IRF Improper Payment Risks

- **PEPPER does not** identify improper payments.
- IRFs are reimbursed through the IRF prospective payment system (PPS).
- IRFs can be at risk for improper Medicare payments due to coding errors or unnecessary admissions.
- IRF PEPPER target areas were identified based on a review of the IRF PPS, coordination with CMS IRF subject matter experts and analysis of national claims data.
Target Area

- Area identified as potentially at risk for improper payments
- Focused on admission necessity or coding issues
- Constructed as a ratio:
  - Numerator = discharges identified as potentially problematic (likely to be miscoded or admitted unnecessarily)
  - Denominator = larger reference group that contains the numerator
## IRF PEPPER Target Areas

<table>
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<tr>
<th>Target Area</th>
<th>Target Area Definition</th>
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| Miscellaneous CMGs                       | **N**: count of discharges for Case-Mix Groups (CMGs) 2001 (Miscellaneous M>49.15), 2002 (Miscellaneous M>38.75 and M<49.15), 2003 (Miscellaneous M>27.85 and M<38.75) or 2004 (Miscellaneous M<27.85)  
**D**: count of all discharges                                                        |
| CMGs at Risk for Unnecessary Admissions  | **N**: count of discharges with no tier group assignment for CMGs 0101 (Stroke M>51.05), 0501 (Non-traumatic Spinal Cord Injury M>51.35), 0601 (Neurological M>47.75), 0801 (Replacement of Lower Extremity Joint M>49.55), 0802 (Replacement of Lower Extremity Joint M>37.05 and M<49.55), 0901 (Other Orthopedic M>44.75), 1401 (Cardiac M>48.85), or 1501 (Pulmonary M>49.25)  
**D**: count of all discharges                                                        |
## IRF PEPPER Target Areas, 2

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</table>
| Outlier Payments                         | *N:* count of discharges with an outlier approved amount greater than $0  
*D:* count of all discharges                                                                                                                                                                                                                                                                                                                          |
| STACH Admissions following IRF Discharge | *N:* count of beneficiaries discharged from the IRF during the 12-month time period who were admitted to a short-term acute care hospital within 30 days of discharge from the IRF; excluding beneficiaries who were transferred to a STACH, LTCH or IRF within one day of discharge as evidenced by a subsequent claim; excluding patient discharge status codes 07 (left against medical advice), 20 (expired)  
*D:* count of all discharges excluding beneficiaries who were transferred to a STACH, LTCH or IRF within one day of discharge as evidenced by a subsequent claim; and excluding patient discharge status codes 07, 20 |