LT Improper Payment Risks

- PEPPER does not identify improper payments.
- LTCHs are reimbursed through the LT prospective payment system (PPS).
- LTCHs can be at risk for improper Medicare payments.
- LT PEPPER target areas were identified based on medical record reviews conducted by Quality Improvement Organizations, a review of literature regarding payment vulnerabilities, review of the LT PPS and analysis of national claims data.
Target Area

- Area identified as potentially at risk for improper Medicare payments.
- Focused on coding or admission necessity 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
## LT PEPPER Target Areas

<table>
<thead>
<tr>
<th>Target Area</th>
<th>Target Area Definition</th>
</tr>
</thead>
</table>
| **Septicemia**               | *revised Q4FY17* *Numerator (N):* count of discharges for DRGs 870, 871, 872  
Denominator (D): count of discharges for DRGs 193, 194, 195, 207, 208, 689, 690, 870, 871, 872 |
| **Excisional Debridement**   | *revised in Q4FY16 release*  
*N:* count of discharges for DRGs affected by ICD-9-CM and ICD-10-PCS procedure codes for excisional debridement that have an excisional debridement procedure code on the claim  
*D:* count of discharges for the DRGs |
| **Short Stays**              | *N:* count of discharges that were discharged on or the day after the short stay outlier threshold was met  
*D:* count of all discharges |
## LT PEPPER Target Areas, 2

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<tr>
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</table>
| **Short Stays for Respiratory System Diagnoses** | *N*: count of discharges for DRGs 207, 208, 177, 189, 193 that occurred on the day of or the day after the short stay outlier threshold was met  
*D*: count of all discharges for DRGs 207, 208, 177, 189, 193                                                                                      |
| **Outlier Payments**                    | *N*: count of discharges with a DRG outlier approved amount > $0  
*D*: count of all discharges                                                                                                                                                        |
| **30-day Readmissions to Same Hospital or Elsewhere** | *N*: count of index admissions for which a readmission occurred within 30 days of discharge to the same hospital or to another long-term acute care PPS hospital, patient discharge status of the index admission is not equal to 63, 91, 07  
*D*: count of all discharges excluding patient discharge status codes 63, 91, 07, 20                                                                               |
## LT PEPPER Target Areas, 3

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>STACH Admissions following LT Discharge</td>
<td>( N: ) count of beneficiaries (identified using the Health Insurance Claim number) discharged from the LTCH during the 12-month time period that were admitted to a short-term acute care hospital within 30 days of discharge from the LTCH; excluding transfers to a short-term acute care hospital or a long-term acute care hospital within one day of discharge as evidenced by a subsequent claim; excluding patient discharge status codes 07 (left against medical advice), 20 (expired)  [D: \text{count of all discharges excluding transfers to a short-term acute care hospital or a long-term acute care hospital within one day of discharge as evidenced by a subsequent claim; and excluding patient discharge status codes 07, 20}]</td>
</tr>
</tbody>
</table>
Short-stay Outliers

- Discharge occurs on or before 5/6th geometric mean length of stay for the DRG
- Hospital receives less than full long-term care hospital DRG payment
- More information is available on the CMS Web site, cms.hhs.gov