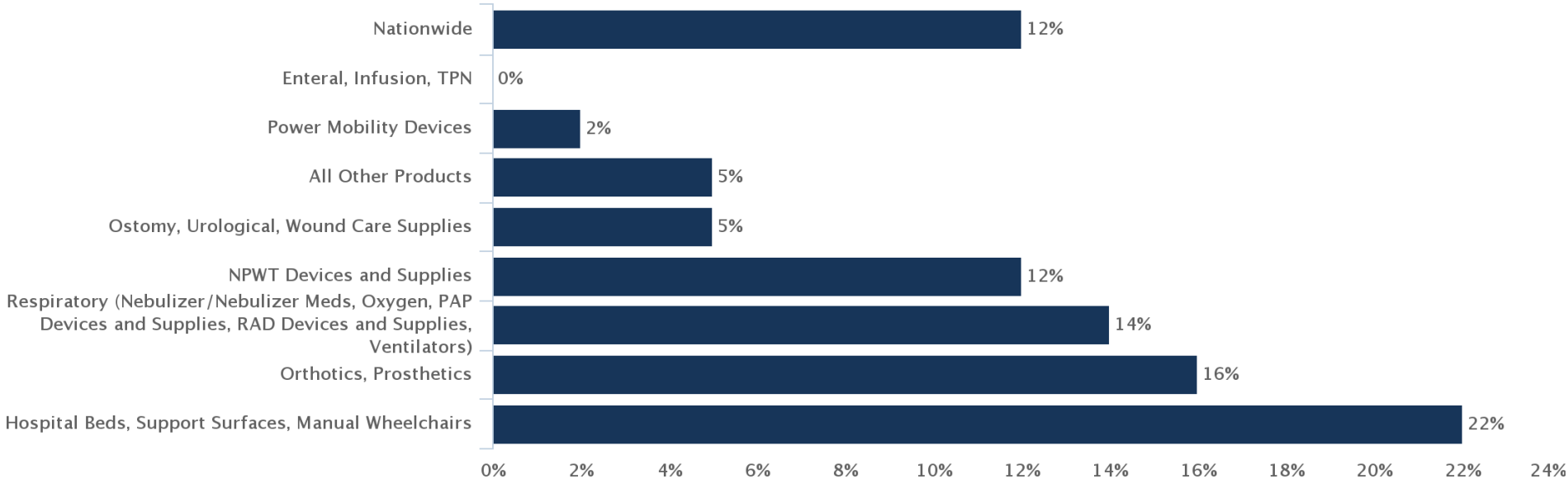
Participating Supplier Net Revenue Range	Average % Audits Denied
\$0 to \$1M	12.7%
\$1.1M to \$3.5M	23.6%
\$3.6M to \$10M	36.6%
\$10.1M and over	14.6%
Nationwide	19.0%

Interesting to note 35% increase in denials from \$0-\$1M versus \$3.6-\$10M

Note: Response Rates vary by Quarter

# DME MAC Prepay Audits: 22% 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 - Quarter 4, 2015

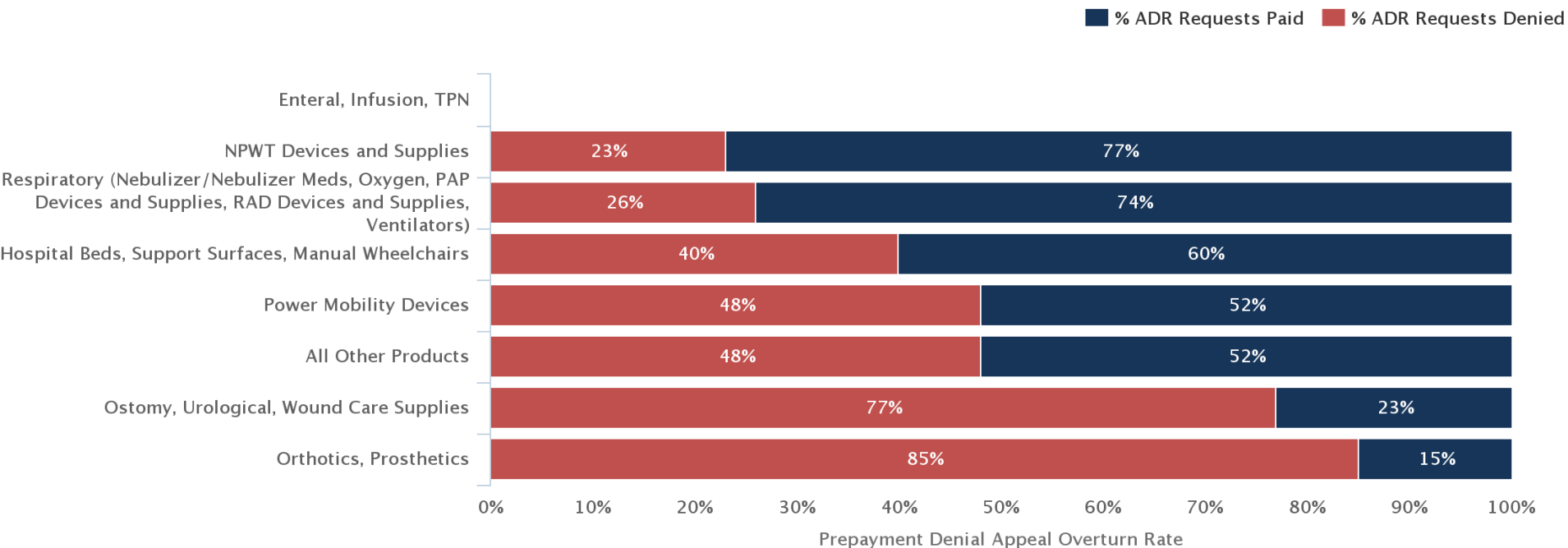


Source: <http://www.hmeauditkey.org>

Note: Response Rates vary by Quarter

# 74% of MAC Prepayment Audits of Respiratory Devices and Supplies were Paid Upon Review

Cumulative Percent of Completed MAC Prepayment Audits Denied Versus Paid Among Participating Suppliers by Product Category – Quarter 4, 2015



Note: Response Rates vary by Quarter



# Supplier Appeal Activity



# Suppliers Appealed 78% of MAC Prepayment Denials Nationwide

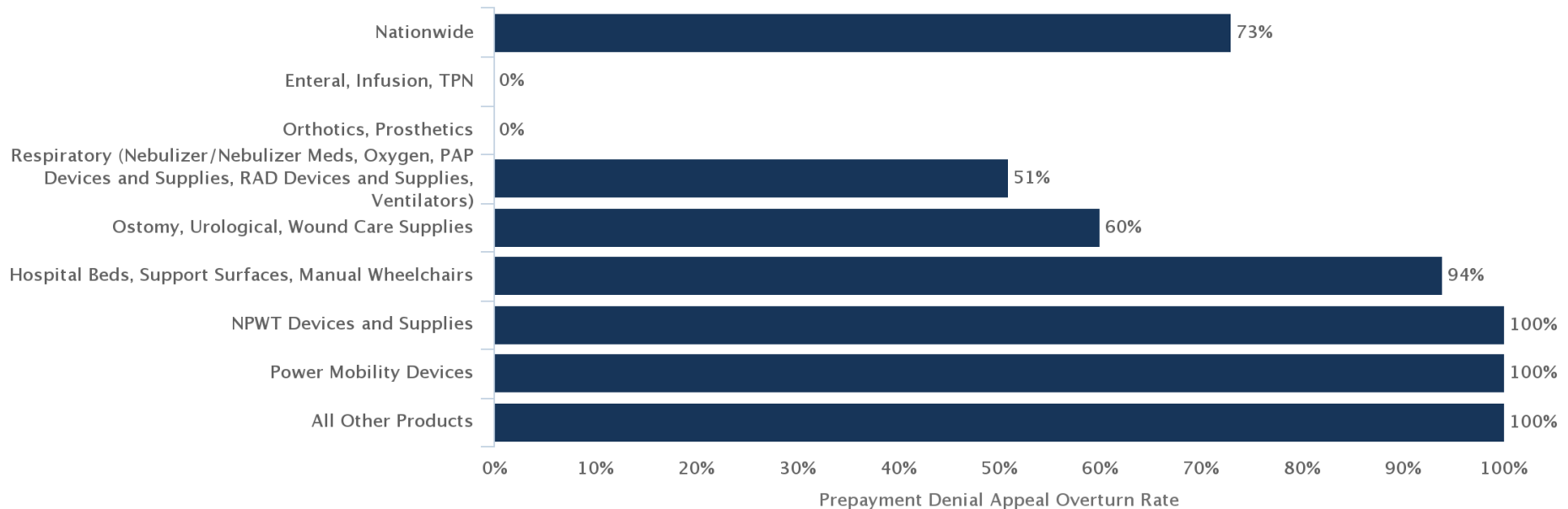
Summary of Appeal Rate by Product Category for MAC Prepayment Denials – Quarter 4, 2015

ProductCategory	MAC Prepayment Denials	% MAC Prepayment Denials Appealed
All Other Products	366	100%
Orthotics, Prosthetics	40	98%
Ostomy, Urological, Wound Care Supplies	23	87%
Hospital Beds, Support Surfaces, Manual Wheelchairs	500	75%
Respiratory (Nebulizer/Nebulizer Meds, Oxygen, PAP Devices and Supplies, RAD Devices and Supplies, Ventilators)	576	65%
Power Mobility Devices	10	50%
NPWT Devices and Supplies	7	43%
Enteral, Infusion, TPN	0	0%
Nationwide	1,522	78%

Note: Response Rates vary by Quarter

# Suppliers Appealed 100% of MAC Prepayment Denials for NPWT, PMD and All Other Products 100% of Completed Appeals Were Overturned

Summary of Completed Appeal Determinations in Favor of Suppliers\*  
by Product Category for MAC Prepayment Denials – Quarter 4, 2015



\* Includes favorable determinations at any level of appeal.

Note: Response Rates vary by Quarter



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# Spread the Word

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- We encourage suppliers to participate and encourage others to do the same.
- We encourage state associations to get their members to participate.
- We encourage industry consultants to get their clients to participate.
- We encourage vendors to develop their applications to be HME Audit Key compatible. Ability to upload CSV files and track audit and appeal activity.

***HME Audit Key is only as successful  
as we make it !***