

Home Health Agency
Program for Evaluating Payment
Patterns Electronic Report

# User's Guide Seventh Edition



# **Home Health Agency**

# Program for Evaluating Payment Patterns Electronic Report User's Guide

Seventh Edition, effective with the Q4CY21 release

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## What's new in this edition?

In the seventh edition of the *Home Health Agency (HHA) Program for Evaluating Payment Patterns Electronic Report (PEPPER)*, the PEPPER Team made the following updates:

- Added a new target area: Functional Impairment Medium
- Added a new target area: Functional Impairment High



### Introduction

The Government Accountability Office has designated Medicare as a program at high risk for fraud, waste, and abuse. Medicare spending for home health care has increased dramatically in recent years, and HHAs have been designated as providing Medicare services that have a high risk for fraud, waste, and abuse. The Office of Inspector General (OIG) recommended that the Centers for Medicare & Medicaid Services (CMS) increase its monitoring of billing for home health services. In 1999, the OIG encouraged health care providers to develop and implement a compliance program to protect their operations from fraud and abuse. As part of their compliance programs, HHAs should conduct regular audits to ensure charges for Medicare services are correctly documented and billed. PEPPER can help guide a provider's auditing and monitoring activities with the goal of preventing improper Medicare payments.

### What Is PEPPER?

PEPPER is a comparative data report that summarizes a single provider's Medicare claims data statistics in areas identified as at risk for improper Medicare payments. To develop the *HHA PEPPER*, Medicare claims data for all HHAs in the nation (obtained from the UB-04 claims submitted to the Medicare Administrative Contractor [MAC]) were analyzed to identify areas which could be at risk for improper Medicare payment. These areas are referred to as "target areas."

PEPPER does not identify the presence of improper payments, but it can be used as a guide for auditing and monitoring efforts. An HHA can use PEPPER to compare its claims data over time to identify areas of potential concern and to identify changes in billing practices.

Each HHA with sufficient data to generate a report receives a PEPPER, which summarizes statistics for these target areas regardless of whether the HHA's data are of concern. The report shows how an agency's data compares to national, jurisdiction, and state statistics. Data in PEPPER is presented in tabular form and in graphs that depict the HHA's target area percentages/rates over time. All of the data tables, graphs, and reports in PEPPER were designed to assist HHAs with identifying potentially

improper payments. PEPPER is developed and distributed by the RELI Group, along with its partners TMF® Health Quality Institute and CGS, under contract with CMS.

<sup>&</sup>lt;sup>1</sup> Government Accountability Office. "Medicare Fraud, Waste and Abuse: Challenges and Strategies for Preventing Improper Payments." June 15, 2010. Available at <a href="https://www.gao.gov/assets/gao-10-844t.pdf">https://www.gao.gov/assets/gao-10-844t.pdf</a>.

<sup>&</sup>lt;sup>2</sup> Medicare Payment Advisory Commission. Medicare Payment Policy Report to Congress, Chapter 9, March 2015. Available at <a href="http://www.medpac.gov/docs/default-source/reports/mar2015">http://www.medpac.gov/docs/default-source/reports/mar2015</a> entirereport revised.pdf

<sup>&</sup>lt;sup>3</sup> Medicare and Medicaid Research Review 2013 Statistical Supplement. Available at <a href="http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareMedicaidStatSupp/Downloads/2013">http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareMedicaidStatSupp/Downloads/2013</a> Section 7.pdf#Table 7.1

<sup>&</sup>lt;sup>4</sup> Office of Inspector General. "Inappropriate and Questionable Billing by Medicare Home Health Agencies. 2012. Available at <a href="http://oig.hhs.gov/oei/reports/oei-04-11-00240.asp">http://oig.hhs.gov/oei/reports/oei-04-11-00240.asp</a>

<sup>&</sup>lt;sup>5</sup> Department of Health and Human Services/Office of Inspector General. 1998. "Publication of the OIG Compliance Program, Guidance for Home Health Agencies," *Federal Register* 63, no. 152, August 7, 1998, 42410–42426. Available at: <a href="http://oig.hhs.gov/authorities/docs/cpghome.pdf">http://oig.hhs.gov/authorities/docs/cpghome.pdf</a>



In 2015, PEPPER became available for HHAs. PEPPER is also available for short- and long-term acute care inpatient prospective payment system (IPPS) hospitals, critical access hospitals, inpatient psychiatric facilities (IPFs), inpatient rehabilitation facilities (IRFs), partial hospitalization programs, hospices, and skilled nursing facilities (SNFs) (the format of the reports and the target areas are customized for each setting). The *HHA PEPPER* is the version of PEPPER specifically developed for HHAs. The *HHA PEPPER* is available to the HHA's Chief Executive Officer, Administrator, President, Compliance Officer, or Quality Assurance/Performance Improvement Officer through the PEPPER Portal (accessible through PEPPER.CBRPEPPER.org).

Each HHA receives only its PEPPER. The PEPPER Team does not provide PEPPERs to other contractors, although it does provide a Microsoft Access database (the First-Look Analysis Tool for Hospital Outlier Monitoring [FATHOM]) to MACs and Recovery Auditors. FATHOM can be used to produce a PEPPER.

Each *HHA PEPPER* summarizes claims data statistics (obtained from paid home health Medicare UB-04 claims) for the most recent three calendar years (the calendar year begins on Jan. 1 and ends on Dec. 31). An HHA is compared to other HHAs in three comparison groups: the nation, MAC jurisdiction, and state. These comparisons enable HHAs to determine whether their billing statistics differ from other HHAs and whether they may be at higher risk for improper Medicare payments.

PEPPER identifies areas at risk for improper Medicare payments based on preset control limits. The upper control limit for all target areas is the national 80<sup>th</sup> percentile. Coding-focused target areas also have a lower control limit, which is the national 20<sup>th</sup> percentile.

In order to be eligible for inclusion in the *HHA PEPPER*, claims must meet the specifications shown below.

| INCLUSION/EXCLUSION CRITERIA                 | DATA SPECIFICATIONS                                                                                  |  |  |
|----------------------------------------------|------------------------------------------------------------------------------------------------------|--|--|
| Claim facility type equal to "3"             | UB-04 Form Locator (FL) 04 Type of Bill, second digit (Type of Facility) = 3 (Home health agency)    |  |  |
| Include claim service classification type of | UB-04 FL 04 Type of Bill, third digit (Bill Classification) = 2 (Home                                |  |  |
| "Home health visits"                         | health visits under Part B) or 3 (Home health visits Part A)                                         |  |  |
| Services provided during the time periods    | Claim "Through Date" falls within the three calendar years included                                  |  |  |
| included in the report                       | in the report.                                                                                       |  |  |
| Exclude non-payment and interim claims       | UB-04 FL 04 Type of Bill, fourth digit (Frequency) ≠ 0 (Non-                                         |  |  |
|                                              | payment/zero claim) or 2 (Interim – first claim)                                                     |  |  |
| Final action claim                           | A final action claim is a non-rejected claim for which a payment has                                 |  |  |
|                                              | been made. All disputes and adjustments have been resolved and                                       |  |  |
|                                              | details clarified.                                                                                   |  |  |
| Medicare claim payment amount greater        | The home health agency received a payment amount greater than                                        |  |  |
| than zero                                    | zero on the claim (Note that Medicare Secondary Payer claims are                                     |  |  |
|                                              | included).                                                                                           |  |  |
| Exclude Health Maintenance Organization      | Exclude claims submitted to a Medicare Advantage (Health                                             |  |  |
| claims                                       | Maintenance Organization) plan                                                                       |  |  |
| Exclude cancelled claims                     | Exclude claims cancelled by the MAC                                                                  |  |  |
| Madiana hama haalth ann annista af ala       | Madigara hama haalth agra agusista of skillad nursing physical therapy, aggungtional therapy, speech |  |  |

Medicare home health care consists of skilled nursing, physical therapy, occupational therapy, speech therapy, aide services, and medical social work provided to beneficiaries in their homes. After October



2000, HHAs had been paid under a Home Health Prospective Payment System (HH PPS) for 60-day periods of care that included all covered home health services. The 60-day payment amount was adjusted for case-mix and area wage differences. The case-mix adjustment under this system included a clinical dimension, a functional dimension, and a service dimension, in which payment would increase if certain thresholds of therapy visits were met. If fewer than five visits were delivered during a 60-day period, the low-utilization payment adjustment (LUPA) rate was applied and the HHA was paid per visit by visit type. The HH PPS included a partial episode payment (PEP) adjustment for when a beneficiary elected to transfer to another HHA or when a beneficiary was discharged and readmitted to the same HHA during the 60-day episode. Medicare makes additional payments, which are known as outlier payments, to HHAs that provide services to beneficiaries who incur unusually high costs.

CMS finalized a new case-mix classification model, the Patient-Driven Groupings Model (PDGM), which came into effect on Jan. 1, 2020. The PDGM eliminates the use of therapy thresholds for case-mix adjustments and changes the 60-day unit of payment to a 30-day unit of payment. LUPA payments, partial payments, and outlier payments are included in the model. For more on the PDGM, see MLN Matters SE 19027 and MLN Matters SE 19028, or visit the CMS HH PPS page on the CMS website.

A beneficiary can receive an unlimited number of periods as long as they meet the coverage criteria. For home health services, a period is represented by one claim submitted to the MAC for Medicare reimbursement. The PEPPER target areas are designed to report on beneficiary periods (i.e., claims) that begin during the respective calendar year.

### **HHA PEPPER CMS Target Areas**

In general, the target areas are constructed as ratios and expressed as percents (when the numerator and denominator are expressed as the same unit, e.g., periods) or rates (when the numerator is expressed as a different unit than the denominator, e.g., beneficiaries and periods). Generally, the numerator represents periods that may be identified as problematic (in terms of their risk for improper Medicare payment), and the denominator represents a larger comparison group. The *HHA PEPPER* target areas are defined in the table below.

| TARGET AREA                                               | TARGET AREA DEFINITION                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Low Comorbidity (New as of Q4CY20 release)                | Numerator (N): count of periods with a secondary diagnosis that qualifies as a low comorbidity adjustment (fourth position of Health Insurance Prospective Payment System [HIPPS] code equal to '2') paid to the HHA during the time frame  Denominator (D): count of periods paid to the HHA during the time frame |
| High Comorbidity<br>(New as of Q4CY20<br>release)         | N: count of periods with two secondary diagnoses that qualify as a high comorbidity adjustment (fourth position of HIPPS code equal to '3')  D: count of periods paid to the HHA during the time frame                                                                                                              |
| Functional Impairment — Medium (New as of Q4CY21 release) | N: count of periods with a functional impairment level of medium (third position of HIPPS code equal to 'B') paid to the HHA during the time frame  D: count of periods paid to the HHA during the time frame                                                                                                       |



| TARGET AREA                     | TARGET AREA DEFINITION                                                                                                                                                                                                                   |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Functional<br>Impairment —      | N: count of periods with a functional impairment level of high (third position of HIPPS code equal to 'C') paid to the HHA during the time frame                                                                                         |
| High (New as of Q4CY21 release) | D: count of periods paid to the HHA during the time frame                                                                                                                                                                                |
| Average Case Mix                | N: sum of case mix weight for all periods paid to the HHA during the time frame, excluding LUPAs (identified by Part A National Claims History [NCH] HHA LUPA code) and PEPs (identified as patient discharge status code equal to '06') |
|                                 | D: count of periods paid to the HHA during the time frame, excluding LUPAs and PEPs                                                                                                                                                      |
|                                 | Note: reported as a rate, not a percent                                                                                                                                                                                                  |
| Average Number                  | N: count of periods paid to the HHA during the time frame                                                                                                                                                                                |
| of Periods                      | D: count of unique beneficiaries served by the HHA during the time frame                                                                                                                                                                 |
|                                 | Note: reported as a rate, not a percent                                                                                                                                                                                                  |
| Periods with Low<br>Visits      | N: count of periods with the number of visits equal to the LUPA threshold or one visit more than the LUPA threshold, paid to the HHA during the time frame                                                                               |
| (Revised as of Q4CY20 release)  | D: count of periods paid to the HHA during the time frame                                                                                                                                                                                |
| Non-LUPA<br>Payments            | N: count of periods paid to the HHA that did not have a LUPA payment during the time frame                                                                                                                                               |
|                                 | D: count of periods paid to the HHA during the time frame                                                                                                                                                                                |
| Outlier Payment                 | N: sum of dollar amount of outlier payments (identified by the amount where Value Code equal to '17') for periods paid to the HHA during the time frame                                                                                  |
|                                 | D: sum of dollar amount of total payments for periods paid to the HHA during the time frame                                                                                                                                              |
| Admission Source                | N: count of periods where admission source is institutional (first position of HIPPS code                                                                                                                                                |
| (New as of Q4CY20               | equal to '2' or '4')                                                                                                                                                                                                                     |
| release)                        | D: count of periods paid to the HHA during the time frame                                                                                                                                                                                |

These PEPPER target areas were approved by CMS because they were identified as being potentially at risk for improper Medicare payments in the HH PPS, or they are provided for informational purposes in the case of admission source.

### **How HHAs Can Use PEPPER Data**

The *HHA PEPPER* allows HHAs to compare their billing statistics with national, jurisdiction, and state percentile values for each target area for which they have "reportable data" for the most recent three years.

To calculate percentiles, the target area percents/rates for all HHAs with reportable data for each target area and each time period in the respective comparison group (i.e., nation,

"Reportable data" in PEPPER means the numerator count is 11 or more for a given target area for a given time period or the denominator count is 11 or more for the *Average Case Mix* and *Average Number of Periods* target areas. When the numerator or denominator count is less than 11 for a target area and time period, statistics are not displayed in PEPPER due to CMS data restrictions.



jurisdiction, or state) are ordered from highest to lowest. The target area percent/rate below which 80% of all HHAs' target area percents/rates falls is identified as the 80<sup>th</sup> percentile. HHAs whose target percents/rates are at or above the 80<sup>th</sup> percentile (i.e., the top 20%) are considered at risk for improper Medicare payments.

Percentiles are calculated for each of the three comparison groups (i.e., nation, jurisdiction, and state). The greater a HHA's percentile, the greater risk for improper payments. The PEPPER Team has developed suggested interventions that HHAs could consider when assessing their risk for improper Medicare payments for each of the target areas. Please note that these are generalized suggestions and will not apply to all situations. The following table can assist HHAs with interpreting their percentile values, which are indications of possible risk of improper Medicare payments.

### TARGET AREA SUGGESTED INTERVENTIONS FOR HIGH SUGGESTED INTERVENTIONS FOR LOW **OUTLIERS (IF AT/ABOVE 80<sup>TH</sup> PERCENTILE)** OUTLIERS (IF AT/BELOW 20<sup>TH</sup> PERCENTILE) **Low Comorbidity** This could indicate a risk of potential over-This could indicate a risk of potential coding of secondary diagnoses. A review of under-coding of secondary diagnoses. A (New as of Q4CY20 medical records may be considered to review of medical records may be release) determine if the coding of the diagnoses considered to determine if all secondary were substantiated by the medical record. diagnoses were appropriately captured from the medical record. **High Comorbidity** This could indicate a risk of potential over-This could indicate a risk of potential coding of secondary diagnoses. A review of under-coding of secondary diagnoses. A (New as of Q4CY20 medical records may be considered to review of medical records may be release) determine if the coding of the diagnoses considered to determine if all secondary were substantiated by the medical record. diagnoses were appropriately captured from the medical record. **Functional** This could indicate over-representation of This could indicate under-representation of the functional impairment status on the Impairment the functional impairment status on the Medium Outcome and Assessment Information Set OASIS. A review of OASIS responses of (OASIS) resulting in the assignment of functional impairment may be warranted (New as of Q4CY21 medium functional impairment. A review of to confirm the accuracy of the responses. release) OASIS responses of functional impairment may be warranted to confirm the accuracy of the responses. **Functional** This could indicate over-representation of This could indicate under-representation of Impairment the functional impairment status on the the functional impairment status on the High OASIS resulting in the assignment of high OASIS. A review of OASIS responses of functional impairment. A review of OASIS functional impairment may be warranted (New as of Q4CY21 responses of functional impairment may be to confirm the accuracy of the responses. release) warranted to confirm the accuracy of the responses. Not applicable. Average Case Mix This could indicate a risk of potential overcoding of beneficiaries' clinical, functional, or comorbidity status. The HHA should determine whether beneficiaries' status as reported on the OASIS is supported and consistent with medical record documentation.



### SUGGESTED INTERVENTIONS FOR LOW SUGGESTED INTERVENTIONS FOR HIGH **TARGET AREA** OUTLIERS (IF AT/ABOVE 80<sup>TH</sup> PERCENTILE) OUTLIERS (IF AT/BELOW 20<sup>TH</sup> PERCENTILE) **Average Number** This could indicate that the HHA is Not applicable. of Periods continuing treatment beyond the point where services are necessary. The HHA should review documentation for beneficiaries with a high number of periods to ensure that it clearly substantiates that skilled services were reasonable and necessary to the treatment of the patient's illness or injury within the context of the patient's unique medical condition. If the individualized assessment of the patient does not demonstrate the need for skilled care, such as instances where skilled care could safely and effectively be performed by the patient or unskilled caregivers, these services are not covered under the home health benefit. The HHA should review plans of care for appropriateness and assess the appropriateness of discharge plans. Periods with Low This could indicate that the HHA is Not applicable. **Visits** considering the minimum number of visits to obtain an HHRG payment instead of a (Revised as of LUPA payment when there are fewer visits Q4CY20 release) than the LUPA visit threshold. The HHA should review documentation for periods with a low number of visits to ensure that it clearly substantiates that skilled services were reasonable and necessary to the treatment of the patient's illness or injury within the context of the patient's unique medical condition. If the individualized assessment of the patient does not demonstrate the need for skilled care, such as instances where skilled care could safely and effectively be performed by the patient or unskilled caregivers, these services are not covered under the home health benefit. The HHA should review plans of care to ensure they are individualized and appropriate for the beneficiaries' condition.



| TARGET AREA                                       | SUGGESTED INTERVENTIONS FOR HIGH                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | SUGGESTED INTERVENTIONS FOR LOW                    |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
|                                                   | OUTLIERS (IF AT/ABOVE 80 <sup>TH</sup> PERCENTILE)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | OUTLIERS (IF AT/BELOW 20 <sup>TH</sup> PERCENTILE) |
| Non-LUPA<br>Payments                              | This could indicate that the HHA is considering the minimum number of visits to obtain an HHRG payment instead of a LUPA payment where there are fewer visits than the threshold. The HHA should review documentation to ensure that it clearly substantiates that skilled services were reasonable and necessary to the treatment of the patient's illness or injury within the context of the patient's unique medical condition. If the individualized assessment of the patient does not demonstrate the need for skilled care, such as instances where skilled care could safely and effectively be performed by the patient or unskilled caregivers, these services are not covered under the home health benefit. The HHA should review plans of care to ensure they are individualized and appropriate for the beneficiaries' condition. | Not applicable.                                    |
| Outlier Payments                                  | This could indicate a risk of potential over-<br>coding of beneficiaries' clinical, functional,<br>or comorbidity status. The HHA should<br>determine whether beneficiaries' status, as<br>reported on the OASIS, is supported and<br>consistent with medical record<br>documentation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Not applicable.                                    |
| Admission Source<br>(New as of Q4CY20<br>release) | This target area is provided for informational purposes; admission source is determined by submission of claims.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Not applicable.                                    |

Comparative data for the three consecutive years can be used to help identify whether an HHA's target area percents/rates changed significantly in either direction from one year to the next. This could be an indication of changes in admission or treatment practices, staff turnover, a change in medical staff, or changes in the external health care environment.



### **Using PEPPER**

### **Compare Targets Report**

HHAs can use the Compare Targets Report to help prioritize areas for auditing and monitoring. The Compare Targets Report lists all target areas with reportable data for the most recent year included in PEPPER. For each target area, the Compare Targets Report displays the HHA's numerator count, percent/rate, HHA's percentiles as compared to the nation, jurisdiction and state, and the "Sum of Payments" (where applicable).

Navigate through PEPPER by clicking on the worksheet tabs at the bottom of the screen. Each tab is labeled to identify the contents of each worksheet (e.g., Target Area Reports, Compare Targets Report).

The *HHA PEPPER* identifies providers whose data results (percentiles) suggest they are at risk for improper Medicare payments as compared to all HHAs in the nation. The HHA's risk status is indicated by the color of the target area percent/rate on the Compare Targets Report. When the HHA's percent/rate is at or above the national 80<sup>th</sup> percentile for a

target area, the HHA's percent/rate is printed in **red bold**. When the HHA is a low outlier (for coding-focused target areas only), the HHA percent is printed in *green italics*. When the HHA is not an outlier, the HHA's percent/rate is printed in black.

The Compare Targets Report provides the HHA's percentile value for the nation, jurisdiction, and state for all target areas with reportable data in the most recent year. The percentile value allows an HHA to judge how its target area percent/rate compares to all HHAs in each respective comparison group.

The HHA's national percentile indicates the percentage of all other HHAs in the nation that have a target area percent/rate less than the HHA's target area percent/rate.

The HHA's jurisdiction percentile indicates the percentage of all other HHAs in the MAC jurisdiction that have a target area percent/rate less than the HHA's target area percent/rate. The HHA's jurisdiction percentile for a target area will be blank if there are fewer than 11 HHAs with reportable data for the target area in a jurisdiction.

The HHA's state percentile indicates the percentage of all other HHAs in the state that have a target area percent/rate less than the HHA's target area percent/rate. The HHA's state percentile for a target area will be blank if there are fewer than 11 HHAs with reportable data for the target area in a state

To learn more about how percents differ from percentiles, see the "Training and Resources" page in the HHA section on <u>PEPPER.CBRPEPPER.org</u> for a short slide presentation with visuals to assist in the understanding of these terms.

When interpreting the Compare Targets Report findings, HHAs should consider their target area percentile values for the nation, jurisdiction, and state. Percentile values at or above the 80<sup>th</sup> percentile (for all target areas) or at or below the 20<sup>th</sup> percentile (for coding-focused target areas) indicate that the HHA is an outlier. Providers should place the highest priority with their national percentile, as this percentile represents how the HHA compares to all HHAs in the nation.



Percentile values at or above the jurisdiction's 80<sup>th</sup> percentile or state's 80<sup>th</sup> percentile should be considered as well, though they should be given lower priority. The jurisdiction and state comparison groups are smaller; therefore, these percentiles may be less meaningful. In addition, regional differences in practice patterns may be reflected in jurisdiction and state percentiles.

The "Target Count/Amount" and "Sum of Payments" (available for target areas based on periods) can also be used to help prioritize areas for review. Areas in which a provider is at/above the 80<sup>th</sup> percentile that have a high sum of payment and/or numerator count may be given higher priority than target areas for which a provider is at/above the 80<sup>th</sup> percentile that have a lower sum of payments/numerator count.

### **Target Area Reports**

PEPPER Target Area Reports display a variety of statistics for each target area summarized over three years. Each report includes a target area graph, a target area data table, comparative data, interpretive guidance, and suggested interventions.

### **Target Area Graph**

Each report includes a target area graph, which provides a visual representation of the HHA's target area percent or rate over three years. The HHA's data is represented on the graph in bar format, and each bar represents a calendar year. HHAs can identify changes in the target area percent/rate from one time period to the next, which could be a result of changes in patient population, medical/therapy staff, or utilization review processes, for example. HHAs are encouraged to identify root causes of major changes to ensure that improper payments are prevented.

The graph includes red trend lines for the percents/rates that are at the 80<sup>th</sup> percentile (and the 20<sup>th</sup> percentile for coding-focused target areas) for the three comparison groups (i.e., nation, jurisdiction, and state), which the HHA can use to easily identify when it is an outlier as compared to any of these groups. A table of these values (i.e., "Comparative Data") is included under the HHA's data table. To learn more about how percents differ from percentiles, see the "Training and Resources" page in the HHA section on <a href="PEPPER.CBRPEPPER.org">PEPPER.org</a> for a short slide presentation with visuals to assist in the understanding of these terms.

An HHA's data will not be displayed in the graph if the numerator count for the target area is less than 11 for any time period. This is due to data restrictions established by CMS. If there are fewer than 11 HHAs with reportable data for a target area in a state for any time period, there will not be a data point/trend line for the state comparison group in the graph. If there are fewer than 11 HHAs with reportable data for a target area in a jurisdiction for any time period, there will not be a data point/trend line for the jurisdiction comparison group in the graph.

### **Target Area HHA Data Table**

PEPPER Target Area Reports also include an HHA data table. Statistics in each data table include the target (numerator) count for the target area, the denominator count, the proportion of the numerator and denominator (percent or rate), the average length of stay (ALOS) for the numerator and for the



denominator (where available), and the average and sum of Medicare payment data (available for period-based target areas).

For the *Average Case Mix* target area, the numerator ALOS, the average Medicare payments, and the sum of Medicare payments cannot be calculated for the numerator, which is the sum of case mix weights for periods paid to the HHA during the report period (excluding LUPAs and PEPs).

For the *Average Number of Periods* target area, the denominator ALOS cannot be calculated because the denominator is the count of unique beneficiaries served by the HHA during the report period.

For the *Outlier Payments* target area, the average and sum of Medicare payments are not reported to avoid duplication in reporting these measures. Instead, the average outlier payment amount for each calendar year is calculated and reported.

The HHA's percent/rate will be shown in **red bold print** if it is at or above the national 80<sup>th</sup> percentile (high outlier); for coding-focused target areas it will be shown in *green italics* if it is at or below the national 20<sup>th</sup> percentile (low outlier). For each time period, an HHA's data will not be displayed if the numerator count for the target area is less than 11.

### **Comparative Data Table**

The comparative data table provides the target area percents/rates that are at the 80<sup>th</sup> and 20<sup>th</sup> percentiles (for coding-focused areas only) for the three comparison groups: nation, jurisdiction, and state. These are the values that are graphed as red trend lines on the target area graph. State percentiles are zero when there are fewer than 11 HHAs with reportable data for a target area in the state. Jurisdiction percentiles are zero when there are fewer than 11 HHAs with reportable data for a target area in the jurisdiction.

### **Suggested Interventions**

Suggested interventions for providers, whose results suggest a risk for improper Medicare payments, are tailored to each target area and are included at the bottom of each report.

### **HHA Top Clinical Groups Report**

The HHA Top Clinical Groups Report lists the top clinical groups for periods at the HHA that began in the most recent calendar year. For each clinical group listed, the report includes the total number of periods that have a principal diagnosis code mapping to that category, the proportion of periods for the clinical group to total periods, the number of visits, and the average number of visits. Please note that this report is limited to displaying the top clinical groups for which there were a total of at least 11 periods that began in the most recent calendar year.

### **Jurisdiction Wide Top Clinical Groups Report**

The Jurisdiction Wide Top Clinical Groups Report lists the top clinical groups for periods in the MAC jurisdiction that began in the most recent calendar year. For each clinical group listed, the report includes the total number of periods that have a principal diagnosis code mapping to that category, the proportion of periods for the clinical group to total periods, the number of visits, and the average number of visits.



Note that this report is limited to displaying the top clinical groups for which there were a total of at least 11 periods that began in the most recent calendar year.

### System Requirements, Customer Support, and Technical Assistance

PEPPER is a Microsoft Excel workbook that can be opened and saved to a personal computer (PC). It is not intended for use on a network, but it may be saved to as many PCs as necessary.

For help using PEPPER, please submit a request for assistance at <u>PEPPER.CBRPEPPER.org</u> by clicking on the "Help/Contact Us" tab. This website also provides many educational resources to assist HHAs with PEPPER in the HHA "Training and Resources" section.

Please do **not** contact your Medicare Quality Improvement Organization or any other association/organization for assistance with PEPPER, as these organizations are not involved in the production or distribution of PEPPER.



# **Acronyms and Abbreviations**

| Acronym/     | Acronym/Abbreviation Definition                                                                                                                            |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Abbreviation |                                                                                                                                                            |
| ALOS         | The average length of stay (ALOS) is calculated as an arithmetic average, or mean. It                                                                      |
|              | is computed by dividing the total number of days on claims ending during the report                                                                        |
|              | period at the HHA by the total number of claims submitted by the HHA during the                                                                            |
| CMC          | time period.                                                                                                                                               |
| CMS          | The Centers for Medicare & Medicaid Services (CMS) is the federal agency responsible for oversight of Medicare and Medicaid. CMS is a division of the U.S. |
|              |                                                                                                                                                            |
| EATHOM       | Department of Health and Human Services.                                                                                                                   |
| FATHOM       | First-Look Analysis Tool for Hospital Outlier Monitoring (FATHOM) is a Microsoft                                                                           |
|              | Access application. It was designed to help MACs compare acute care PPS inpatient                                                                          |
|              | hospitals in areas at risk for improper payment using Medicare administrative claims                                                                       |
| HIDDG        | data.                                                                                                                                                      |
| HIPPS        | Health Insurance Prospective Payment System (HIPPS)                                                                                                        |
| ННА          | Home health agencies (HHAs)                                                                                                                                |
| HHRG         | Home Health Resource Groups (HHRG)                                                                                                                         |
| HH PPS       | Home Health Prospective Payment System (HH PPS)                                                                                                            |
| IPF          | Inpatient psychiatric facility (IPF)                                                                                                                       |
| IRF          | Inpatient rehabilitation facility (IRF)                                                                                                                    |
| IPPS         | Inpatient prospective payment system (IPPS)                                                                                                                |
| LOS          | The length of stay (LOS) is the total number of HHA days for the claim submitted by                                                                        |
|              | an HHA for a beneficiary's period. It is computed by subtracting the admission date                                                                        |
|              | ("From Date") on the claim from the discharge date ("Through Date") of the claim                                                                           |
|              | before then adding one.                                                                                                                                    |
| LUPA         | Low-utilization payment adjustment (LUPA)                                                                                                                  |
| MAC          | The Medicare Administrative Contractor (MAC) is the contracting authority that                                                                             |
|              | replaced the fiscal intermediary and carrier in performing Medicare Fee-for-Service                                                                        |
|              | claims processing activities.                                                                                                                              |
| NCH          | National Claims History (NCH)                                                                                                                              |
| OASIS        | Outcome and Assessment Information Set (OASIS)                                                                                                             |
| OIG          | Office of Inspector General (OIG)                                                                                                                          |
| PEP          | Partial period payment (PEP)                                                                                                                               |
| PEPPER       | Program for Evaluating Payment Patterns Electronic Report (PEPPER) is a data report                                                                        |
|              | that contains a single provider's claims data statistics for claims for service at risk for                                                                |
|              | improper Medicare payments.                                                                                                                                |
| SNF          | Skilled nursing facility (SNF)                                                                                                                             |
| UB-04        | Standard uniform bill used by health care providers to submit claims for services.                                                                         |
|              | Claims for Medicare reimbursement are submitted to the provider's MAC.                                                                                     |