



Transcript for the Q4FY19 Hospice Program for Evaluating Payment Patterns Electronic Report (PEPPER) Review

Welcome to this review of the *Hospice PEPPER*. My name is Kim Hrehor, and I work for the RELI Group, which is contracted with the Centers for Medicare and Medicaid Services, or CMS, to develop, produce, and disseminate the PEPPERS. Today, I'm going to be discussing the newest release of the PEPPER for hospices, Version Q4FY19.

Now there have been no changes implemented in this release. What I plan to do is provide a high-level overview of the PEPPER. We'll be reviewing a sample PEPPER. And there will also be additional resources that we'll review. So let's get started.

For those of you who might be new to PEPPER, or if you need more information or have some questions after today's session, you may want to review the recorded training sessions that are available in the Hospice "Training and Resources" section of the PEPPER website. These resources will review percents and percentiles in more detail, describe how hospice episodes of care are identified, and there is a complete review of a demonstration PEPPER there. These are recorded sessions that are available in short segments that I call chapters, and so please make best use of these resources.

So what is the PEPPER? PEPPER is a comparative data report that summarizes one hospice's Medicare claims data statistics for areas that may be at a higher risk for improper Medicare payment, primarily in terms of whether the claim was correctly coded and billed and whether the treatment provided was necessary and in accordance with Medicare payment policy. We call these target areas in the PEPPER.

Now the PEPPER summarizes your Medicare claims data statistics for these areas, and it compares those — your data — with aggregate Medicare data of other providers in three different comparison groups — all providers in the nation, all providers in your Medicare administrative contractor, or MAC jurisdiction, and then all in the state. These comparisons are the first step in identifying where you might be at a higher risk for improper Medicare payments, which really, in terms of PEPPER, just means that your billing practices look different from the majority of other hospices in the comparison group.

I do want to stress that the PEPPER cannot identify improper payments. But it can alert you if your statistics look unusual, so then you can determine if you want to take a closer look to determine if there is something that you should be concerned with.

Now PEPPER has been available for a number of years. It was originally developed in 2003 for short-term acute care hospitals and, a few years later, for long-term acute care hospitals. At that time, the PEPPERS were made available through the state Quality Improvement Organizations.

Then TMF made some changes to the contract, to the program, in 2008. And starting in 2010, TMF Health Quality Institute began distributing PEPPERS to all providers in the nation, and then, over the next few years, developed PEPPERS for other provider types. And you can see that the *Hospice PEPPER* has been available since 2012.

Now in 2018, the CMS made some additional changes to the PEPPER program. They combined the PEPPER program with the Comparative Billing Report program into one contract. And now the RELI

Group, along with its partners, TMF and CGS, are producing CBRs and PEPPERS for providers across the country.

For those of you who are not familiar, CBRs summarize primarily Medicare Part B claims data, and the PEPPERS summarize primarily Medicare Part A claims data. And both of these reports are educational in nature and help highlight potential improper Medicare payments.

So why does CMS feel that the provision of PEPPERS to providers is supportive of their agency goal? Well, CMS is mandated by law to protect the Medicare Trust Fund from fraud, waste, and abuse. And CMS employs a number of strategies to meet this goal, such as provider education, data analysis, and early detection through medical review, which might be conducted by the Medicare administrative contractors, recovery auditors, or other federal contractors.

The provision of PEPPERS to providers supports these strategies. PEPPER is an educational tool that can help providers identify where they might be at a higher risk for improper payments so they can proactively monitor and then take preventive measures if necessary. I'll also mention that the Office of Inspector General, or OIG, encourages providers to have a compliance program in place to help protect their operations from fraud and abuse.

An important piece of a compliance program is conducting regular audits to ensure that charges for Medicare services are correctly documented and billed and that those services are reasonable and necessary. The PEPPER supports the auditing and monitoring component of a compliance program.

So let's talk now more specifically about the newest release of the PEPPER for hospices. This is version Q4FY19, which means that it summarizes Medicare claims data statistics through the fourth quarter of fiscal year 2019. This version of PEPPER summarizes statistics for the three federal fiscal years 2017, 2018, and 2019. And remember, the federal fiscal year starts October the 1st, and it runs through September the 30th of the following year.

So this *Hospice PEPPER* will summarize the hospice episodes of care for the claims ending in or the days provided for claims ending in these respective fiscal years. So as you're looking at your statistics, remember, the episodes are ending in these fiscal years, or the claims have a through date, or the days were provided on the claims in these fiscal years.

Also, each time our team produces a PEPPER, we download the Medicare claims data for all of the time periods that are included in this release of the PEPPER. So all of the statistics are refreshed. If you're looking at your Q4FY18 PEPPER and comparing it with your newer PEPPER, it certainly is possible that you will see some slight changes in numerator or denominator counts or other statistics in your PEPPER. Please keep in mind that any late claims that were submitted, any corrected claims, those types of things, will be reflected in the new data, in the refresh data. And so you can expect to see some slight changes from one release to the next.

One other note I want to make is that, starting this year, the Medicare Care Choices Model claims are excluded now from the *Hospice PEPPER*. Previously, those claims were not excluded from the *Hospice PEPPER*. So those hospices that are participating in this model will probably see some additional changes in their claims data. So the Medicare Care Choices Model, the MCCM, those claims are now excluded

from all three time periods in the PEPPER. And of course, for each PEPPER, when we produce a new release, the oldest fiscal year rolls off as the new one is added.

So let's talk about improper payment risks that are pertinent for hospices. Hospices are reimbursed through the Medicare Hospice Benefit, which requires the beneficiary to elect the level of care or the hospice benefit. There is a risk for inappropriate beneficiary enrollment in the Medicare Hospice Benefit, and there's also abuse of the Medicare Hospice Benefit, as well as the four different levels of hospice care.

These target areas in the *Hospice PEPPER* were identified, first of all, by reviewing the Medicare hospice payment system and through coordination with CMS subject matter experts. Over time, we review reports identifying improper payments, which might be produced by the OIG or other CMS contractors, by MedTech, and we also conduct national level data analysis.

We do assess the target areas each year. And as new risks are identified, the target areas certainly do change. And they may continue to change over time as we continue to evaluate areas that are at risk for improper payments.

I also like to mention that there are improper payments that are measured by the Comprehensive Error Rate Testing contractor, the CERT contractor. They conduct random reviews to estimate improper payments across all provider types for CMS, and they publish a report each year.

According to the CERT Medicare Fee-for-Service Improper Payments Report from 2019, hospices had an overall projected improper payment rate of 9.7%, with \$1.8 billion in projected improper payments. So if you're interested in getting more information about the CERT findings and previous year CERT reports, you can find those reports on the CMS website at cms.hhs.gov/cert. That's C-E-R-T.

In the PEPPER, we calculate statistics for these target areas, which are essentially areas that have been identified as at a higher risk for improper Medicare payments, which could be due to coding or billing errors, or maybe there are unnecessary services. In the PEPPER, we calculate or construct these target areas as a ratio, where the numerator represents a number of episodes or claims or days that have been identified as potentially problematic, and then the denominator is a larger reference group that allows us to calculate a target area percent.

Now for those of you who are familiar with the *Hospice PEPPER* since we developed it back in 2011, you'll remember — I'm sorry, 2012 — you'll remember that the PEPPER started out with two target areas, live discharges and long lengths of stay. And there have been a number of additional target areas that have been added over time. And here is a listing of the target areas that are currently included in the *Hospice PEPPER*.

We now have three target areas that look at live discharges in several different ways. We still have the *Long Length of Stay* target area. The next four target areas — *Continuous Home Care Provided in an ALF*, then we have three target areas looking at routine home care in a number of settings — those target areas were added a few years ago after an OIG study came out with some findings of financial incentives to provide care to beneficiaries that are residing in some of these different settings of care. So we do have those four target areas that monitor those concerns.

We also have a target area that looks at claims with a single diagnosis coded. CMS has always encouraged providers to not only include the terminal diagnosis on the claim, but any other concurrent diagnoses for which the beneficiary is receiving care. And I will say that the hospices have done a much better job over the past few years, including all of those additional diagnoses when they are appropriate. We've got a target area that looks at episodes where there is no GIP or CHC provided, and then also long GIP days.

Now I mentioned that we construct our target areas as a ratio. And here are a couple of examples to help you think about how these are put together. For the live discharges, no longer terminally ill target area, we have a numerator where we're counting the beneficiary episodes where the beneficiary was discharged alive. We are excluding beneficiary transfers, revocation, instances where the bene was discharged for cause, or benes who moved out of the service area. Those episodes formulate or total up for the numerator are counted in the numerator for this target area.

Then, in the denominator, we're looking at all of the beneficiary episodes discharged by death or alive during that report period. So when we calculate the target area percent for these target areas, we divide the numerator by the denominator, and then we multiply by 100. And we'll take a look at that when we get to the sample PEPPER. The *No GIP or CHC* target area in the numerator, we're looking at the episodes that had no GIP or no CHC, and the denominator is the count of all bene episodes discharged by death or alive.

Now most of you using the target area definitions can probably calculate your own target area percents for these target areas. The value of the PEPPER comes in using the percentiles, which help give us context to understand how our target area percent compares to those of other hospices in the nation, in the jurisdiction, and in our state.

Here on this slide, I have a ladder example, and I'm going to explain how we calculate the percentiles in the PEPPER. So for a target area, let's just say live discharges, no longer terminally ill, we take the target area percents for all of the hospices in the comparison group. So let's say we're looking at all hospices in the nation.

We take those target area percents for a time period, and we sort them from highest to lowest. And you can see that example on the slide here. They're sorted highest to lowest. And then we identify the point below which 80% of the hospices' percents fall. And the target area percent that is at that point is identified as the 80th percentile.

Hospices that have a target area percent that is at or above the national 80th percentile will be identified in the PEPPER as a high outlier, and they will see their target area percent displayed in red bold font. This is simply telling us that the hospice has a target area percent that is greater than the majority of other hospices in the nation. In the *Hospice PEPPER*, again, we identify as outliers providers who are at or above the national 80th percentile.

This is a good point for us to move to a sample PEPPER. Here on your screen, you are looking at the first page of a *Hospice PEPPER*. The PEPPER is a Microsoft Excel workbook. And you will navigate within the PEPPER by clicking on these worksheet tabs along the bottom of the screen.

When you open your PEPPER, it opens to this first page, the purpose page. And on row eight, you're going to see your six-digit CMS certification number. And then here, you'll find your provider name. Below that, you'll see the statement that identifies that this report summarizes the most recent three federal fiscal years through the fourth quarter of fiscal year 2019.

Down here, you will see your hospice's jurisdiction comparison group. The MAC jurisdiction represents all of the hospices that submit their claims to the same Medicare administrative contractor as you do. And so your MAC jurisdiction will be identified here.

On the next tab, we include the complete target area definitions for the numerator and the denominator for all of the target areas that are included in the PEPPER. So if you're looking in your PEPPER, and you're trying to think, what does this numerator represent, what does the denominator count represent, you can flip over to the Definitions tab and find these complete definitions.

The next report is called the Compare Targets Report. And I like to call this the heart of the PEPPER. It is the only place in the PEPPER where you will be able to see your statistics for all of the target areas all on one page. Now it is only limited to the most recent fiscal year, so this one is for fiscal year 2019. And also, if there are any of the target areas for which you do not have sufficient data to generate statistics, then those target areas will not be displayed on this report if there is not reportable data for fiscal year 2019.

Let's have a quick review of this report. Here's the target area name. This is live discharges, not terminally ill. There's a brief description of the target area numerator and denominator. Here we see the numerator count, the target count. So this tells us there were 48 episodes where the bene was discharged alive, excluding those different instances that we covered during the target area review.

When we compare the numerator to the denominator, which is not on this report, but I'll show you in just a moment where you'll find the denominator, we can see that our hospice has a live discharges, not terminally ill target area percent of 10.8%. But we really don't have a way to compare or figure out how our hospice compares to others along that distribution. Thinking about that ladder from highest to lowest, where might our target area percent fall? That's where these percentiles come in so handy.

We can see that our hospice is at the 66.6 national percentile. This tells us that 66.6% of all hospices in the nation have a lower target area percent than we do. So again, thinking about that ladder, our target area percent is approximately 2/3 of the way from the bottom, or, looking at it from the top, about one third from the bottom. 66% of the hospices' target area percents fall below us. So that helps us understand where in that distribution we fall.

When we're comparing ourselves to all hospices in the jurisdiction, we are at the 68.1 jurisdiction percentile. So 68.1% of the hospices in the jurisdiction have a lower target area percent than we do. And then, when we're looking at all hospices in the state, we're at the 58.9 state percentile. So 58.9% of the hospices in the state have a lower target area percent than we do. So this is a way to help give us some context about and understand where in the distribution our target area percent falls.

This last column here, the Sum of Payments, represents the total amount of Medicare reimbursement that our hospice received for these numerator episodes. Now if the hospice has a national percentile of

at or above 80, then their target area percent will be displayed in red bold font, as here. We can see that this hospice is a high outlier for the routine home care in nursing facility target area. Their target area percent of 45.8 places them at the 84.8 national percentile.

So thinking about that ladder distribution, we're closer to the top. 84.8% of the hospices in the nation have a lower target area percent than we do. So that tells us that we are a high outlier in the PEPPER. This is also the only place in the PEPPER where you will see your hospice's exact percentiles. They are only included on the Compare Targets Report.

Let's move on to review a Target Area Report. Each of the target areas has a worksheet tab in the PEPPER that will display your statistics. For the graph, your hospice's target area percent will be displayed as these three blue bars. So you will be able to see how your target area percent might be changing over time, and you can also see how it compares to the 80th percentile for the nation, which is the solid line, jurisdiction, which is the dashed, and state, which is the dotted line.

Below the graph are the numbers behind the graph. We can see here, this is our numerator count over the three fiscal years. Here's where we'll find the denominator. Numerator divided by denominator times 100 gives us these target area percents. These are the values that are graphed up here in the graph.

And then we also have information that's informational in nature — the average length of stay for the numerator episodes, the average length of stay for the denominator episodes, the average payment, average amount of Medicare reimbursement for these numerator episodes, and the total amount of Medicare reimbursement for these numerator episodes. Now all of these statistics are not necessarily calculated for each of the target areas. But we do calculate these values when the information is available for us to do so.

Below the hospice's data table is the comparative data table, which identifies the target area percent that is at the 80th percentile for nation, jurisdiction, and state. And these are the values that are graphed up here as these three trend lines.

And lastly, each of our Target Area Reports includes at the very bottom suggested interventions if you are above the 80th percentile. What could this mean, and what might you decide to look at if you were going to review a sample of cases? The suggested interventions are on each of the worksheets, and they're also found in the PEPPER User's Guide.

So as we look at each of these target areas, you might see some where your target area is empty, as this one is in this sample PEPPER. This simply means that the numerator count was less than 11, and in that instance, we are not able to calculate statistics. So if you see a target area report that has missing values for either one or two or all, as in this instance, of the time periods, it is because your hospice does not have sufficient data to generate statistics. And there is nothing to be concerned with in that instance. It just means you have low volume.

All of these Target Area Reports are formatted in the same way. So once you get used to looking at them, it's fairly simple to interpret the findings there. The vast majority of hospices will not have reportable data for this target area, CHC in an ALF, routine home care in an ALF.

You can see here that this hospice has very low target area percents, and you can also see there is a large difference in the 80th percentile for state, jurisdiction, and nation. And we have heard that there are some licensing requirements in some states that require some of these facilities to be licensed in a certain way, either as an ALF, as a nursing facility or a SNF. And so sometimes, that can affect a provider's target area statistics.

For example, here, this provider is a high outlier for *Routine Home Care Provided in a Nursing Facility*. They were very low for routine home care in an ALF. And if we take a look at routine home care provided in a SNF, there isn't any. So it's important for you to think about some of these instances. And when you have high outlier status for *Routine Home Care Provided in a Nursing Facility*, if you're in one of those states that requires these settings to be licensed as a nursing facility, you may expect this to be the outcome.

I think the important thing about looking at your statistics in the PEPPER is to ask yourself, are these statistics in line with what I expect to see? Is there something that I should be concerned with? If you see drastic changes over time, think about if there's been some change in your patient care, your population, your referral sources. Sometimes changes in coding and billing staff can also affect your statistics. So think about all of those factors that could be reflected here in your PEPPER data.

This hospice has shown a continuing decrease in the number of claims that have only a single diagnosis coded. So that's a good thing. No GIP with CHC, no GIP or CHC. Provider has a high target area percent. Long GIP stays.

We also have a couple of supplemental reports in the *Hospice PEPPER*. This one summarizes the top terminal CCS categories, clinical classification software diagnosis categories, for the most recent year — fiscal year — for your hospice. And so this will show you, for each of these diagnosis categories, how many decedents you have for each category, the proportion of decedents to total, and then your average length of stay here. We have the same information summarized at the jurisdiction level. And then there is hospice live discharges by type.

Now this report summarizes all three fiscal years, and it will identify for you the total number of episodes for live discharges, no longer terminally ill, for those that moved out of the service area, bene transfers, revocations, discharge for cause. Also tells you the proportion of live discharge episodes and then your average length of stay.

And just note that here, this is the proportion of all episodes ending by death or alive. And so this is for your hospice, and then they have this information summarized at the jurisdiction level. Again, these are supplemental, and they don't have any impact on your outlier status. They're really more for your information.

OK, let's go back to the presentation. As I had mentioned, the comparison groups in the PEPPER — and we just reviewed how those are reflected in the PEPPER — we do have three of them. One is all hospices in the nation, the other is all hospices in the MAC jurisdiction, and then all hospices in the state. So this is how we construct those comparison groups.

A lot of times, I'm asked about whether providers have to use their PEPPER if they need to take any action or submit any reports to CMS in response to their PEPPER statistics. And the answer is no. You are not required. You're not required to use the PEPPER. You're not required to take any type of action regarding the statistics or the findings in your PEPPER.

But I do encourage providers to remember that there are other contractors out there that are looking through the Medicare claims data. They might be looking to identify providers who could benefit from some education or perhaps from a focused medical review. And so one of the benefits of the PEPPER is it can give you an alert when your statistics look different from other providers. And that way, you can have a heads-up.

So you will know if there's something — that you look different. You'll have an opportunity to think about why that might be, what could be the contributing factors, and if there's anything that you should be concerned with. So I would encourage you to use the PEPPER to examine how your billing statistics compare to others and take advantage of this free comparative report that's provided by CMS.

How do you obtain your PEPPER? PEPPER is distributed annually in electronic format, and it's available through the PEPPER Portal. You will visit the PEPPER website. Click on that PEPPER Distribution tab. There are instructions there that you should review if you're new to accessing your PEPPER. We will include or maintain each PEPPER availability for approximately two years from its original release date. And we are not able to send the PEPPER by email.

When you come to the portal, you will need two pieces of information. You will need your six-digit CMS Certification Number or PTAN. You will also need a Patient Control Number or a Medical Record Number from claim for a traditional Medicare Fee-for-Service beneficiary who received services between July 1 and September 30 of 2019.

This is used as a validation code to help ensure that the PEPPER is only made available to the hospice for which it belongs. We do update these validation codes for each release, and so just keep in mind that the validation code that you used last year will not work this year.

I do want to give you a heads-up that our team has been having some internal discussions, and we may be modifying the validation code at some point in the future. We are considering emailing a validation code to the contact that is listed in the Provider Enrollment, Chain and Ownership System, or PECOS, or to the contact in the National Plan and Provider Enumeration System, NPPES. So this would be a good opportunity for you all to ensure that your contact information in those systems is complete and current.

Now once you receive your PEPPER, and let's say you see a lot of red in there, what should you do? First thing, what you should not do is panic. Remember, outlier status does not necessarily mean that compliance issues exist. By design, 20% of the providers are always going to be identified as an outlier for each of the PEPPER target areas.

But if you are an outlier, I want you to think about why that might be. Again, do the statistics in your PEPPER reflect what you know, given your operation, your patient population, referral sources, your external health care environment, any changes in services or staffing?

If you have any concerns, sample some claims. Make sure the documentation in the medical records supports the services that were submitted. Review the claim, and ensure it was coded and billed appropriately based upon the documentation in the medical record. The bottom line is to ensure that you're following the best practices, even if you're not an outlier.

I'll spend a few minutes now just reviewing some of the aggregate information that's available on the website for all to access and utilize. Following each release, we assemble national level and state level data that are available on the PEPPER.CBRPEPPER.org website on the data page. These information include aggregate data for each of the target areas as well as for those two top reports in the PEPPER, the top terminal diagnoses and the live discharges by type. We update these annually following each report release.

We also make available peer group bar charts. And this helps allow the providers to compare their statistics to the group that they might consider would be their peers. For each of the target areas, the peer group bar chart will show you the 20th, the 50th, and the 80th national percentile for all hospices in the nation in three different categories. We look at size, which is based on number of episodes, location, which is either urban or rural, and ownership type. That would be for-profit or physician-owned, non-profit or church-owned, or government.

The peer group bar charts are updated annually. There are a couple of additional documents that give you more information about how these were put together and which group your hospice is categorized in. That would be the Methodology and Hospices by Peer Group.

If you disagree with your ownership type or your location, please contact your CMS Regional Office Coordinator. These information are obtained through the CMS Provider of Services file, which is maintained by the CMS Regional Office Coordinator.

And this is just a look at what the peer group bar charts look like. At this time, you can see that for each of these categories, we have the 80th percentile, the 20th, and the 50th percentile. And you can see that for some of these categories, the 80th, 50th, and 20th percentiles are very different for some of these categories within the variable. I should also mention that right now we're working on reformatting these peer group bar charts. So the look and feel might vary from what you're seeing here.

Some other resources on the PEPPER.CBRPEPPER.org website include the *Hospice PEPPER User's Guide*. There's a spreadsheet out there that identifies the number of hospices in total and by state for each of the jurisdictions. We also have those recorded PEPPER training sessions. There is a sample *Hospice PEPPER* out there, some other resources, as well as success stories. And those success stories are really nice. I encourage you to take a look at those. And if you have a success story, please consider submitting one.

If you have questions or need assistance with your PEPPER, please contact us through our Help Desk. We have a online Help Desk through our website. There's the Help/Contact Us tab. You complete a form, and a member of our team will reach out promptly to assist you.

So if you're having trouble accessing your PEPPER, please contact us. We want you to get your PEPPER. We don't want you to become frustrated. So if you're having a hard time accessing your PEPPER, contact

us. If you have a question about using your PEPPER or the data in your PEPPER, again, contact us through our Help Desk. And please do not contact other organizations for assistance with PEPPER.

This is a screenshot of the home page of the PEPPER website. The arrow there in the middle of the screen is pointing to the Hospice section, where you can see from the home page direct access to the User's Guide, to the "Training and Resources" section, to the PEPPER Distribution page. And also, there is a map of *Hospice PEPPER* retrieval that is available. I want to thank you for participating today. I hope you have a wonderful day.