Transcript for the Q4FY20 *Inpatient Psychiatric Facility (IPF) Program for Evaluating Payment Patterns Electronic Report (PEPPER)* Review

May 6, 2021

I would like to thank you all for joining us today for our review of the Q4FY20 *Inpatient Psychiatric Facility PEPPER* review. My name is Annie Barnaby. I work for RELI Group, Inc. We at RELI Group are contracted with the Centers for Medicare & Medicaid Services (CMS) to produce and distribute the PEPPER reports.

Our agenda today includes a review of the most recent release of the PEPPER for Inpatient Psychiatric Facilities. The Q4 FY20 PEPPER that was released in early April 2021. I will share a sample PEPPER with you so we can see what the PEPPER file looks like and what the data shows us. We will also be reviewing some other resources, including the national and state level data and peer group bar charts. So let's get started.

Today's presentation will be a high-level review of the PEPPER. So, if you're familiar with PEPPER, this will be a nice refresher, but if you're new to PEPPER, you might still have questions at the end of the session. We have resources available to you to help if you do have questions. These resources can be accessed through the PEPPER website in the “Training & Resources” section. And our website is PEPPER.CBRPEPPER.org.

Let's start at the very beginning, what is PEPPER? PEPPER is an acronym that stands for Program for Evaluating Payment Patterns Electronic Report. A PEPPER is a comparative report that summarizes one hospital's Medicare claims data statistics for areas that might be at risk for improper Medicare payments. Primarily in terms of whether the claim was correctly encoded and billed and whether the treatment provided to the patient was necessary and in accordance with Medicare payment policy. In the PEPPER, these areas that might be at risk are called target areas. The PEPPER summarizes your hospital's Medicare claims data statistics for these target areas and compares your statistics with aggregate Medicare data of other facilities in three different comparison groups. These comparison groups are all facilities in the nation, all facilities that are in your MAC jurisdiction, your Medicare Administrative Contractor jurisdiction, and all facilities that are in your state. These comparisons are the first step in helping to identify where your claims could be at a higher risk for improper Medicare payments, which in the PEPPER world means that your billing practices are different from most other providers in the comparison group. I do want to stress that the PEPPER cannot identify improper payments. The PEPPER is a summary of your claims data and can help you identify or alert you if your statistics look unusual as compared to your peers. But improper payments can only be confirmed through a review of the documentation in the medical record along with the claim form.

Taking a look at the history of the we can see that the program began back in 2003. TMF Health Quality Institute developed the program originally for short term acute care hospitals and later for long term acute care hospitals. In 2010 TMF began distributing PEPPERs to all providers in the nation and along the

way they developed PEPPERs for other provider types, which you can see on this slide here. Each of these PEPPERs is customized to the individual provider type with the target areas that are applicable to each setting. Then in 2018 CMS combined the Comparative Billing Report or CBR and the PEPPER programs into one contract, and the RELI Group and its partners, TMF and CGS, now produce CBRs and PEPPERs.

While the CBR has summarized the reports for Medicare status, these are provided for providers across the spectrum that help to educate providers that are prone to improper Medicare payments. So why does CMS feel that these reports are valuable and support other agency goals? CMS is mandated by law to protect the Medicare Trust Fund from fraud, waste and abuse and they employ several strategies to meet this goal such as data analysis activities, provider education and early detection through medical review, which might be conducted by the Medicare Administrative Contractor, a recovery auditor or some other federal contractor. The provision of PEPPERs to providers supports these strategies. The PEPPER is considered an educational tool that can help providers identify where they could be at a higher risk for improper payments. The providers can proactively monitor and take preventive measures if necessary. I should 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 that auditing and monitoring component of a compliance program.

Now that we have a sense of the history of the PEPPER program and why it was created, let's talk specifically about the newest release of PEPPER, Q4FY20. Again, the PEPPER only summarizes Medicare fee for service Part A claims data and does not include any other provider types such as Medicare Advantage claims. Every time that a PEPPER is produced and released, the statistics are refreshed through the claims data base. Therefore if you're looking at a previous release of the PEPPER and comparing it to this release, you probably will see some slight changes in your numerator or denominator, your percentile, those types of things. That could be because there are late claims there are submitted or corrected claims which would both be reflected in the updated statistics. Any time we produce a report, the oldest fiscal year rolls off as we add the new one.

Let's now talk about the improper payment risks that are pertinent to IPFs. IPFs are reimbursed through the IPF prospective payment system, PPS. The primary risk that we focus on in PEPPER relates to coding errors or unnecessary admissions. Those of you who have been working with PEPPER for a long time know that there have been changes in these target areas over the years and some significant since we started producing the reports in 2003. The original target areas were identified primarily from information based on a review of the IPF PPS coordination with CMS IPF subject matter experts and analysis of national claims data. The target areas are evaluated every year so that we can ensure that all the target areas included in the report remain applicable and beneficial. Market areas are constructed as ratios and expressed as percents. The numerators represent discharges that are identified as problematic and the denominator generally includes all discharges, that larger reference group. Target areas generally include in the numerator the discharges that have been identified as prone to DRG coding areas and the denominator includes these discharges as well as a larger comparison group.

Here you can see a list of some of the *IPF PEPPER* target areas. We have *Comorbidities*, *No Secondary Diagnosis* and *Outlier Payments*. And continuing on, we have *3- to 5-Day Readmissions* and *30-Day Readmissions*. So, as we look at each of these target areas, you can see what we just talked about. You can see the numerator identified here and then the denominator identified here.

And if we go to *No Secondary Diagnoses*, the numerator here is the count of discharges with no secondary diagnosis codes, so that's a specific area that might be prone to improper payments. Then the denominator is the count of all discharges. So, you can see what we just talked about that numerator is a small group and then the denominator is a larger group that includes that numerator count.

If you're looking for more information regarding *Comorbidities*, you can find some downloads on the TMF site. The page is listed here for your reference and the handouts are available on the Webex invite and you can find the handouts on the PEPPER website as well so you don't have to feverishly write that site down. Those are listed for you on the handouts.

The PEPPER deals with percentiles when we use the comparisons in the PEPPER. So how do those percentiles work? This slide can help us to understand how the percentiles are calculated. This ladder image is a great representation of how we do that. Next to the ladder is a list of the target area percents sorted from highest to lowest. So those target area percents that you're seeing there are the outcomes for each of the providers, each PEPPER recipient has an outcome for each of those target areas. So within a target area we take all of those provider outcomes, all of those provider outcome percents and the first thing first step our team takes when we calculate your hospital's percentile is to take all of the target area percents for a target area in a time period. We take the target area percents for all the hospitals in the nation and then we sort them from highest to lowest. And that's what the ladder represents. You can see the percents listed from highest to lowest down the ladder. So those are all the provider outcomes again listed from highest to lowest for a specific target area for the listed time period. Next we identify the point below which 80% of those hospitals fall. And that point is identified as the 80th percentile. You can see it right there. So any hospitals 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. A high outlier is identified in the PEPPER target area tab data by red bold font and we'll see that in just a moment. A high outlier outcome could potentially mean over coding or it could just mean that your statistics look different for a justifiable reason. On the flip side, we also identified the point below which 20% of the hospital's values fall, which is the 20th percentile. It is important to remember when we're talking about percentiles that the PEPPER always identifies the top 20% as high outliers in the PEPPER and for the coding focus target areas, the bottom 20% for low outliers. These percentiles are a good way to get some context and think about how our target area percent compared compares to other hospitals in the nation or in the jurisdiction or in the state. This content can help you think about whether that difference is what you would expect to see or if there's something that perhaps we should be concerned with. I'm going to go to our sample PEPPER now so we can see in an actual document how all of this data is presented.

Here we have the sample PEPPER—excuse me there, sorry about that. As you can see, it is presented in Excel format and along the bottom here we have tabs that will provide us either information or the data for our facility for our IPF for each of the target areas. We start with this first tab, the Purpose tab. This

tab is going to give us a bit of an introduction that is how I think of it. It tells us information about the PEPPER, it lists our provider number, it lists our jurisdiction area, it tells us the version of the PEPPER that we're looking at, always good to double check that.

And then moving on from the Purpose tab, moving to the Definitions tab, we saw on our slides when we were looking at the target areas how each of those target areas is calculated. What I love is that the PEPPER provides that information for you on this Definitions tab. So if you're ever looking throughout the PEPPER for more information, you're looking at the data for your IPF and you think, wait a minute, what is included in this numerator? What's included in this denominator?

The Definitions tab is right in the report for you and you can see the explanation for all of the target areas is listed here. It's very handy.

The Compare tab, the next tab, the Compare tab, displays statistics for the target areas only that have reportable data. Now, reportable data in this PEPPER's case in the *IPF PEPPER* is 11 or more target discharges. So the target discharge would be the numerator for each of those target areas. If an IPF does not have 11 or more target discharges, 11 or more in that numerator spot, then they're not going to have data in the PEPPER and therefore on this Compare tab for that target area. It doesn't mean that anything is wrong. It doesn't mean that there's a glitch in the PEPPER reporting. I get those questions sometimes too, but it's not something to be alarmed about, it's simply that that is the threshold that we've set, 11 or more target discharges.

The data that we're seeing on the Compare tab is how this IPF sample provider target area percent compares to the target area percents for all IPFs either in the nation, in the jurisdiction or in the state. So we can see in *Comorbidities* the national percentile is listed here. So that means that this jurisdiction, the national percentile is listed as 29.4%. That means 29.4% of the IPFs nationally have a lower percent value than this IPF and the jurisdiction in the state should be looked at in the same manner. So we can see again that's a little bit of a step back for the data and looking at where you fall within the as a comparison with the other IPFs in the state, in the jurisdiction and the nationwide. And if we see a higher percent value here, particularly in the national or in the jurisdiction percentile columns, the greater the consideration should be given to that target area. So if we see high numbers there we want to take a look and see why.

Our next tab starts in on each of the target areas. As I said, each of the target areas does have its own tab here. The Other tab, the other target areas are going to be set up exactly as this target area on the PEPPER is set up. And I won't walk you through all of them because that would be very boring, but I am going to just take a walk through this target area so that we can see the formatting, how each of these data tabs is set up. We start with your facility information. And you can see fiscal year 2018, 2019 and 2020 are listed here because this is Q4FY20 PEPPER so those are the three years that are included in this PEPPER. First up is the outlier status. We can see that this IPF was a low outlier in 2018, a low outlier in 2019 and then not an outlier in 2020. So perhaps this sample provider, and these are made up numbers. We're not looking at a specific provider, just to let everyone know. We can see that this sample provider perhaps took a look at this *Comorbidities* target area internally and did some review and because of that review and perhaps because of some changes they made due to that review, they became not an outlier in this final year of this PEPPER.

The target count and the denominator count are listed. These are the numerator and denominator that we are looking at for the calculations for the target area. So it does give you the raw data that you can look at and say I see my outcomes, what is the numerator, what is the denominator, what are those exact numbers? We supply you with all that information. We also supply the target average length of stay. Again, when you see the word target, you are going to think of numerator because it is a target area and those numerators are the area that we are targeting. We offer the data for each of the years for the average length of stay for those discharges that were—excuse me, for the numerator count and then for the denominator count as well. And we look at the average payments and the sum of payments for the numerator. It really is a fantastic snapshot and so much information in such a small area. Of course, the PEPPER itself is a very large file and there is a lot of information across all of these tabs.

But even just for each tab, we have anything that you could really ask for when we're looking at the data and the calculations. I think that's kind of cool. Underneath your facility information, we do have the comparative data. So we're looking and we're seeing, what is that 80th percentile for the nation for the jurisdiction, for the state? What is that 20th percentile for the nation, the jurisdiction and the state?

When we look at that 80th percentile, 20th percentile, we want to think back to that ladder, we want to think back to all of the outcomes listed from largest to smallest. Think of those lines being drawn. So when we draw that line across that ladder, across that list of those outcomes for each IPF, for all of the IPFs, that line in 2020 for the national 80th percentile is drawn through the percent outcome of 36%. Underneath that in case you are more of a visual person like me and you would rather see or it helps you to see this data plotted out on a graph that is provided for you. We have each of the fiscal years, of course. These bars are representative of the facility's outcome for this target area for each of the fiscal years. Also, we have the national 80th percentile, jurisdiction, state, all through the 80th percentile. And the same for 20th percentile as well.

Go back up here for just a moment. We can see that again in 2018 and 2019 this IPF was a low outlier for the for this target area. So let's take a look. And instead of red bold font, which would indicate the 80th percentile, this is in green bold font which represents that 20th percentile. So if we look here, the target area percent for FY2018, let's just take a look at it. You can see that plot point for these—this data on the graph is within that provider. So it again a visual representation of the chart that is above on the PEPPER.

Not only does each of these tabs give you information about your target area data, your target area results, the comparative data, a graph, it also offers suggested interventions for both the high outliers and the low outliers. It says here, if you are a high outlier, what is the suggested intervention? I have all this data now. What can I do with it? How can I review to make a change and to take a look? And it says right here, this could indicate potential over coding. A sample of medical records with *Comorbidities* coded should be reviewed to determine whether coding areas exist. And then there's another suggested intervention for low outliers. Again, each of the tabs is its own little report, and each of those tabs does reflect a specific target area.

You can use each of those tabs and then of course the Compare tab, to get a full picture of your IPF for each PEPPER release. So if we click through, we can see as we mentioned that if that target or denominator count is less than 11, the information is going to be suppressed and you're going to see no

data. So as I said, if you see that on your IPPE PEPPER it's nothing to be alarmed about and it's nice to see that this IPF does fall into that category. So we can see what it looks like when those target thresholds are not met. It just says no data. The same thing for the *Outlier Payments* target area. The *3- to 5-Day Readmissions* tab lists the information that we just went through, all that information, all that data for *3- to 5-Day Readmissions* target area. And then the same of course for *30-Day Readmissions*. And we can see pretty easily it jumps out at us and it's meant to, that this IPF is a high outlier for FY2020.

At the end of the list of the tabs here you can see it is there's one that is listed top DRGs. This is the top DRGs for this facility, for this IPF for the most recent fiscal year. You can see it listed here. Alcohol, drug abuse or dependent. So the information that is listed for the DRGs again is this facilities top submitted DRGs. And again it gives you the raw data as well. So not only can you say, okay, these were my top DRGs, but how many discharges did I have for each of those DRGs? What was my proportion to this DRG to total DRGs? You can see for this IPF 91.6 of their discharges used the psychoses DRG. And then the average length of stay for each of those DRGs. It's really fascinating how much information is offered to you in each of the PEPPERs.

The last tab as opposed to facilities top DRGs, this is the jurisdictions top DRGs. These are the top DRGs that were submitted across the entire jurisdiction. You can take this information and you can say okay, these are the top DRGs across jurisdiction, how do they match up with mine? We have 885, 897, 882. And we can see 885, 897. And we see 882 a little bit further down on this list than it was for our top DRGs on this PEPPER. But again, this is a great comparison tool and these two tabs, while standing alone, offer a wealth of information. When you look at them together they offer a wealth of comparative information to you as compared to the jurisdiction and those top DRGs.

Before we go back to our slides I do want to take a look at our website that you can see all that's included and the information that we have for you on our website. Here is our website PEPPER.CBRPEPPER.org. You can see some general about PEPPER, the training and resources that we'll get to in just a moment. There's a data tab, frequently asked questions. So certainly we provide that general information, overall information for you for the PEPPER, but we also have a direct link here to the PEPPER portal. And we'll talk a little bit more about the PEPPER portal and accessing your PEPPER in just a minute. But I did want to point out that we have changed things around a little bit so that portal is very easy to find, you just click right here. It's accessible immediately when you log on or when you go to the PEPPER page. And I want to take a quick look at the information that is offered for Inpatient Psychiatric Facilities in the “Training & Resources” tab. Of course we have the registration for today's webinar, but we also have the user's guide, we have the PEPPER review that will actually be replaced with this webinar as we are recording it right now. And we did introduce a new PEPPER format recently, and if you are new to—excuse me, if you've been working with PEPPER for a long time and that format change maybe threw you for a loop, you can go to that information to look at the new PEPPER format. There's slides, there's a transcript that takes a look at that and then if you click there, there is the PEPPER recording. So that it just walks you through that new PEPPER format. There is the sample PEPPER that we just took a look at. There is information about the jurisdictions and there's other resources here as well. So if you have any questions about the PEPPER or about what all of it means, it is

a wealth of information stored right here for you on the PEPPER web page, especially that user's guide. I'm going to click on that here. It is long, it is a user's guide so it is expansive and includes all of the information that you could ever want to know about your *IPF PEPPER*.

So be sure to use this these resources when you are looking through your PEPPER and after you've downloaded your PEPPER. You can just kind of click on the information that you want to read about and it jumps right down to that location in the user's guide. So it really is helpful. So absolutely use that page as a resource for you as you are navigating through your PEPPER and your PEPPER review.

How does PEPPER apply to providers? The PEPPER can help a facility to identify where there may be outliers as we saw and if that outlier statute should prompt an internal review within these target areas. We often get the questions do I have to use my PEPPER? And do I need to take any action in response to my PEPPER? The answer to those questions is no, you are not required to use your PEPPER, though it's helpful information. And we would encourage you to at least download it and take a look. You're not required to take any action, however, it is important to remember that other federal contractors are also looking through the entire Medicare claims database. They might be looking for providers that could benefit from some focused education or maybe each a record review. And so from your perspective it would be nice to know if your statistics look different from others so that you can decide if there's something to be concerned about and if you need to take a closer look or if what you're looking at is what you expect to see in your PEPPER. These are free comparative reports provided to you, again, free of cost, so why not take advantage of that resource. And we just saw exactly how responsive that resource is.

The PEPPERs are distributed in electronic format in a Microsoft Excel workbook as we saw. We cannot send the PEPPER through email. Because of the sensitive data housed within the PEPPER, we have to be judicial in the way that we distribute the PEPPER. And it cannot be sent through unsecured emails. With this in mind we do have the online portal that you can use to access your PEPPER, and we encourage you to go to the portal, download your PEPPER so that you can have it in your files for your use. Even if you're not going to use it right away, download that file so that you can have it at your fingertips available when you decide now is a good time for that review, now is a good time to gather everyone and take a look at these data points altogether.

Let's take a look in detail about how to access your PEPPER. When you access your PEPPER on the portal, you will be asked to enter some data and information. So in preparation to go to the portal to get your PEPPER, you will first need to have your six digit CMS certification number. The third digit of this will be a 4. This is also referred to as the provider number or PTAN and this is not the same as your Tax ID or National Provider Identifier number. The validation code for your PEPPER has been emailed to the QualityNet administrator on file for your facility. So if you're wondering where your validation code is, what you can use for your validation code, take a look to see who was listed, I should say, as your QualityNet administrator. You can find them and again that information will have been emailed to them. A new validation code will be required each time a PEPPER is released. So the validation code that you used to successfully access your PEPPER the previous year or for an earlier release will no longer be valid or accepted for a new release.

Let's take a quick look at the PEPPER portal online. As I mentioned before, it is very easy to get to from

our homepage, also in one of the previous slides the direct link is listed there and that direct link is PEPPERfile.CBRPEPPER.org. That takes us to the PEPPER port all. You can see we do ask for some information, your first name, your information, the provider information, we see the spot for the CMS certification number and for the validation code. If you need help finding your validation code you come to this site, you're not sure where you're supposed to go, we do have information on where you should look in your case for the IPF because as I said that was emailed to your QualityNet administrator on file but if you have other questions, this link can really help you to get to a chart that really shows you everything that you need to know. Be sure to utilize all these resources that we have for you. At the bottom I do want to point out the site, the portal asks you to certify that you are one of the following positions, and you can see those here, CEO, compliance officer, administrator. The PEPPER is meant to be obviously an internal file that is used only by those who are authorized to use it. If you within your IPF are authorized to use your PEPPER and authorized to download your PEPPER but you don't have one of these job titles, you can simply pick the title that most represents or most resembles your position. So I don't want anyone to be dissuaded from downloading their PEPPER because they don't fit into one of these four or five boxes. Again, if you are authorized to download the PEPPER and you've been chosen to do so, please choose the one that's closest to your position and go ahead and download that PEPPER and you can share it as you see fit within your facility.

If you get your PEPPER and you see a lot of red and green indicating you as a high outlier or a low outlier, don't panic. Remember that just because you're an outlier in your PEPPER, it doesn't mean that any compliance issues exist and it doesn't mean that you're doing anything wrong. But again, we encourage hospitals to think about why they might be an outlier and if those statistics in their PEPPER reflect what they would expect to see. If something doesn't feel quite right, please coordinate with others within your hospital, share the PEPPER information, put your heads together and think about factors. Pull some records, along with some claims, and just evaluate to make sure that you're following those best practices.

We have a number of resources that are available publicly on our website. Again, that's PEPPER.CBRPEPPER.org. One of those resources is aggregate information for the target areas, both at a national and a state level. Also there is aggregate information regarding the target areas, the top DRGs. At the national level data is available for freestanding IPFs and IPF distinct part units. This information is updated each time we have a PEPPER release.

We also have peer group bar charts which are updated on an annual basis. Some time ago we did have providers who had asked us to make available a comparison that would be applicable to what they would consider their peer group. So these peer group bar charts enable providers to look at that type of information. We have three different categories. We look at size, which is the number of discharges. Location, which is either urban or rural. And ownership type, for profit or physician owned, not for profit or church owned or government.

Again, we do update the peer group bar charts annually. If you find that you do not agree with how we are representing your IPF ownership type or location, that information will need to be updated through CMS. We utilize the CMS provider of services file and that's maintained by the CMS regional offices so you'll need to contact them for that update.

And here we have an example of the peer group bar chart for the target area of *Comorbidities*. You can see this location, rural an urban. And you can see again that these are broken down by the 20th percentile, the 50th percentile and the 80th percentile. This is just another example of the comparison data that we provide for the PEPPERs and for the PEPPER recipients.

As we saw in our tour of the website, a number of other resources can be found on the PEPPER website. Of course, there's the user guide, the PEPPER training sessions, a demonstration PEPPER, a spreadsheet that will identify the number of hospitals in each of the MAC jurisdictions in total and by state. And some testimonials and success stories. There are some really nice success stories out there. One in particular from a Kentucky hospital that used their PEPPER to help them identify under-coding.

As always, if you need assistance with PEPPER and do not find the answer you need in the user's guide, please visit the PEPPER.CBRPEPPER.org website, click on the help/contact us button, click on the Help Desk button, complete the online form and a member of our staff will respond promptly to assist you. Please do not contact any other organizations for assistance with PEPPER. RELI Group is contracted with CMS to support providers with obtaining and using the PEPPER. If you have questions, please contact us. We are the official source for information on PEPPER. Please do not pay consultants to help you with PEPPER. We provide support at no cost to the provider. And not all consultants can provide accurate information on the PEPPER.

Here you can see a screenshot of our website that we just went over for your reference.

And I want to thank everyone for joining us today. Again, for this review of the *IPF PEPPER*.