Transcript for the Q4FY20 *Long-Term (LT) Acute Care Program for Evaluating Payment Patterns Electronic Report (PEPPER)* Review

April 14, 2021

I want to thank everyone for joining us today. Welcome to this review of the Q4FY20 *Long-Term Acute Care PEPPER*. My name is Annie Barnaby. I work for RELI Group, Inc., and we are contracted with CMS to produce and distribute the PEPPER reports.

Our agenda today will be a review of the Q4FY20 Long-Term Acute Care Program for Evaluating Payment Patterns Electronic Report, the PEPPER. There are no target area revisions in this PEPPER release, but we will review some other resources, including the national level data for this review, or for this release, I should say.

Today's presentation will be a high-level review of the PEPPER, so if you are 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, and we have resources available to you to help if you do have questions. Those resources can be accessed through the PEPPER website in the "Training & Resources" section, and our website is listed here. It is PEPPER.CBRPEPPER.org.

Let's start at the 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 that summarizes one medical office's data claim statistics for areas that might be at risk for improper Medicare payments. That's primarily in terms of whether the claim was correctly coded 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 hospitals in three different comparison groups. These comparison groups are all hospitals in the nation, all hospitals that are in your Medicare administrative contractor or MAC jurisdiction, and all hospitals that are in the state. These comparisons are the first step in helping to identify whether 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 reported along with the claim form.

Taking a look at the history of the PEPPER, 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 program produces reports that summarize Medicare Part B claims data, the PEPPERs summarize Medicare Part A claims data. These reports are produced for providers across the spectrum that help educate and alert providers to areas that are prone to improper Medicare payments.

So why does CMS feel that these reports are valuable and support their 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, Q4 Y20 or the fiscal year of 2020.

Again, the PEPPER only summarizes Medicare fee-for-service Part A claims data and does not include any other payer types such as Medicare advantage claims.

Every time that a PEPPER is produced and released, the statistics are refreshed through the paid claims database, therefore if you're looking at a previous PEPPER release and comparing it to this release, you're probably going to see some slight changes in your numerator and denominator, your percentile, those types of things. That could be because there are late claims that are submitted or corrected claims which would both be reflected in the updated statistics. Any time we would produce a report the oldest fiscal year rolled off as we add the new fiscal year.

Let's now talk about the improper payment risks that are pertinent to long-term acute care facilities. Long-term acute care facilities are reimbursed through the long-term prospective payment system, PPS. Those of you who have been working with PEPPER for a long time know that there have been changes in the target areas over the years and some significant since we first started producing the reports in 2003. The original target areas were based on medical record reviews conducted by Quality Improvement Organizations, a review of literature about payment vulnerabilities and a review of the long-term PPS and an analysis of national claims data. The target areas are evaluated every year so that we can ensure

that all target areas included in the report remain applicable and beneficial. As new risks are identified by recovery auditors or Medicare Administrative Contractors or as policy changes are implemented, the target areas change to accommodate those risks.

The target areas within the PEPPER pertain to a service or a type of care that's been identified as prone to improper Medicare payments. We construct these target areas as ratios where the numerator is a count of discharges that could be problematic, and the denominator is a larger reference group that also includes the same numerator discharges. This calculation allows us to calculate a target area percent and we'll talk about those target area percents here in just a moment.

On this slide you can see a list of the long-term PEPPER target areas. We have *Septicemia*, *Excisional Debridement*, *Short Stays*, *Short Stays for Respiratory System Diagnoses*, *Outlier Payments*, *30-Day Readmissions to Same Hospital or Elsewhere*, and *STACH Admissions Following a Long-Term Care Hospital Discharge*. So, as we just discussed, each of these target areas was created according to that risk to the Trust Fund that risk of improper payments.

Going back to the percents and the percentiles, how do the percentiles work? Well, this slide can help us to understand how those percentiles are calculated. The 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. Now, those target area percents will be the outcomes for all of the long-term hospitals that are included in the PEPPER for each of the target areas. For each target area again we do the calculation that we just talked about with the numerator and denominator, and we get a percent outcome for each hospital for each target area. Then we list the target area percents for all the hospitals in the nation and we sort them from highest to lowest, and that is what the ladder represents. You can see the percent outcomes listed from highest to lowest down the ladder. Next we look at that list and we identify the point below which 80% of those hospitals fall. And that point is identified as the 80th percentile. 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 data as by red bold font. A high outlier outcome could potentially mean over coding or it could just mean that your statistics look different for a justifiable reason.

Now, on the flip side we also identify the point below which 20% of hospitals' values fall, which is the 20th percentile. And that could mean that the facility may have some under-coding concerns. It is important to remember when we're talking about percentiles that the PEPPER always identifies the top 20% for high outliers in the PEPPER and the bottom 20% for low outliers. These percentiles are a good way to get some context and think about how your target area percent compares to other hospitals in the nation or in the jurisdiction or in the state. This context can help us to think about whether that difference is what we expect to see or if there's something that perhaps we should be concerned with. I'm going to go to a sample PEPPER now so we can see in an actual document how all of this data is presented.

So, you can see here again the PEPPER file. It is an Excel spreadsheet that displays all of the data. You can see on the bottom here the different tabs for each of the target areas.

And we are on that first target ar—excuse me—that first tab and we are in the tab labeled purpose. Obviously pretty self-explanatory, but we do have kind of a summary of what this report provides to us, the most recent three fiscal years through Q4 of FY20. A little bit of information about the PEPPER that we just looked at that we just talked about, and then the jurisdiction listed, and for the sample provider we are in jurisdiction 2.

This next tab – every tab really is a wealth of information, but this next tab the definitions tab, is information regarding each of the specific target areas and the numerator information and the denominator data that is used for the calculation of each of those target areas and how we get that percent outcome for each of the individual providers.

So let's take a look at maybe *Short Stays*. I'll scroll down here. Went too far. Okay.

So if you can see here *Short Stays*. In the numerator we have a count of the discharges that were discharged on or the day after the *Short Stay* outlier threshold was met. So that is a smaller group of discharges. And as we talked about before, that denominator is a count of all discharges. So what it's saying is of all the discharges, what are percent of those were discharges that were discharged on or the day after that *Short Stay* outlier threshold was met?

It's a little bit wordier, but the same goes really for all of the target areas, but let's take a look next to *Septicemia*. Now, the numerator when you boil it down includes to the count of discharges for DRGs 870, 871 and 872, so that's a group of DRG discharges. Now, the denominator is a count of discharges for those three DRGs, but you can also see there are several other DRGs that are included in the denominator for the calculation for the *Septicemia* target area. So again, the numerator is part of the denominator and when we get that calculation we can find where that facility lands as a percent outcome.

Now, the comparison tab or the compare tab talks about the comparisons with – in regards to the percentile, just what we just talked about with that ladder visual. So, we take the percent outcomes and then we calculate the percentiles. So, you can see here this tab displays statistics for target areas that have reportable data. That would be 11 or more target discharges. If a target area does not have that threshold, does not meet that threshold of 11 or more target discharges, it will not be included in this compare tab. So, you can see here there are the target areas listed in the chart down there on the right-hand side starting with *Septicemia*. And then, as promised, there is comparison data that is listed here. So you can see for this provider they have the number target discharges and then they have their percent, what is their percent outcome. Then you see in the next three columns the national—excuse me – the hospital national percentile, that's that target area percentile that we talked about with the ladder. The jurisdiction percentile and then the state percentile. So you can see here for this provider *Septicemia* is in bold green font. That means that they are in the lowest 20th percentile. They're in that 20th percentile for that target area. And you can see on that last row the short-term admissions following a long-term discharge, 30.5% is their percent outcome. That's in bold red font. So you can see that they have landed in the 80th percentile for that outcome, for that target area.

Now, each of the remaining tabs lists each specific target area and has even more detailed data for each of the target areas. Again, let's look at this next tab for *Septicemia*. So, the outlier status for this provider

for your hospital statistics, it says right here, the outlier statistics for FY18, 19 and 20 – for '18 and '19 this hospital was not an outlier. In fiscal year '20 as we saw on the last tab, they are a low outlier. And you can see on that next line down the target area percent, those target area outcomes for this provider have dropped considerably over the last three fiscal years. We have the target count, we have the denominator count so you can see the raw data that was used. We have the average length of stay for the numerator and denominator. We have the average payment for that numerator data over all three years and then the sum of payments for the numerator across all three years.

Then when we move on – so you have all that information, all that rich data for your specific hospital, but then as we move down we move into the comparative data. So, this comparative data is listed in chart form as you can see and then in a graph form. Again, we have the three fiscal years 2018, 2019 and 2020. And for each one if you look at the legend down here we have a bar graph for the hospital's outcome and then we have for the other data points we have listed in a line graph, so can you see this solid red line is the national 80th percentile. This dotted line is the state 80th percentile. And then this solid green line is the national 20th percentile. So, you can see, again, the bar graph gives you a nice bold background kind of, of the hospital-the facility's outcomes for each of the three years. And then laid over top of them you can see those national jurisdiction and the state outcomes. The jurisdiction in this case is zero so that's why we don't see those on here. But you can see the national and the state outcomes listed on this plot graph so you can see again very easily how this hospital compares against – with that bar graph against those line graph data points.

Now, what I think is great, I think the whole report – again, like I said, it's so rich in data, but for each of the target areas you can see here at the bottom a suggested intervention. So, if you're looking at your PEPPER report and you're saying, oh my gosh, I'm a high outlier, I'm a low outlier, what should I do? What does this mean? Well, the PEPPER offers that information for you. Let's look at the high outlier information. It says here this could indicate that there are coding or billing errors related to over coding for those DRGs 870, 871, 872. Remember those are the DRGs that are included in our numerator. A sample of medical records for those DRGs should be reviewed to determine whether coding errors exist.

And then let's look for a suggested intervention for low outliers. This could indicate that there are coding or billing errors related to under-coding for those three DRGs. A sample of medical records for other DRGs, and they have them listed there, should be reviewed to determine whether coding errors exist.

So not only does it give you all this data, all this comparative data, but as we said before these reports are meant to be educational in nature. So, they want you to know what to do. They want you to be able to read and get information about what you should do with the data once you have looked at it and see where you fall as a facility.

As I said before, each of these tabs is dedicated to a different target area within the PEPPER. We have the *Excisional Debridement*, *Short Stay*, and they're all set up in the same way. They have your hospital data, the comparative data both in chart form and then the comparative data in that graph form. Remember, if we have any questions about what is in the numerator or the denominator for this – for each target area, for any of the target areas, we can go to our definitions tab and get more information there.

I do want to take a look with you at these last two tabs. The second to last tab is Top DRGs. So, this is hospital top DRGs for the most recent fiscal year. So, self-explanatory, but for this hospital these are the two top DRGs for the most recent fiscal year. You can see 189 and 207. Again, it gives you some more in-depth data about those top DRGs. And it gives you some information that says *Short Stay* outlier count, it defines that *Short Stay* outlier for you. A *Short Stay* outlier is a claim in which the discharge date is less than or equal to the admission date plus five to six of the DRG geometric mean length of stay.

And then we have the nationwide top DRGs. So, this is the top DRGs across the entire nation. Again, for the most recent fiscal year. You can see how do my top DRGs, 189 and 207, how do they compare to the nationwide top DRGs. It looked like they match up for the sample provider and that might be the same for your data as well. But it's interesting to see how — again how your top DRGs compare to the other top DRGs in the country.

Okay. So that is our sample PEPPER and that is available on our website.

So how does PEPPER apply to providers? The PEPPER can help a facility to identify areas where there may be outliers and if that outlier status is something that 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 answers to these questions are no. You are not required to use your PEPPER, though it is 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 even a record review. And so, from your perspective, it would be nice to know if your statistics look different from others so then 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. And as it says on the slide, why not take advantage of this free comparative report provided by CMS? You saw how detailed the report is and how in-depth the PEPPER is. Why not take advantage of all that rich data and use it as an educational tool internally?

The PEPPERs are distributed in electronic format in a Microsoft Excel workbook as we saw, and they are available for two years from the original release date. We cannot send 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 email. With this in mind we do have a portal online that you can use to access your PEPPER — excuse me — and we encourage you to go to the portal and download your PEPPER so that you can have it in your files for your use. I always say you don't have to use it right away. You don't have to immediately dig into the PEPPER and use it internally, but it is a great tool to have. And again, go to the portal download so you can have it in your files so when you do want to use and do you want to reference this data you have it at your fingertips.

So, within the PEPPER portal you'll need some information to access your PEPPER through the portal. First, you'll be asked to enter your six-digit CMS certification number, which is also referred to as the provider number or the Provider Transaction Access Number, PTAN. This number is not your tax ID or an NPI number. For long-term acute care hospitals, the third digit of this number will be a 2.

For the validation code on the portal access page, you will either enter a patient control number found on form locator 03a on the UB-04 claim form, or a medical record number found at form locator 03b on the UB-04 claim form for a traditional Medicare Part A fee-for-service patient who received services within the dates for this report. So that will be July 1st, 2020 through September 30th, 2020, which would be the from or through dates on a paid claim.

And I'm actually going to go to the portal now and share that screen with you so that you can see exactly what it looks like and what you will have to enter when you get to the portal.

So, first we have – before we go to the portal this is the PEPPER website. This is our homepage. PEPPER.CBR PEPPER.org. And you can see we have some options up at the top here about PEPPER, "Training & Resources" for each of the nine facilities that we have, data, frequently asked questions, the help-contact us, that's going to be if you would like to submit a question to our Help Desk. And then we have the CMS link as well so that we have information that you can get to if you would like to know some more about CMS. We always like to have that link there as well.

Okay. So, we have a direct link to the portal right here, and let me click here. We can see exactly what the portal looks like. So, as we talked about before you will have to enter your information, the provider information, then that CMS certification number, and then those – the validation code. Now, there are several ways of getting information about your validation code. There are detailed instructions, or you can go click here to get to the same place, the PEPPER distribution page. Now, if you're unsure of your validation code, if you're unsure of what you're supposed to be looking at, this PEPPER distribution page has a little bit more information in there, so let's take a look. And here we have the distribution schedule, how to get your PEPPER. Again, all of the facilities that have PEPPER releases are listed in this chart, of course. Let's look at the long-term acute care hospital line, was distributed April 5th, last week. Just last week. So, we have a link to the PEPPER portal which we were just there.

We do have a link to the "Training & Resources" page. We'll look there in a second. You have a link to join our email list. Then you have a link to take you to the portal access instructions. Now, these are just more detailed instructions, more information as to how to access your PEPPER. Some of the facility types have had some changes in their validation code information where they can get that validation code so we wanted to have as much information as possible for you and that's where we have it housed here. You can see again for the long-term acute care hospitals you will enter your six-digit CMS certification number, that will be a 2. The third digit will be a 2.

Again, you will either enter a patient control number or a medical record. Or as a second option a contact from the Provider Enrollment Chain and Ownership System, PECOS, will be sent an email and provided with a validation code to use to access the PEPPER from the portal. The validation code may be shared with others in the hospital as deemed appropriate.

So, you have those two options. If you are the PECOS contact or you are aware of the PECOS contact and you have access to that person to get the validation code information you can certainly do that. However, that other option that you have of entering either a patient control number or a medical record number that's another and if more internal, more independent, that's in your control. You have those records so you can always use that information as your validation code as well. So, I just wanted

to show you again not only the homepage, but the portal and the distribution schedule that has that portal access instruction.

As you can see, we'll go through a little bit of this a little bit at the end of the presentation, but again we do have sections for each of our facility types and for long-term acute care hospitals we have the user guide that is available. And the user guide is 21 pages long, it is lengthy, however it is sectioned off very nicely, very cleanly. You can go to any type – any information, any section that you need and along with – the definitions tab is really an addition to this user's guide. This user's guide will truly have any information for any question that you would like to see.

So, we have the user's guide. We have a "Training & Resources" page. And here again you can find the user's guide as well. We want to make sure is that you know where it is. We're going to have this training session that is being recorded, we'll have that posted here following the webinar. We'll have the slides and the transcript from this presentation up in the next two weeks.

The PEPPER format did change a little while back, so if you have stepped away from PEPPER for a little while and you're unsure of this relatively new information or the PEPPER format there is some resources, a presentation, the slides and the transcript, that talks about that relatively new PEPPER.

We have the demonstration PEPPER that we just looked at. The jurisdiction list. And then some other resources. There is a lot available on the website and I always like to take a look with everyone so that we can see together all that's available to you. And we want you to be able to navigate easily and certainly navigate on the portal easily.

Now, once you receive your PEPPER – 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 must be? Do the statistics in your PEPPER reflect what you know given your patient population, referral sources, your external healthcare environment, any changes in services or staffing?

If you have any concerns, sample some claims. Make sure the documentation in the medical record supports the services that were submitted. Review the claim, ensure that 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.

We have a number of resources that are available publicly on our website. Again, PEPPER.CBRPEPPER.org. One of those resources is a national level data for the target areas and top DRGs. This information is updated each time we have a PEPPER release.

As we saw a number of other resources can be found on the PEPPER website. Of course there is the user's 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 we do have some testimonials and success stories. There are some really nice success stories out there. One in particular from a Kentucky hospital that helped – that used their PEPPER to help them identify under-coding.

As always, if you need assistance with PEPPER and you don't find the answer you need in the user's

guide, please visit the PEPPER.CBRPEPPER.org website and click on the help/contact us button. Then 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 your PEPPER. If you have questions, please contact us. We are the official source of information on PEPPER. Please do not pay consultants to help you with PEPPER. We provide support at no cost. And also you need to be aware that not all consultants provide accurate information on PEPPER. So, don't be afraid to reach out to us. We are here to help, and we will promptly answer any question that you have.

And again, here we have a screenshot of the web page that we just went over, and you can use any of those links that we went over and then again at the top right-hand corner over there you can see the “Help/Contact Us” tab.