Three Basic Statistics

- Count of episodes (numerator and denominator)
- Payments (sum and average)
- Average length of stay
Percents and Percentiles

- Percents and percentiles are at the heart of PEPPER.

- It is easy to confuse these terms.

- The following slides clarify the definitions and how they relate to each other in PEPPER.
Target Area Statistics

- **Numerator** – number of episodes of care meeting the numerator definition; will not display if <11

- **Denominator** – number of episodes of care meeting the denominator definition; will not display if <11
Target Area Percents

- Target area percents are calculated by dividing the numerator count by the denominator count for each PHP for each time period, then multiplying by 100.

- Example: 60+ Days of Service:

  13 episodes with 60+ days of service at the PHP
  -----------------------------------------------
  25 episodes at the PHP

  \[ \frac{13}{25} \times 100 = 52\% \]
Percentiles

- The target area percent lets the PHP know its billing patterns.
- More useful information comes from knowing how it compares to other PHPs, which is why we calculate percentiles.
- Definition of a percentile:
  - The percentage of PHPs with a lower target area percent
Percentiles, cont.

- To calculate percentiles for all PHPs in a comparison group (nation, jurisdiction or state), the target area percents are sorted from largest to smallest for each time period.

- Example:
  - If 40% of the PHPs’ target area percents were lower than PHP A, then PHP A would be at the 40th percentile.
Percentile Calculation Example

The top two PHPs’ percents are at or above the 80\textsuperscript{th} percentile.
Review: How does PEPPER identify Providers at Risk?

- A provider’s target area percent is compared to other providers’ percents in the nation, MAC jurisdiction and state.
- If the provider’s target area percent is at/above the national 80th percentile or at/below the national 20th percentile, it is identified as at risk for improper Medicare payments.
- Compare and Target Area reports:
  - **Red bold print** – at or above the national 80th percentile for the target area