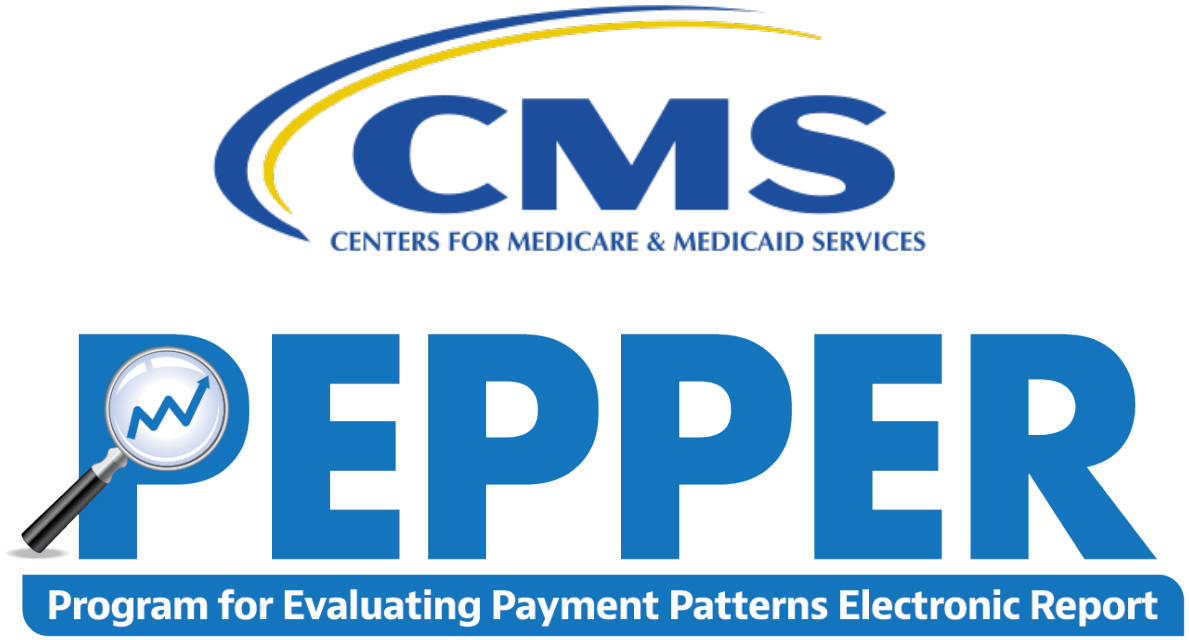

PEPPER Webinar

August 25, 2026

Thank you for joining today's presentation. We will begin momentarily.

PEPPER Webinar Agenda

- Welcome to today's presentation on the recently released PEPPERs for Inpatient Rehabilitation Facility (IRF), Inpatient Psychiatric Facility (IPF), and Long-Term Acute Care Hospital (LTACH).
- We will begin momentarily.
- All participants will be muted for the presentation. To submit a question, please enter your question in the Q&A box in Zoom.

1	**PEPPER Overview & Updates** *10 Minutes*
2	**PEPPER Review** *30 Minutes*
3	**Portal Access** *10 Minutes*
4	**Questions and Answers** *10 Minutes*
5	**Closing Remarks** *5 Minutes*

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PEPPER Overview

What Is a PEPPER?

- A Program for Evaluating Payment Patterns Electronic Report (PEPPER) is an electronic report that provides facility-specific Medicare statistics for discharges and services vulnerable to improper payments.
- Each PEPPER includes statistics for the most recent federal fiscal years for each area at risk for improper payments ("target areas").
- PEPPERs for Inpatient Rehabilitation Facilities (IRFs), Inpatient Psychiatric Facilities (IPFs), and Long-Term Acute Care Hospitals (LTACHs) are released annually.
- PEPPER is generated only for hospitals and facilities with sufficient data (more than 11 claims) for the target areas included in the report.

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PEPPER Purpose

How to Use Your PEPPER?

PEPPER encourages providers to review data about their billing practices to help ensure they submit accurate claims for payment.

PEPPER provides a comparison of your facility's claims-data statistics against other hospitals/facilities in your Medicare Administrative Contractor (MAC) jurisdiction, your state, and the nation.

PEPPER provides education to providers on their payment patterns and potential risk for improper payments.

PEPPER can be used to strengthen compliance programs, prepare for audits, and improve documentation and care planning.

Note: PEPPER does not identify improper Medicare payments.

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PEPPER Updates

What Changed?

- PEPPERs have been redeveloped, and beginning with the FY 2025 PEPPER, users may notice slight differences in their target area performance when compared with historical PEPPERs.
- This release marks the first IRF, IPF, and LTACH PEPPER available through the new PEPPER portal, which is accessible to Authorized Officials, Access Managers, and users with the Staff End User (SEU) business function in the Identity & Access Management (I&A) System.
- Staff End Users should contact their Authorized Official or Access Manager to request access.

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PEPPER Target Areas

- PEPPERs display information on hospital payment patterns for specific areas identified as potentially at risk for improper Medicare payments, referred to as ***Target Areas***.
- These target areas were originally identified through Quality Improvement Organization reviews and studies conducted by the Office of Inspector General.
- Target areas may change over time as MACs identify new risks and as policy changes are implemented.

Numerator

Discharges identified as potentially problematic

Denominator

The larger reference group that contains the numerator

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How to Use PEPPER

While PEPPER does not identify the presence of payment errors, hospitals can use PEPPER data to:

Review

Pinpoint areas for auditing or monitoring

Compare

Assess performance against national, MAC jurisdiction, and state peers

Act

Use findings to guide education, documentation, and monitoring

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Example Target Area Review: 3- to 5-Day Readmissions

Benchmark	Simple Percentage	If Target Area Percentage is Below?	If Target Area Percentage is Above?
National 80th Percentile	2.8%	Not an outlier	**High outlier**

Hospital	Target Area Discharge Count (Numerator)	Denominator Discharge Count (Denominator)	Target Area Percentage	Outlier Status
Hospital 1	15	750	**2.0%**	Not an outlier
Hospital 2	20	606	**3.3%**	**High outlier**
Hospital 3	9	180	*N/A – fewer than 11 claims in numerator*	No data

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Understanding PEPPER Percentiles

Compare Targets Report

- Shows Target Area information for the most recent fiscal year
- Includes your facility's percentile rankings
- Think of it as: *How does your facility compare to others this year?*

Table 2 Compare Targets Report

Target	Number of Target Dischs	Percent	Facility National %ile	Facility Jurisdict. %ile	Facility State %ile	Sum of Payments
Miscellaneous CMGs	236	**29.4%**	96.2	97.1	99.3	$4,678,056
CMGs at Risk for Unnecessary Admissions	30	3.7%	45.6	47.4	48.0	$491,899

Target Area Comparative Data Table

- Shows National, Jurisdiction, and State information for the respective Target Area
- If your facility's target area percentage is greater than the National 80th percentile for that target area, you are considered a high outlier
- Think of it as: *How do 80% of facilities score for this target area?*

Table 8 Comparative Data for Outlier Payments

Time Period	National 80th Percentile	Jurisdiction 80th Percentile	State 80th Percentile	Percent (Numerator / Denominator)
FY 2023	30.2%	24.2%	30.6%	**41.4%**
FY 2024	38.9%	24.5%	62.4%	**48.8%**
FY 2025	35.2%	22.0%	22.0%	34.3%

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Example Next Steps for a High Outlier

Target Area has a High Outlier Status

Audit Cases	Implement Intervention	Follow Up
Review cases that meet the numerator criteria for potential billing anomalies.	Review the suggested interventions for high outliers found in the User Guide for more information.	Track progress in this area following the intervention.

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Using Your PEPPER

- For areas where your organization is a high or low outlier, review the claims that meet the numerator criteria for the time period.
- Review the medical records for these claims to identify potential patterns or trends of improper billing practices.
  - If any patterns are identified, provide staff training to correct billing practices going forward.
- Potential issues for improper billing:
  - Lack of supporting documentation
  - Mismatch between the DRG code and the physician's documentation
- Establish monitoring for areas of care where your organization is a high or low outlier to proactively track billing trends.

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PEPPER Content

IRF

- Purpose
- Definitions
- Compare
- Misc CMGs
- CMBGs Adm Risk
- Outlier Pmts
- STACH Admiss
- 3-5 Day Readm
- Short Stays
- Top CMGs
- ALOS CMG Tier
- ALOS Disc Dest

IPF

- Purpose
- Definitions
- Compare
- Comorbidities
- No Secondary Dx
- Outlier Payments
- 3-5 Day Readm
- 30-Day Readm
- Top DRGs

LTACH

- Purpose
- Definitions
- Compare
- Septicemia
- Excis Deb
- Short Stays
- Short Stays Resp Syst Dx
- Outlier Pmts
- Readm
- STACH Admiss
- Top DRGs

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FY 2025 PEPPER Updates

PEPPER Specific Updates

LTACH

- The FY 2025 release reflects updated DRG code sets for the Excisional Debridement target area.
- DRGs 133 and 134 were removed and replaced with DRGs 143, 144, and 145.

IRF

- Patients who expire (patient status code 20) are now excluded from the 3- to 5-Day Readmissions target area numerator.

IPF

- Patients who expire (patient status code 20) are now excluded from the 3- to 5- Day Readmissions and 30-Day Readmissions target area numerators.

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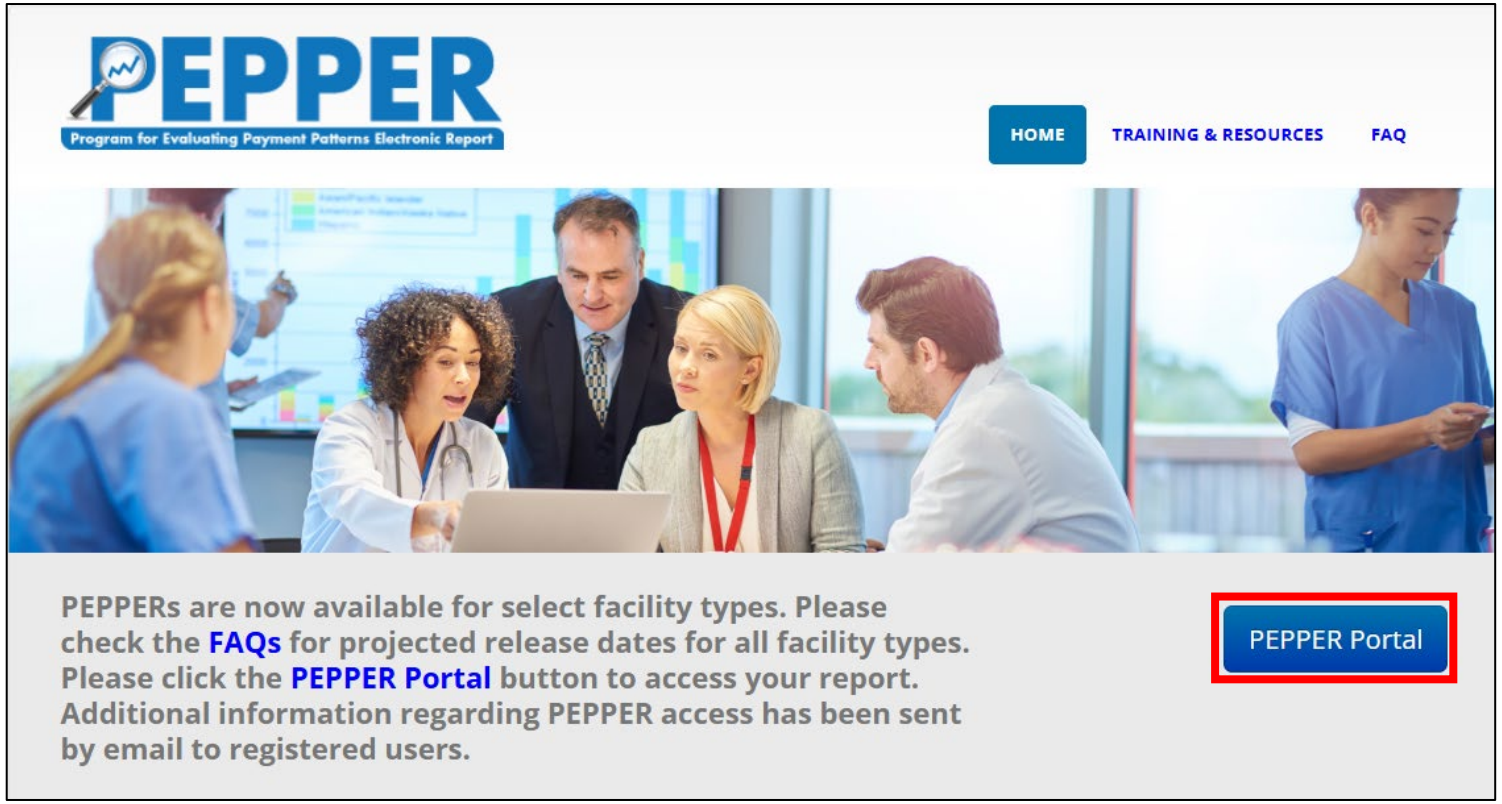
Sample PEPPER Review

Website Portal Overview

PEPPER Website

Visit the CMS PEPPER website for more information, including links to the following tools:

- **FAQs**
- **User Guide**
- **PEPPER Help Desk**



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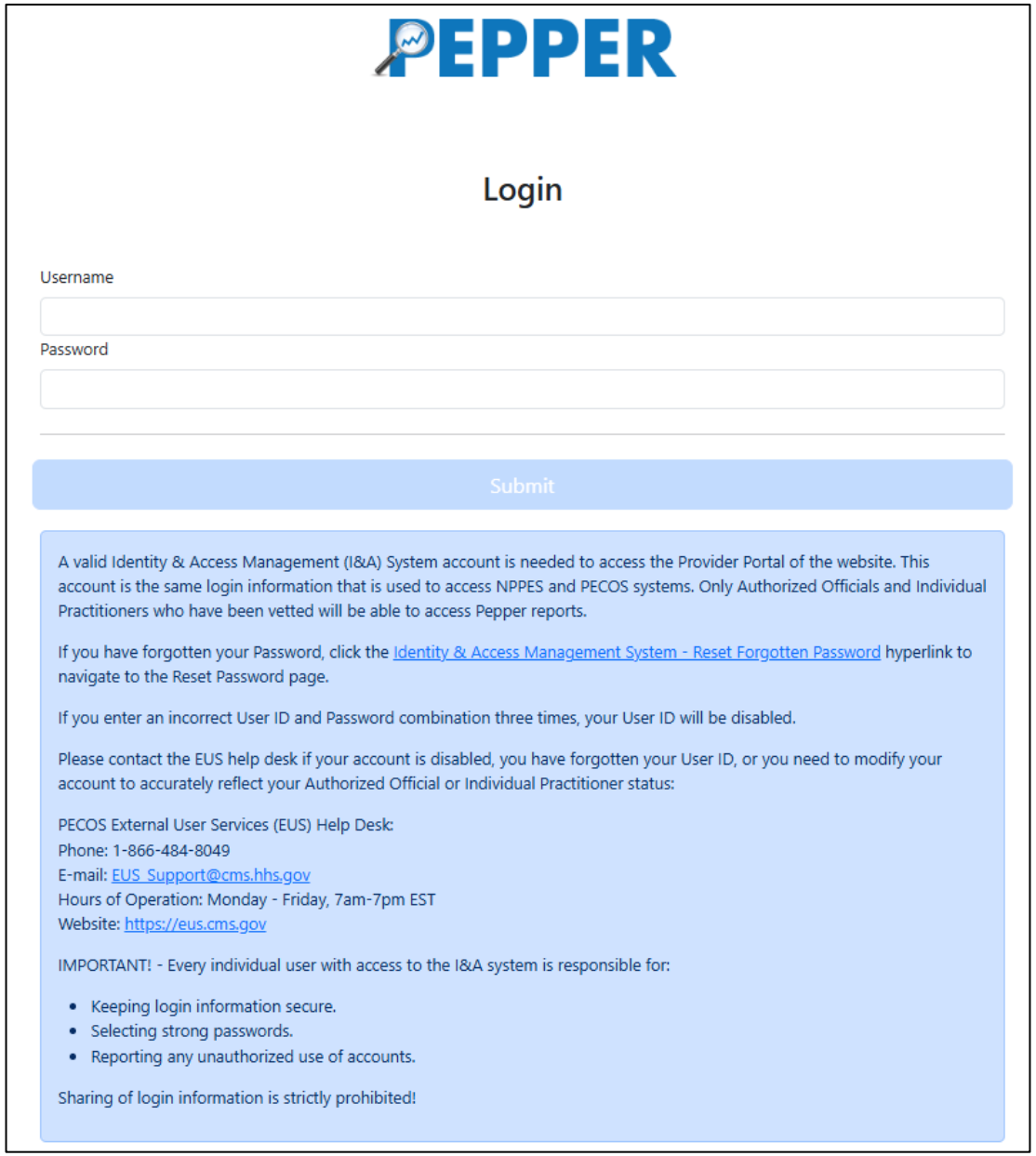
PEPPER Login Page



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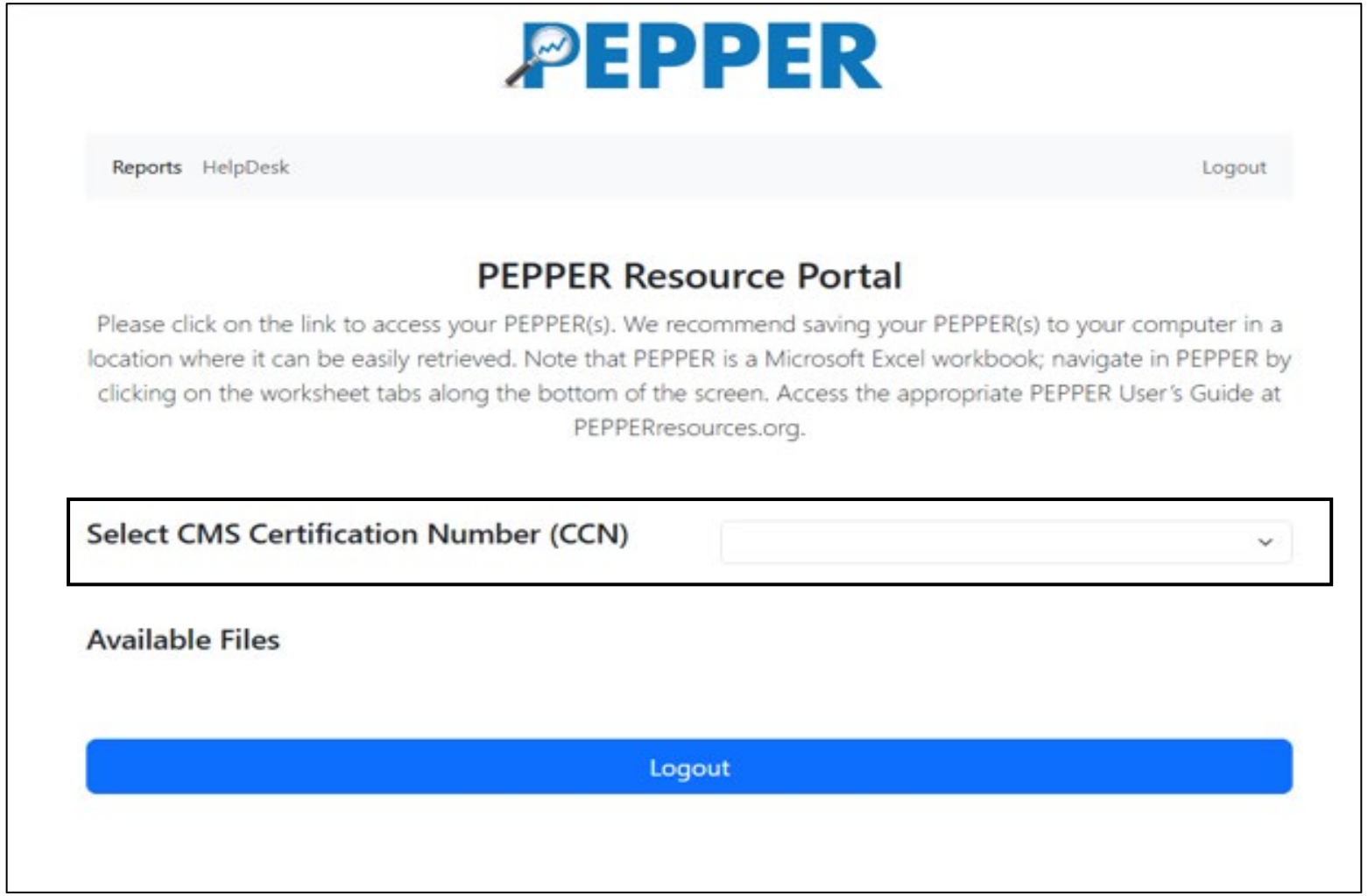
Accessing Your PEPPER: Select Your Organization



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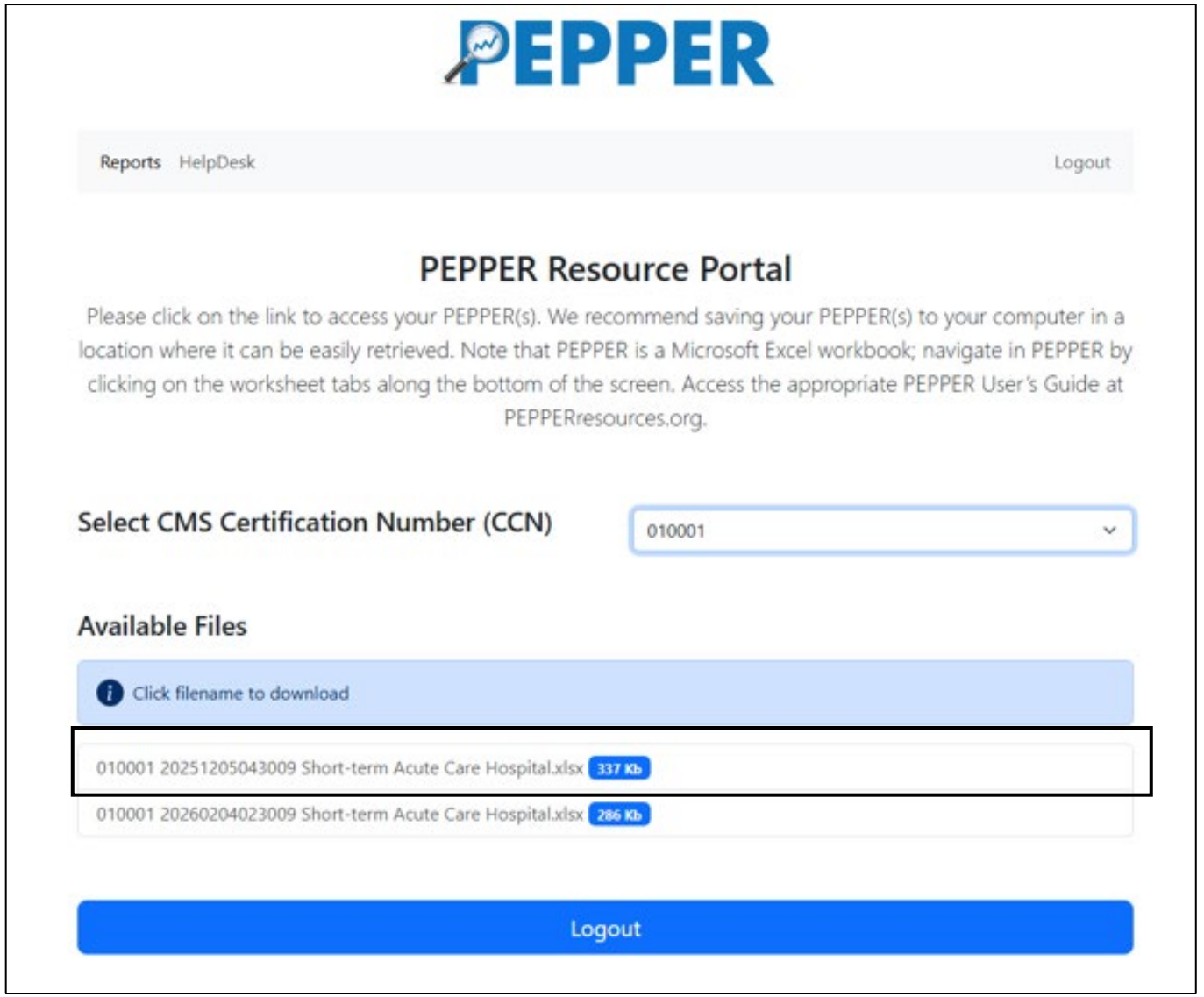
View and Download Your Available PEPPER



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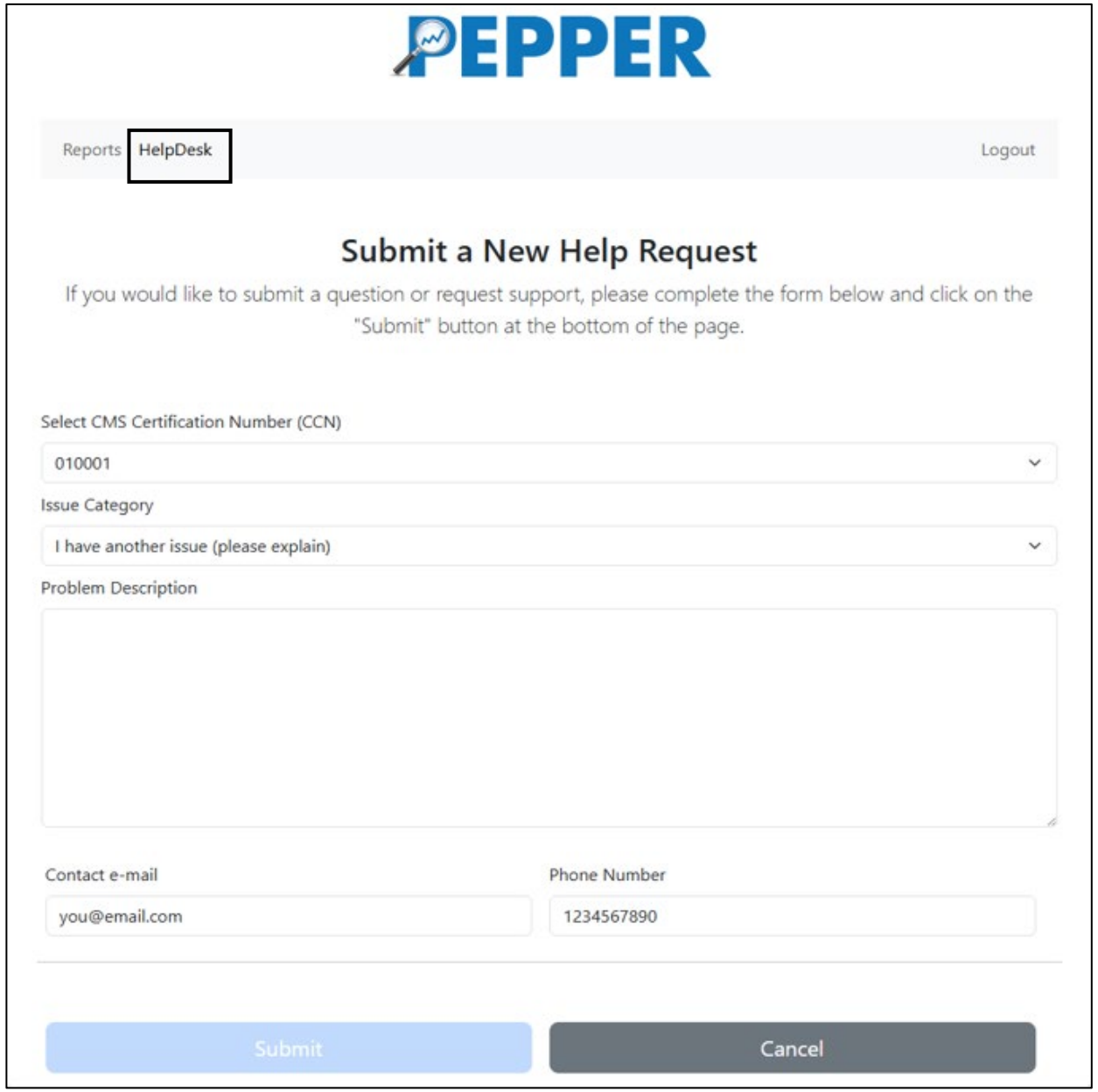
PEPPER Resources Portal Help Desk Request Form



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Interpreting PEPPER Target Area Results

Demonstration: Interpreting PEPPER Results

- Table 11 shows the Outlier Payments Target Area results for an LTACH.
- In FY 2025, the hospital had 69 discharges with outlier payments greater than $0 out of 447 total discharges for the fiscal year.
- This means their Target Area percent is 15.4% for FY 2025.
- In Table 12, we see the National 80th percentile for FY 2025 is 20.9%.
- Since the LTACH's Target Area percent is less than the National 80th percentile, they are not an outlier for this Target Area.

Table 11 Hospital Statistics for Outlier Payments

Time Period	Outlier Status	Percent (Numerator / Denominator)	Target Area Discharge Count (Numerator)	Denominator Count	Target Area Average Length of Stay (ALOS)	Denominator Average Length of Stay (ALOS)	Target Average Medicare Payment	Target Sum Medicare Payment
2025	Not an outlier	15.4%	69	447	66.5	32.4	$181,772	$8,039,950

Table 12 Comparative Data for Outlier Payments

Time Period	National 80th Percentile	Jurisdiction 80th Percentile	State 80th Percentile	Percent (Numerator / Denominator)
2025	20.9%	15.5%	14.8%	15.4%

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Questions & Answers

Call to Action

1. Complete the Webinar Feedback Survey
2. Register for the Staff End User (SEU) PEPPER Business Function
3. Download and Use Your PEPPER

This concludes our presentation. Thank you for joining us today!

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