FY 2025 Long-Term Acute Care Hospital, Inpatient Rehabilitation Facility, Inpatient Psychiatric Facility PEPPER Webinar Transcript

August 25, 2026 - 1:00 p.m.

Harjinder Gill

Good afternoon, everyone. Welcome to today's PEPPER Release Webinar. We appreciate you taking the time to join us, and we will begin momentarily. In the meantime, there is a brief survey on your screen. Please take a moment to complete it. Thank you.

Good afternoon, and welcome to the webinar. My name is Jinder, and on behalf of the PEPPER Project Team and our CMS colleagues, we would like to thank you for joining today's PEPPER webinar for the FY 2025 Inpatient Rehabilitation Facility, Inpatient Psychiatric Facility, and Long-Term Acute Care Hospital PEPPERs.

A couple of housekeeping items before we get started.

Please note that this webinar is being recorded, and all attendees have been placed on mute.

Please use the Q&A function to submit questions throughout the presentation. We will answer those questions during the Q&A portion at the end.

For anyone who prefers captions or needs them for accessibility, Zoom offers a built-in closed-captioning feature. To enable captions during the webinar, click More (the three dots in your meeting controls), select Show Captions, and the captions will appear at the bottom of your screen.

If you are hearing an echo, please check to make sure you have the Zoom meeting open in only one browser window or application.

Additionally, if you have any questions after this session is complete, you can email them to cms_cbrpepper@cms.hhs.gov.

Today's presentation will review PEPPER and how to use it, as well as how to access and download your PEPPER through the new portal. We will then answer questions before closing.

To get started, I would like to introduce Hannah Klein, who will provide an overview of PEPPER.

Hannah Klein

Thank you, Jinder. Hello, and thank you to everyone for joining us today.

Let's begin with a brief overview of the Program for Evaluating Payment Patterns Electronic Report, commonly known as PEPPER.

PEPPER is an electronic report that displays statistics on Medicare payments for discharges and services that are considered vulnerable to improper payments. These areas of vulnerability are referred to as target areas.

PEPPERs for Inpatient Rehabilitation Facilities (IRFs), Inpatient Psychiatric Facilities (IPFs), and Long-Term Acute Care Hospitals (LTACHs) are released annually and are the focus of today's presentation.

These reports are generated for facilities with at least 11 claims in a single fiscal year for at least one target area included in the report.

PEPPER is designed to encourage providers to review data related to their billing practices and improve the accuracy of claims submitted to Medicare for reimbursement. PEPPER enables hospitals and facilities to compare their claim statistics with those of other providers in their Medicare Administrative Contractor (MAC) jurisdiction, their state, and across the nation.

PEPPER is intended to serve as an educational resource and can help strengthen compliance programs, support internal billing audits, improve documentation practices, and enhance patient care planning.

Please note that PEPPER does not identify improper Medicare payments. Rather, it is an educational tool that helps providers identify payment patterns that may indicate areas at risk for improper payments and warrant further review.

PEPPER Updates

CMS paused the PEPPER program in 2023 and has since redeveloped the reports, including the launch of a new PEPPER Portal to support the secure delivery of reports.

For the most up-to-date metrics for your organization, please refer to the most recent PEPPER available, as it reflects the latest claims data for your organization.

Users may need to establish access to the new PEPPER Portal in order to download their report. Portal access is available to individuals with the Staff End User (SEU) business function in the Identity & Access Management (I&A) system.

You may need to contact your Authorized Official (AO) or Access Manager (AM) to request access.

Within the PEPPER, many of the metrics are organized into target areas. These target areas provide information about hospital payment patterns for specific areas identified as potentially at risk for improper Medicare payments.

These target areas were identified through reviews by the Quality Improvement Organization and studies by the Office of Inspector General. They may change over time as new areas at risk for improper payments are identified and refinements are made to reflect changes in billing or coding requirements.

Generally, the target area numerator captures discharges identified as potentially problematic, while the denominator captures the larger reference group.

How Can You Use a PEPPER?

Hospitals can use the target area percentages and outlier status in the PEPPER to pinpoint areas that may need further investigation or monitoring. They can also use PEPPER to evaluate how their facility is performing compared to others in the nation, their MAC jurisdiction, and their state.

PEPPER data can also help identify areas where potential corrective actions may be appropriate.

Now I'll turn it over to Teresa to walk through some examples of how to interpret your target area results.

Teresa Le

To show an example of how a PEPPER target area is calculated, we will walk through the calculation of the 3-to-5-Day Readmission target area found in the Inpatient Rehabilitation Facility (IRF) PEPPER. You can use this approach to interpret your target area results for any PEPPER type.

The outlier status for each target area is driven by the national 80th percentile for a given time period. Let's say that for the 3-to-5-Day Readmission target area, the national 80th percentile for fiscal year 2025 was 2.8%. In this case, if your organization's target area percentage is below that benchmark, it is considered not an outlier. If it is above the national 80th percentile, it is considered a high outlier for this target area.

In our table, Hospital 1 has 15 discharges that met the numerator criteria and 750 discharges that met the denominator criteria. As such, the target area percent for this hospital is 2%, so it is not an outlier. Hospital 2 has 20 discharges that met the numerator criteria and 606 that met the denominator criteria, resulting in a target area percentage of 3.3%, which makes it a high outlier.

Hospital 3 had nine claims that met the numerator criteria, so it would have an outlier status of "No Data" because it did not meet the minimum threshold for reporting.

Users will see percentiles displayed in a few different places throughout the PEPPER. On the Compare Targets report, found on the Compare tab, Table 2, Statistics for Target Areas with Reportable Data for the Most Recent Fiscal Year, the percentiles displayed next to the hospital target discharge count and percent indicate the percentage of hospitals that have a lower target area percent than your facility.

Think of this as a way to understand how your hospital compares to other hospitals in the nation, your MAC jurisdiction, and your state for the most recent year. In general, the percentile next to a hospital's target area percentage tells you what percentage of hospitals had a lower target area percentage for that comparison group. Said another way, it helps answer the question, "How does your hospital compare to others for this target area and time period?"

For this example from the IRF PEPPER, the Miscellaneous CMGs target area percent was 29.4%, which placed the facility in the 96th percentile nationally, the 97th percentile in its jurisdiction, and the 99th percentile in its state. Since this is greater than the 80th percentile, the facility is a high outlier.

For the CMG at Risk for Unnecessary Admissions target area, however, the target area percent was 3.7%, which falls at the 45th percentile nationally, the 47th percentile in the jurisdiction, and the 48th percentile in the state. The facility is not an outlier for this target area.

The comparative data table for each target area tab works a little differently. It displays the national, jurisdiction, and state benchmark values, including the 80th percentile and, for coding-focused target areas, the 20th percentile. These benchmarks are used to determine outlier status.

In this example for the Outlier Payments target area in the IRF PEPPER, you can see that the national 80th percentile was 35.2% for fiscal year 2025. Therefore, any facility with a target area percentage below 35.2% would be considered not an outlier.

If a hospital is a high outlier for a target area, one possible next step is to audit cases that meet the target area criteria. The purpose of the review is to determine whether the documentation supports how the claim was billed.

If the review identifies documentation or coding patterns that may need improvement, the facility could implement an intervention, such as staff training, to reinforce documentation requirements. After the intervention has been in place for several months, follow up with another review to determine whether the number of cases lacking appropriate supporting documentation has decreased.

There are some additional ways to use your PEPPER. If your facility is a high or low outlier for a target area, consider working with your compliance team to review the claims that meet the numerator criteria for that time period. Review the related medical records for patterns or trends that may indicate potential billing or documentation concerns.

If patterns are identified, staff training or process updates may help correct billing practices going forward. Examples of issues to look for include missing supporting documentation or a mismatch between the DRG code and the physician's documentation.

Facilities may also establish ongoing monitoring for areas where they are high or low outliers to proactively track billing trends over time.

We've talked a little about how to interpret your PEPPER results and how to use your PEPPER. In a little bit, we'll walk through a sample PEPPER. First, let's look at what you can find in your PEPPER.

All PEPPERs will have the same first three tabs in the workbook. The Purpose tab introduces the PEPPER, the Definitions tab lists the definitions for each target area included in the report, and the Compare tab provides a table view of the data for the most recent fiscal year.

After that, there will be a separate tab for each target area included in the report. Each report also includes some high-level information about billing for the facility. For IRFs, this includes the Top Case Mix Groups, Average Length of Stay by Case Mix Tier, and Average Length of Stay by Discharge Destination for the most recent year. For IPF and LTACH PEPPERs, the last tab in the report displays information about the Top Diagnosis-Related Groups billed for the most recent fiscal year.

The fiscal year 2025 Long-Term Acute Care Hospital PEPPER was updated to reflect revised DRG codes for the Excisional Debridement target area. This includes the removal of DRGs 133 and 134 and the addition of DRGs 143, 144, and 145.

The fiscal year 2025 IRF PEPPER reflects an update to the 3-to-5-Day Readmission target area to exclude patients who expired, as captured by patient discharge status code 20, from the numerator.

The fiscal year 2025 IPF PEPPER reflects an update to both readmission target areas to exclude claims with patient discharge status code 20 from the numerator.

Next, I'll turn it back to Hannah to review a sample PEPPER and its contents.

Hannah Klein

Thanks, Teresa. Great.

As with previous PEPPER releases, the PEPPER is delivered as an Excel workbook with separate tabs for the report purpose, target area definitions, the Compare Targets report, and the results for each individual target area.

The Purpose tab includes a summary of the purpose and scope of the PEPPER. It also displays the hospital CMS Certification Number (CCN), the MAC jurisdiction, and the date range included in the report. For this release, the PEPPER includes data from fiscal year 2023 through fiscal year 2025.

The Definitions tab provides a description of each target area, including the numerator and denominator information. For more detailed information about how the target areas are calculated, we recommend reviewing the User Guide available on the PEPPER website.

Following the Definitions tab is the Compare tab. This Compare Targets report displays all target areas for which your facility has at least 11 claims in the numerator for the most recent fiscal year. For this report, that would be fiscal year 2025, or October 2024 through September 2025.

If a facility has 11 or more discharges that meet the target area numerator definition during that time period, the report will display the number of discharges, the metric rate, the percentiles compared to the nation, jurisdiction, and state, as well as the sum of payments for that target area. If a hospital or facility is a high outlier for a given target area, the percent will be displayed in red bold font, while non-outliers are displayed in black font. If low outliers are reported for a target area, the target area percent will be displayed in green italic font.

For each target area, there is a separate tab within the Excel workbook. On each tab, you will find a table with the hospital or facility statistics and a comparative data table that shows the national, jurisdiction, and state comparison values. These tables allow users to compare their hospital's target area percentage with the relevant benchmark groups.

If you scroll below the comparative data table, you will see a graph that displays the hospital statistics alongside the national, jurisdiction, and state percentiles. For target areas where only high outliers are calculated, the graph displays the 80th percentile benchmarks.

Each target area tab also includes suggested interventions for high, and where applicable, low outliers. This guidance can also be found in the User Guide.

Within the Inpatient Rehabilitation Facility (IRF) PEPPER, there are also a few additional reports at the end of the workbook. We'll begin with the Top CMGs tab. This tab shows the top Case Mix Groups billed by the facility for the most recent fiscal year and ranks the top 20 CMGs by discharge count.

If multiple CMGs share the same rank, all tied CMGs are displayed. If there are no CMGs with at least 11 discharges during the most recent fiscal year, the table will display "No Data" in the total row.

For each CMG, the table displays the discharge count, the proportion of discharges for that CMG compared to all discharges, and the facility's average length of stay for that CMG. The table also summarizes the total count of top CMG discharges, total discharges for all CMGs, the proportion of top CMG discharges compared with all CMGs, and the average length of stay for both the top CMGs and all CMGs. Below this table, you will also see jurisdiction information.

The Long-Term Acute Care Hospital (LTACH) and Inpatient Psychiatric Facility (IPF) PEPPERs include similar reports displaying the top Diagnosis-Related Groups (DRGs) for the most recent fiscal year.

In addition to this report, the IRF PEPPER includes an Average Length of Stay by CMG Tier report. This report shows the number of discharges, proportion of discharges, and average length of stay for all discharges grouped by CMG tier.

Finally, the IRF PEPPER also displays Average Length of Stay by Discharge Destination, grouping all IRF discharges by discharge destination and displaying the discharge count as well as the proportion of discharges for the most recent fiscal year.

Next, I'll turn it back over to Jinder to walk through the website and explain how to access the portal.

Harjinder Gill

Thanks, Hannah. It's me again.

We're going to walk through the new process for accessing and downloading PEPPERs.

If you're having trouble accessing the link provided for today's slides, go to the CMS PEPPER website and select the Training and Resources icon in the upper-right corner of the page. You should be able to access the slides under the IRF section. Hopefully, that is helpful.

Once you are on the website, begin by visiting the page. In addition to accessing the PEPPER Portal, you will find helpful resources such as FAQs, the latest User Guide, and information about how to contact our Help Desk if you have questions or experience issues. In addition, a recording of today's presentation and a copy of the slides will be posted to the PEPPER Resources page on the website for future reference.

To access your report, click the PEPPER Portal icon. This will take you to the PEPPER login page. To access the new portal, you will need an account with the CMS Identity & Access Management (I&A) System and must be registered as a Staff End User (SEU), Authorized Official (AO), or Access Manager (AM) for your organization with the PEPPER business function. This is the same login information used to access the CMS NPPES and PECOS systems.

If you need assistance with your I&A credentials, please contact the External User Services (EUS) Help Desk.

To access your PEPPER, log in to the PEPPER Portal. You will see a drop-down list that allows you to select your organization's CMS Certification Number (CCN), formerly known as OSCAR.

If you do not see your organization's CCN listed, please check with your organization's AO, AM, or the EUS Help Desk to verify that you are listed as either a Staff End User, AO, or AM for that CCN. If you are an SEU, AO, or AM, have the PEPPER business function, and still do not see your organization's CCN listed, that means there is no PEPPER available for your organization at this time.

PEPPERs currently available for download include those for Short-Term Acute Care Hospitals, Critical Access Hospitals, Hospice organizations, Long-Term Acute Care Hospitals, Inpatient Rehabilitation Facilities, Inpatient Psychiatric Facilities, and Home Health organizations with reportable data.

PEPPERs for Skilled Nursing Facilities and Partial Hospitalization Programs will be available in the coming months. You can find the full release schedule on the PEPPER website.

Once you have selected the CCN for which you would like to view and download a PEPPER, you will see the available file listed. To download the report, click the file name.

If you have additional questions about how a target area was calculated or about the content of your PEPPER, please submit your questions using the Help Desk form. You can access it by selecting Help Desk from the navigation bar, which is highlighted on this slide.

With that, I am going to turn it back over to Hannah.

Hannah Klein

Thanks, Jinder.

Before we wrap up, we thought we'd walk through one more example of how to interpret the data in your PEPPER.

Here we have an example from a Long-Term Acute Care Hospital PEPPER. In this report, you'll see the hospital statistics for the Outlier Payments target area in Table 11 for fiscal year 2025.

The Long-Term Acute Care Hospital had 69 discharges that met the numerator criteria for the Outlier Payments target area. In other words, it had 69 discharges with a DRG-approved outlier payment greater than zero. This was out of 447 total discharges for that year.

To calculate the Outlier Payments target area percentage, we divide 69 by 447, which equals 15.4%.

In comparison, the national 80th percentile, which is displayed in Table 12 of the report, was 20.9% for fiscal year 2025. Since the facility's target area percentage was below the national 80th percentile, it is considered not an outlier for this target area.

We hope this example helps as you review your PEPPERs.

Now I'll turn it back to Jinder to facilitate today's Q&A session.

Harjinder Gill

Thanks, Hannah, and thanks for walking through that.

We do have some time for questions, so we'll now open the floor for Q&A. Please submit your questions using the Q&A tool.

I believe there have already been some questions submitted, and Dena has been responding to those.

Dena Gregory

Yes, I can read through some of these questions while we wait for additional questions to come in.

I provided information on how to access your PEPPER. Actually, the first question is, "My organization does not know who the Access Manager is. Is there someone I can call?"

The answer is yes. You can contact the External User Services (EUS) Help Desk. Jinder provided that information earlier, and if you look in the Q&A, you'll see the contact information there. I believe Elaine also posted it in the chat.

Elaine also posted links to the User Guides for each PEPPER type. If you have specific questions regarding your PEPPER, those guides may be helpful resources.

Another question was, "When comparing our facility to the nation and state, we are faced with the question of how to properly compare across possible demographic differences. Our hospital has a large geriatric population. How can PEPPER support this type of population analysis?"

The answer is that PEPPER does not apply any adjustments for patient population. The jurisdiction and state percentiles are intended to provide general benchmarks for the facility.

Let's see. I see a few additional questions have come in.

"Are PEPPER credentials the same as PECOS credentials?"

Yes. The credentials used to access PEPPER are the same credentials used for PECOS and NPPES. However, you must also have the PEPPER business function to access your PEPPER report.

If you are an Access Manager or an Authorized Official, you will be able to access your PEPPER. If you do not have one of those roles, you will need to be set up as a Staff End User.

I also included instructions in the Q&A responses. You can work with your Authorized Official (AO) or Access Manager (AM) to obtain Staff End User access.

Hannah or Teresa, someone is asking, "Can you please review a stand-alone inpatient psychiatric facility?" I'm not sure if that's something you could do on the fly here.

Hannah Klein

Sure. I have the Inpatient Psychiatric Facility (IPF) PEPPER displayed, so we can walk through an example of a target area you might see there.

What you're seeing is the target area for comorbidities.

On the Definitions tab, the numerator for this target area is the count of discharges with at least one comorbidity on the claim, and the denominator is the count of all discharges.

In this example, for fiscal year 2025, the organization had 71 discharges with at least one comorbidity on the claim out of 391 total discharges. This results in a target area percentage of 18.2%, which makes the facility a low outlier.

I'm not sure what additional information the individual was looking for in terms of an example, but I'm happy to answer any more specific questions if there is something else we can help with.

Harjinder Gill

There's another question. If an outlier status states no data, is it safe to assume that means we had less than 11 discharges in the numerator?”

Hannah Klein

Yes. If the outlier status is showing as "No Data," that means there were fewer than 11 discharges that met the numerator criteria for the given fiscal year.

Dena Gregory

We had a question come in: "For Home Health Agencies and Partial Hospitalization Programs, is the PEPPER data annual or quarterly?"

For all PEPPER types, the reports are released annually, with the exception of Short-Term Acute Care Hospitals, which are released quarterly.

Another question was: "Could you please show the DRG page on the IPF PEPPER?"

Hannah Klein

Sure. Similar to the Top CMGs tab in the IRF PEPPER that we walked through earlier, the IPF PEPPER includes a Top DRGs report.

This report displays the count of discharges for each Diagnosis-Related Group (DRG) with at least 11 discharges during the reporting period. The first table displays facility-level information, and the lower table displays jurisdiction-level information.

I'm not sure whether there was a more specific question about this table, but I'm happy to walk through any additional details.

It looks like we also have another question regarding how often the Long-Term Acute Care Hospital PEPPERs are released. Those PEPPERs are released annually.

Harjinder Gill

Another question, “Is there national level DRGs available on IPS/PPS table?”

Hannah Klein

The Top DRGs table in the IPF PEPPER displays facility-level information as well as the top DRGs for your facility's jurisdiction.

For each of the top DRGs shown for the jurisdiction, the report also displays the national average length of stay. However, the IPF PEPPER does not currently include a national Top DRGs table.

Harjinder Gill

And just to confirm, “Are Acute Care Hospital and Long-Term Acute Care Hospital PEPPERs released annually?”

Dena Gregory

The Long-Term Acute Care Hospital PEPPERs are released annually, while the Short-Term Acute Care Hospital PEPPERs are released on a quarterly basis.

Another question is, "If we are no longer certified as an inpatient psychiatric facility, do we need to do anything with the results? Will future claims be included in the Short-Term Acute Care Hospital PEPPER?”

Hannah Klein

You do not need to do anything with your results. PEPPERs are provided as an educational tool. If your organization has converted to a Short-Term Acute Care facility, any claims billed as a Short-Term Acute Care facility will be considered for the Short-Term Acute Care Hospital PEPPER.

You would not receive an Inpatient Psychiatric Facility PEPPER unless there is sufficient data and you still have an active CCN associated with that facility type.

I hope that answers your question.

Dena Gregory

A few more questions have come in.

"We have a geriatric psychiatry facility. Are the psychiatric reports stratified by type of facility?"

Hannah Klein

The data used to calculate the target area metrics in the IPF PEPPER is based on the criteria and filters described at the beginning of the User Guide.

As long as your claims meet those criteria, they will be included in the IPF PEPPER. We do not further stratify or break down the data by type of psychiatric facility within that category.

Dena Gregory

OK. Another question for IRF: "Is the data gathered based on Medicare Fee-for-Service only, or all Medicare?"

Hannah Klein

PEPPERs are based on Medicare Fee-for-Service only at this time, we do not include Medicare Advantage for example.

Dena Gregory

Another question has come in: "Are there any plans to produce PEPPERs more frequently?"

At this time, PEPPERs are released quarterly for Short-Term Acute Care Hospitals and annually for all other facility types. That remains the current release schedule, and there are no plans at this time to increase the frequency of PEPPER releases.

Are there any other questions?

OK. Hannah or Jinder, would you like to wrap things up?

Harjinder Gill

Sure. Thanks, Dena.

If you have additional questions after this presentation is over, please reach out to us.

Before we close, we have three quick calls to action.

First, please complete the webinar feedback survey. We appreciate your feedback.

Second, if you need access to your organization's PEPPER, register for the Staff End User PEPPER business function in the Identity & Access Management system or work with your organization's Authorized Official or Access Manager.

Third, once you have access, please download your PEPPER and use it to support your internal monitoring and review activities.

Again, we appreciate your time today. This concludes our webinar. Thank you for joining us and for the important work you do every day. Thank you.