Transcript for the Q4CY20 *Partial Hospitalization Program (PHP) Program for Evaluating Payment Patterns Electronic Report (PEPPER)* Review

July 21, 2021

I would like to welcome you all today to this review of the *PHP PEPPER* the PEPPER for partial hospitalization programs. My name is Annie Barnaby and I work for the RELI Group. RELI Group is contracted with the Centers for Medicare & Medicaid Services (CMS) to develop, produce, and disseminate the PEPPERs. For those of you who might be interested in live captioning of today's session you can access the captioning by clicking on the link that is in the Q&A panel. It is the very first question listed.

Today I will be focusing on the most recent release of the PEPPER for Partial Hospitalization, PHP facilities. That's the version fourth quarter, Q4 calendar year, CY20. We will review all target areas and how each is calculated, we will look at a sample CBR and we will review other resources that you might find helpful which includes the national aggregate data.

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, and we have resources available to you to help if you do have questions.

These resources can be accessed through the PEPPER web site in the PHP “Training and Resources” section. The web site 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 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 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 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.

Let's focus now on the PEPPER for partial hospitalization hospitals. This newest release was made available in July this year. This release summarizes statistics for three calendar years; we are looking at calendar years 2018, 2019, and 2020. And the reason that we call this version Q4CY20 is because the report summarizes statistics through the fourth quarter of calendar year 2020.

Now, those of you who are familiar with PEPPER, know that each time we produce a new report, we refresh the statistics for all time periods and all target areas. So, it is certainly possible that if you are looking at your new PEPPER and comparing it with the PEPPER that you received last year, you might see some slight changes in numerator or denominator counts or maybe the national or state or jurisdiction percentile values. And that would be expected, because the refreshed statistics are going to reflect any corrected claims that might have been submitted, any late claims, those types of things, and so there will probably be or there may be some slight differences in those numerator or denominator counts. And each time we produce a PEPPER, the oldest calendar year rolls off as we add that new one on.

I do want to talk a little bit about episodes of care, because the PHP summarizes statistics based on episodes of care that are identified for each of the PHPs. Essentially, an Episode of Care represents an episode of treatment for an individual beneficiary. We know that a beneficiary could receive PHP services for a varying length of time, which could be from one day to several months. The episode is created for the entire course of treatment. To identify episodes, we obtain the claims submitted by a provider for a beneficiary, and we then sort those claims from the earliest claim "from date" to the latest. There cannot be any gap or break in service of more than seven days between one claim and the

next for these claims to count as an episode. If there is a gap between one claim's through date and the next claim's from date, that's eight or more days, then we consider that to be a break in service and so the first episode would end and a new episode would begin. We do summarize all of the statistics in that episode in the time period; the calendar year in which it ends, signified on the claim by the through date. Whenever that “through date” falls, that's the calendar year in which that episode statistics are going to be reported. We do look at the claims for one year prior to each time period so that we can evaluate those longer episodes of care.

I've included an example here to help give you a better understanding of how we create these episodes. This is an example of claims that have been submitted from one partial hospitalization program for one beneficiary, just to show you the episode creation. You can see that in the first column these are all for the same beneficiary, beneficiary A, and we've numbered these claims submitted by the PHP in the second column so you can see that the PHP submitted 11 claims for this beneficiary over a span of about 10 months. The next two columns represent the from and the through date, followed by the gap in days between those claims. And then the next column identifies which episode it falls in. And the last column identifies the length of stay for that Episode of Care. So you can see here that the first four claims are combined to form one episode because there was not a gap of eight or more days between any of those claims. However, there was a gap of 95 days between claims 4 and 5. So claim 5 represents the beginning of a new episode for this beneficiary. The first episode ends January 20th, 2018, and that would be counted in calendar year 2018 even though it started in calendar year 2017. The second episode ends August the 26th, 2018, and so those statistics for the entire episode would also be counted in calendar year 2018.

Let's now talk about the improper payment risks that are pertinent to partial hospitalization program. The PHPs are reimbursed on a per diem basis under the Outpatient Prospective Payment System, OPPS, for care that they provide to Medicare beneficiaries. There are four separate PHP Ambulatory Payment Classification, or APC, payment rates. There are two for level one services, three services per day. There's one for community mental health centers and one is for hospital-based PHPs. And there are two APCs for the level two, which is four or more services per day. One is for CMCs and for hospital-based programs.

These target areas were identified or developed based on a review of the PHP reimbursement methodology. We also reviewed issues identified by other regulatory agencies such as the OIG, and we also consulted with CMS subject matter experts to identify these potentially vulnerable areas. We also looked at national level claims data to help support our assessment. We do look at these target areas, the existing target areas, on an annual basis, to ensure that there are still sufficient claims that have been submitted, and that would be pertinent and useful information for the Partial hospitalization programs. Those of you who are familiar with the PEPPER may notice that we have retired some target areas over time and added new ones, and so over time the target areas can change. For this release, though, we have not implemented any revisions.

In an Office of Inspector General (OIG) report that was released a number of years ago, questionable billing by community mental health centers is reviewed. The report includes nine questionable billing characteristics. The report can be found at the link on this slide. We do have two target areas in the *PHP*

PEPPER that are related to the OIG's findings here. This report is focused on those PHPs that were administered through community mental health centers, but it would probably be applicable to all PHPs. If you haven't had a chance to look over this report, it might be a good read even though it is a bit dated.

The target areas in the *PHP PEPPER* were created according to the potential risk for Medicare payments and are calculated using a numerator and a denominator. The numerator represents the episodes or payments or other measures that might be potentially problematic, and the denominator is a larger group. In the calculations, the numerator and the denominator are reported or measured using the same units, and the numerator is a subset of the denominator.

There are four target areas that are still in the PEPPER. I'll review each of them briefly. The first one here is *Group Therapy*. We all know group therapy is less costly to provide than individual therapy, so this target area is looking at the financial incentives for a PHP to provide group therapy when individual therapy might be more appropriate for the beneficiary. Here we're looking at the proportion of all of the episodes where the beneficiary received only group therapy. In other words, only if the beneficiary received any individual therapy, then their episode is not going to be included or counted in this target area. The beneficiary would have received no individual therapy during the entire episode in order to be included and counted in the numerator for this target area.

The *No Individual Psychotherapy* target area similarly identifies the episodes where the beneficiary did not receive any individual psychotherapy during that episode. We've had some feedback from some of the PHPs regarding the fact that the provision of individual psychotherapy is not a Medicare requirement, and that's true. PHP is in lieu of inpatient psychiatric hospitalization, but as we've coordinated with CMS we've learned that there is a general expectation that PHPs provide some amount of individual psychotherapy as well as a range of services during that Medicare beneficiary's course of treatment. Of course, everything being focused on what the beneficiary needs.

The next target area looks at episodes that have *60+ Days of Service*. Again, as I mentioned, there's not a limit on the length of time that a beneficiary could receive PHP, so there is the risk that there might be services continued beyond the point where they're necessary or advantageous for the bene. So the *PHP PEPPER* is identifying here the beneficiaries who receive greater than 60 days of service, and we are counting the actual days of service in this target area. Not the difference between the from and the through date. This is one of those that was identified in the OIG study that was mentioned a couple of slides ago, along with the group therapy issue.

And the last target area is looking at *30-Day Readmissions*. Reducing readmissions is of course a continuing focus of CMS. Readmissions can be an indication of incomplete care, premature discharge, inadequate patient discharge instructions or patient noncompliance. So we do include this readmission measure that looks at the proportion of beneficiaries who are readmitted either to the same or to another PHP within 30 days of the last date of their episode.

So how do the percentiles work? This slide can help us to understand how the 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. The first step our team takes when we calculate your hospital's percentile is to take all of these target area percents for a target area and a time period. We

take 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 percents listed from highest to lowest down the ladder. Next, 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 tab data 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.

Before we review a PEPPER, let's review the comparison groups. On this slide the visual reminds you that we do have these three comparison groups: nation, jurisdiction and state. Sometimes the MAC jurisdiction comparison group is confusing to people, so to simplify, think about it as being comprised by all of the providers that submit their claims to the same MAC. Those are the providers in the MAC jurisdiction comparison group. That is a way of giving us a smaller group to compare with than nation, and larger than our state.

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.

And here you can see the *PHP PEPPER* for a sample PHP. This can be found on our website and you can see the various tabs there at the bottom of this Excel workbook. This first tab is basically an overview of the PEPPER. We have the purpose of the PEPPER. That's what this tab is labeled. It tells you what time period we're looking at, the most recent three calendar years through Q4CY2020. We have a brief explanation of what the PEPPER is and why it was created. Again, it just reminds us that we are looking at the *PHP PEPPER* version Q4CY2020 and then it will list your jurisdiction, so the jurisdiction under which you're being compared with your peers in that same jurisdiction.

This definitions tab has a great amount of information regarding how each of the target areas is calculated and what is counted in the numerator and the denominator for each of those target areas. And we did review this, obviously in our slides a little bit ago. But when you're looking at your PEPPER and you're going through the data and you're looking through all of that detail, it's nice to have this definitions tab to go back to, to remind you of what you're looking at, what those numbers represent, and how those calculations are created for each of those target areas.

So, the compare targets report is next. And, as you can see, there is an explanation at the top. It displays statistics for target areas that have reportable data which is 11 or more target discharges in the most recent time period. So, percentiles indicate how a hospital's target area percent compares to the target percents for all hospitals in each of the of the comparison groups. So, for example, if the hospital's jurisdiction is 80, then 80% of the hospitals in the MAC comparison group have a lower percent value than that hospital. And this is kind of a step back. It's kind of a bigger picture than what we are going to see in each of these tabs for each of the target areas. But it does give a lot of information. Again, the numerator for the target count, the percent, and then you're the national percentile, the jurisdiction percentile, and the state percentile.

Now, if there are any blanks here, we can remember that we are looking at statistics or target areas that have reportable data which means 11 or more target discharges. So, that's that minimum threshold that

we have created. So, if we don't see data, that means that there were not 11 or more target discharges for that area of calculation.

So, taking a look at the *Group Therapy* target area, you can see this sample PEPPER provider, this sample PEPPER PHP, had no data. So less than 11 for calendar years 2018 and 2019. They were not an outlier for calendar year 2020 and I'm getting all of this information from this top table here. And the way that each of these target areas tabs is presented is that it gives you your individual PHP data up here. And so, we can see the target area percent. That's their outcome. For this target area is 1.5%. So, the target count that's the numerator is 30. The denominator count is a little over 2,000. And then we also get some more information. The average length of stay in the numerator. The denominator average length of stay, the average payment, and then the sum of payments. So not only do we give you the detailed data of how we came upon your outlier excuse me, your outcome for each of these target areas, we also provide extra data and extra information regarding the length of stay payments and payments for these the numerator and denominator. So, there is a wealth of information, of course, throughout the PEPPER. But there really is a wealth of information within each tab as well.

So, moving down to the comparative data section, right there in the middle, as I said before we start off with your individual results. And then we have the comparative data. What are we comparing it to? Well, we're comparing that 1.5% in 2020 for the national 80th percentile to 100%. The jurisdiction percentile was 100%, the state 80th percentile was 0%. So, when we go down here so like I said, we have the individual, then we have our comparative data, and then we have a graph that shows you that information. Now this graph is working with such tiny numbers that you can barely see just right here the 1.5% for this provider, for this PHP. But up here, you can see one on top of the other. The national and the jurisdiction 80th percentile marks. So, when you look at this graph, it's giving you the information that we just looked at. It's giving you your individual information and outcomes and then it's also showing you in this same graph the comparison data. So, this is a great way to take a look if you're a visual person. You can see your outcomes visually with all of those data points in one place.

So not only do we give you the data and the information, but we also give you suggested interventions if you happen to be above the 80th percentile for each of the target areas. So, if you see some red bold font as we talked about before, first of all, you never need to panic. And we will get into that later, but you can also, rest assured, that we do have some suggestions as to how to go about looking at your internal processes if you do have that outlier status. So, we not only give you the data, but we actually tell you how to move forward with that data.

I'm just going to go through this next target area. I won't go through all four, but this target area has a lot more information listed in it than that *Group Therapy*. You can see for this *No Individual Psychotherapy*, this PHP started out as not an outlier. However, 2019 and 2020, they are high outliers. Their target outcome was 100%. So obviously that's probably going to make someone a high outlier no matter how the other data shakes out. But you can as we move down. Again, the national 80th percentile, jurisdiction's 80th percentile. Those are both at 100%. Again, we can see here. Here is our PHP. These blue bars. And then you can see the jurisdiction and the national percentiles are basically one on top of another right there, lined up with the PHP's results. And, again, this PHP is a high outlier for these two years so that data is in red bold font.

And we have the same process and the same data tab for *60+ Days of Service* and the *30-Day Readmissions*.

These last two tabs the second to last tab is the top diagnosis. So, these are the top diagnoses for the most recent year, 2020. And they are listed here, alcohol related disorders and substance related disorders. Information of total episodes for that category, proportion of the episodes, of the CCs to total episodes. So, this is, again, just a top diagnosis list for the calendar year that the PHPs have used and submitted.

And this is excuse me. These top diagnoses are this particular PHP's top diagnoses. This last tab is the nationwide top diagnoses. So, you have this information here that you can compare. Do my top diagnoses compare to the national top diagnoses. Do my episodes of care and the proportion and the average length of stay compare to the national or how do they compare to the national, I guess I should say. And you can see here that this PHP did have alcohol related disorders and substance related disorders and those are on this diagnosis list nationwide as well.

How does PEPPER apply to providers? The PEPPER can help a facility to identify areas where they 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 those questions are no. You're 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 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.

The PEPPERs are distributed in electronic format, in a Microsoft Excel workbook and 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 emails.

With this in mind, we do have a portal online that you can use to access your PEPPER, 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.

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There are specific people who are authorized to receive a PEPPER; we don't give access to just anyone.

We only release a provider's PEPPER to that specific provider, which is why we have the portal and the specific validation code requirements, so that not just anyone can come to the website and get your PEPPER. The PEPPERs are not available for public release and we do not provide PEPPERs to other contractors. But we do prepare a Microsoft Access database, which is called FATHOM. And we make that available to Medicare administrative contractors and to recovery auditors. And the FATHOM can be used to produce the PEPPER.

Now while that might sound a little scary to some people, I want to point out and it is important to remember, that federal contractors have access to much more claims data information about providers than what is included in your PEPPER. And they also have access to sophisticated data mining tools and other materials that may assist them with their effort.

I should also point out that law enforcement such as the Department of Justice or the Office of Inspector General may be able to obtain your PEPPER in an effort to support their internal activities. Now while all of that might sound alarming, remember the benefit of the PEPPER is that you will have an opportunity to have a heads up in the case that your billing patterns might look unusual. And then you can prepare if there should be regulatory or law enforcement agencies that contact you.

Let's look in detail about how to access your PEPPER! When you access your PEPPER, you will be asked to enter some data and information.

So, in preparation to go to the portal to get your PEPPER, you will need first to have your six digit CMS certification number; the third digit of this number will be a "0". This is also referred to sometimes as the provider number or PTAN, and this is not the same as your tax ID or your NPI number.

The validation for your PEPPER have been emailed to the QualityNet administrator on file for your facility.

A new validation code will be required each time a PEPPER is released; the validation code that you use to successfully access your PEPPER the previous year or the earlier release will no longer be valid or accepted for a new release.

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 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 quite feel 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 other resources that are available publicly on our website, 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 top diagnoses and target areas. This information is updated each time we have a PEPPER release.

A number of other resources can be found on the PEPPER website. Of course, there's the user's guide, the PEPPER training sessions, a demonstration PEPPER, a spreadsheet that will identify the number of hospitals in each of those 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 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 using 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 to the provider. Beware that not all consultants provide accurate information on PEPPER.

This is a screenshot of our website, and you can see the resources are easily accessed from the home page. In addition, we have an electronic feedback link on our website. Because our main goal is to provide information and reports that can be helpful in preventing improper payments, we are interested in your feedback and suggestions for improvement. We strive to make these reports as easy to use and interpret as possible, and welcome your input. Also note Help/Contact us tab at top.

As we conclude – please take a minute to provide feedback and let me know if this webinar was helpful to you. As I end the session the post-event survey will display in the window. Appreciate feedback can use to improve future sessions. Thank you for joining us today.