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PEPPER

Program for Evaluating Payment Patterns Electronic Report

Short-Term (ST) Acute Care Hospital PEPPER Q3 2025 Release Webinar

January 6, 2026

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

ST Acute Care Hospital PEPPER Q3 2025 Release Webinar Agenda

- Welcome to today's presentation on the Q3 FY 2025 Short-Term (ST) Acute Care Hospital PEPPER!
- We will begin momentarily.
- All participants will be muted for the presentation. To submit a question, please enter your question in the Chat box in Teams.

1	**Introductory Remarks** *5 Minutes*
2	**PEPPER Overview & Updates** *20 Minutes*
3	**Review PEPPER Portal** *10 Minutes*
4	**Questions and Answers** *10 Minutes*
5	**Closing Remarks** *5 Minutes*

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ST PEPPER Overview

What Is a PEPPER?

- A Program for Evaluating Payment Patterns Electronic Report (PEPPER) is an electronic report that delivers facility-specific Medicare statistics for discharges and services vulnerable to improper payments.
- Each PEPPER contains statistics for the most recent federal fiscal quarters for each area at risk for improper payments ("target areas").
  - Q1: October – December
  - Q2: January – March
  - Q3: April – June
  - Q4: July – September
- The ST PEPPER released on December 10, 2025, provides data for Q3 FY 2023 through Q3 FY 2025.
- The ST PEPPER is only generated for hospitals with enough data (more than 11 claims) for the target areas included in the report.

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PEPPER Purpose

How Can PEPPER Be Used?

- 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 hospital's claims data statistics against other hospitals in your Medicare Administrative Contractor (MAC) jurisdiction, state, and the nation.
- Note, PEPPER does not identify improper Medicare payments.
- PEPPER provides education for providers on their payment patterns and their risk for improper payments.

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PEPPER Updates

What Has Changed?

- In August 2024, CMS released a Request for Information (RFI) to collect feedback to improve the overall usability and clarity of PEPPER.
- While the purpose and content of PEPPER remain the same, CMS implemented the following changes in response to user feedback:

A new access portal

Refreshed User Guides, updated with plain language and clear definitions for improved readability

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PEPPER Target Areas

- PEPPERs display information on hospital payment patterns for certain areas identified as potentially at risk for improper Medicare payments, also known as ***Target Areas***.
- These target areas were identified by the Quality Improvement Organization reviews and Office of Inspector General studies.
- Target areas may change over time as MACs identify new risks, policy changes are implemented, etc.
- Target areas are constructed as a ratio.

Numerator

- Discharges identified as potentially problematic

Denominator

- The larger reference group that contains the numerator

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Target Area Updates

Surgical Complication and Comorbidity (CC) Major Complication and Comorbidity (MCC)

- Updated beginning with Q1 FY 2024 to remove Diagnosis Related Group (DRGs) 246 and 248 and replaced them with DRGs:
- **321** - Percutaneous cardiovascular procedures with intraluminal device with MCC or 4+ Arteries/Intraluminal Devices
- **322** - Percutaneous cardiovascular procedures with intraluminal device without MCC

Percutaneous Cardiovascular Procedures

- Updated beginning with Q1 FY 2024 to remove DRGs 246, 247, 248, and 249 and replace them with DRGs:
- **321** - Percutaneous cardiovascular procedures with intraluminal device with MCC or 4+ Arteries/Intraluminal Devices
- **322** - Percutaneous cardiovascular procedures with intraluminal device without MCC

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ST PEPPER Target Areas – Coding Focused

Coding – Focused

1. Stroke Intracranial Hemorrhage (ICH)	2. Respiratory Infections	3. Simple Pneumonia	4. Septicemia	5. Unrelated OR Procedure
6. Medical CC or MCC	7. Surgical CC or MCC	8. Single CC or MCC	9. Severe Malnutrition	10. Ventilator Support

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ST PEPPER Target Areas

Admission Necessity-Focused

- 11. Percutaneous Cardiovascular Procedures
- 12. Total Knee Replacement
- 13. Syncope
- 14. Other Circulatory System Diagnoses
- 15. Other Digestive System Diagnoses
- 16. Medical Back
- 17. Spinal Fusion
- 18. 3-Day SNF
- 19. 30-Day Readmissions to the Same or Elsewhere
- 20. 30-Day Readmissions to the Same Hospital
- 21. 2-Day Stay Medical DRGs
- 22. 2-Day Stay Surgical DRGs
- 23. 1-Day Stay Medical DRGs
- 24. 1-Day Stay Surgical DRGs

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Example Target Area Calculation

Target Area	Target Area Definition
Stroke Intracranial Hemorrhage	Numerator: Count of discharges for the following DRGs: 061, 062, 063, 064, 065, 066 Denominator: Count of discharges for the following DRGs: 061, 062, 063, 064, 065, 066, 067, 068, 069

Example:

Hospital count of discharges that meet numerator criteria: 24

Hospital count of discharges that meet denominator criteria: 27

→ Target Area calculation: 24 out of 27 or **88.9%**

National 80th Percentile: 93.4%

National 20th Percentile: 77.1%

→ 88.9% falls between 77.1% and 93.4% so this hospital is *not an outlier* for Stroke ICH target area.

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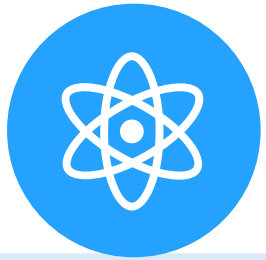
How to Use PEPPER

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

Pinpoint specific areas in need of auditing or monitoring



Identify potential DRG under-coding or over-coding problems

Identify target areas where length of stay is increasing

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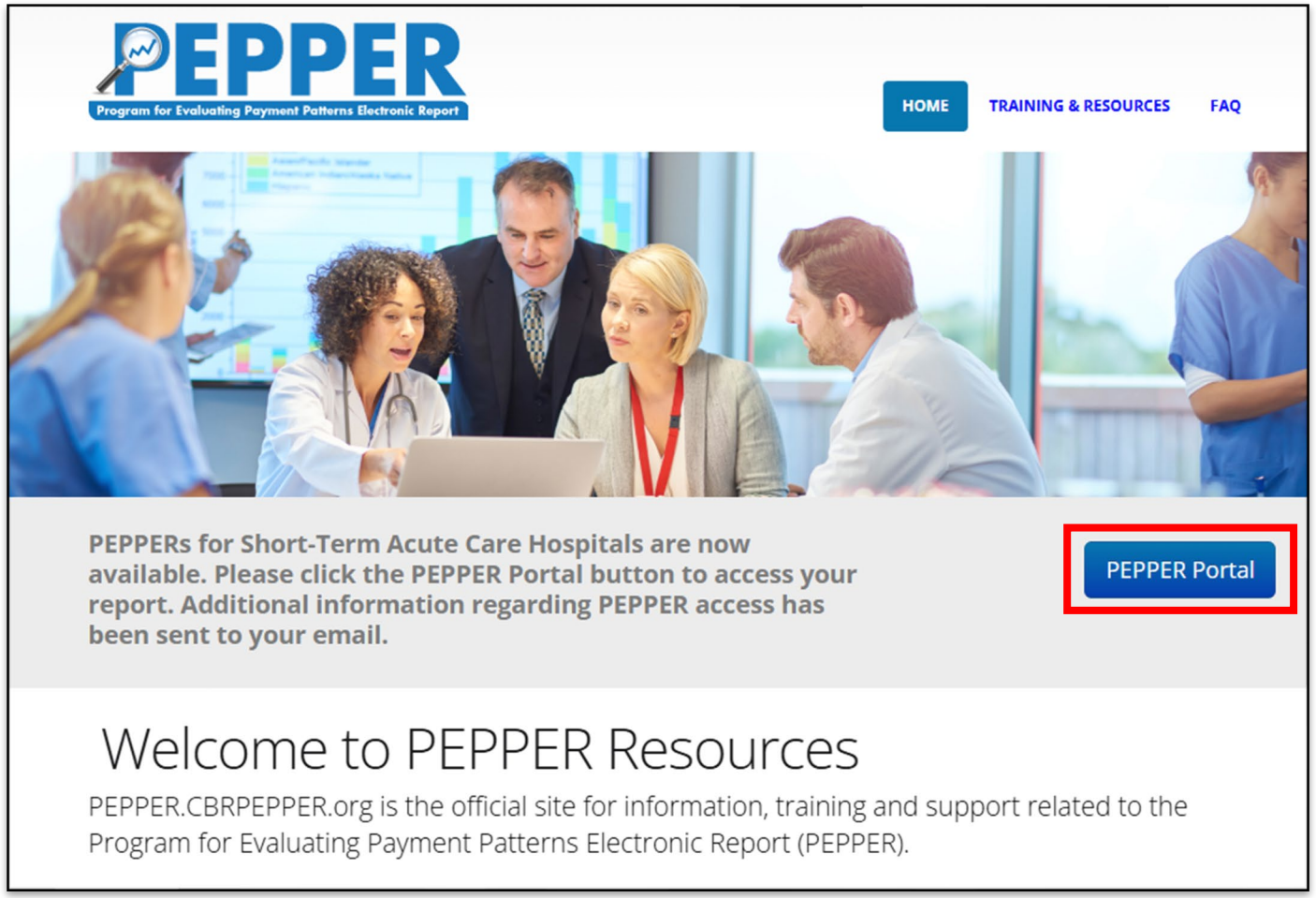
Sample PEPPER Review

Website Portal Overview

PEPPER Website

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

- FAQs
- User Guide
- For additional help with accessing or interpreting your report, please contact the PEPPER Help Desk



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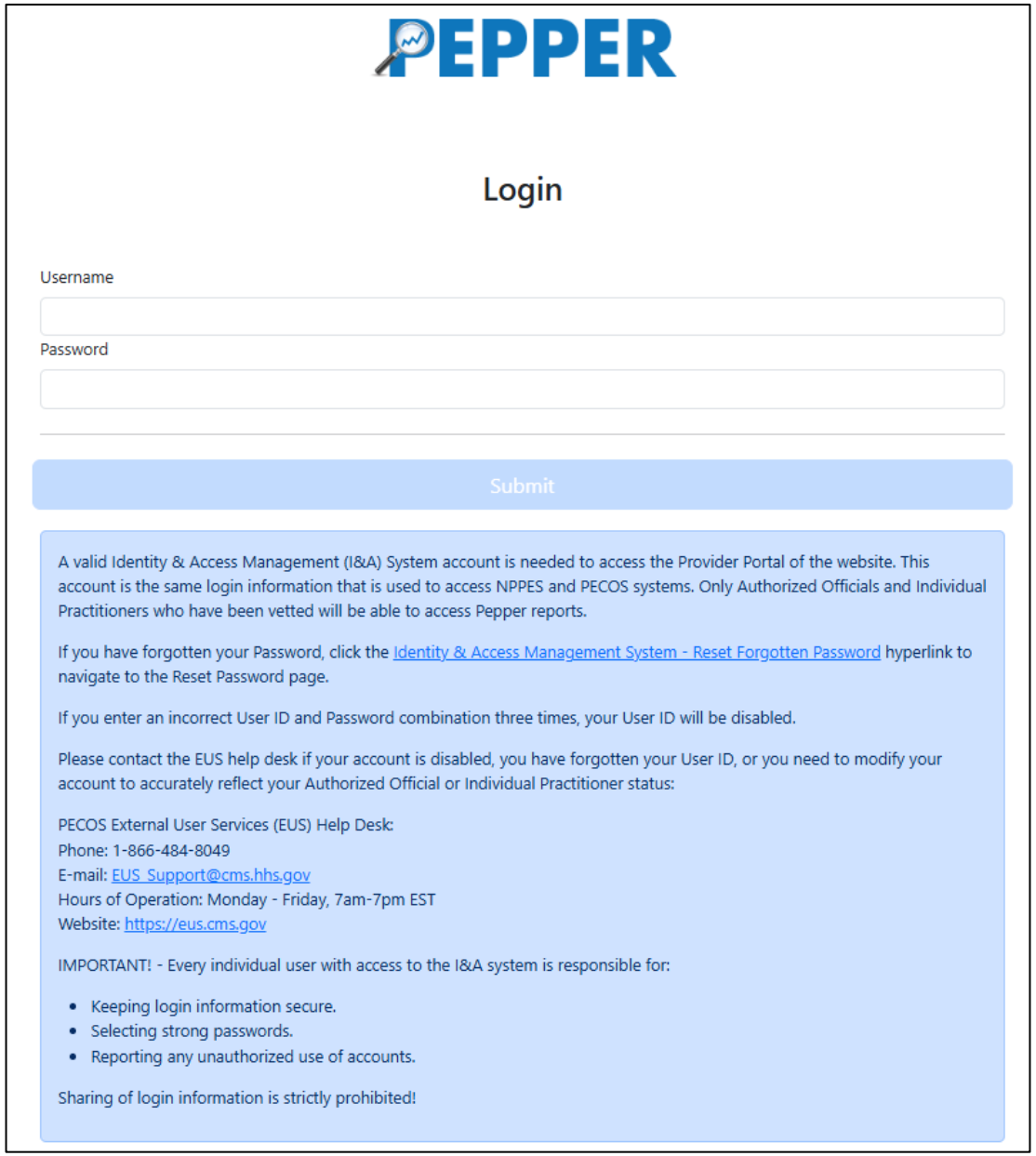
PEPPER Login Page



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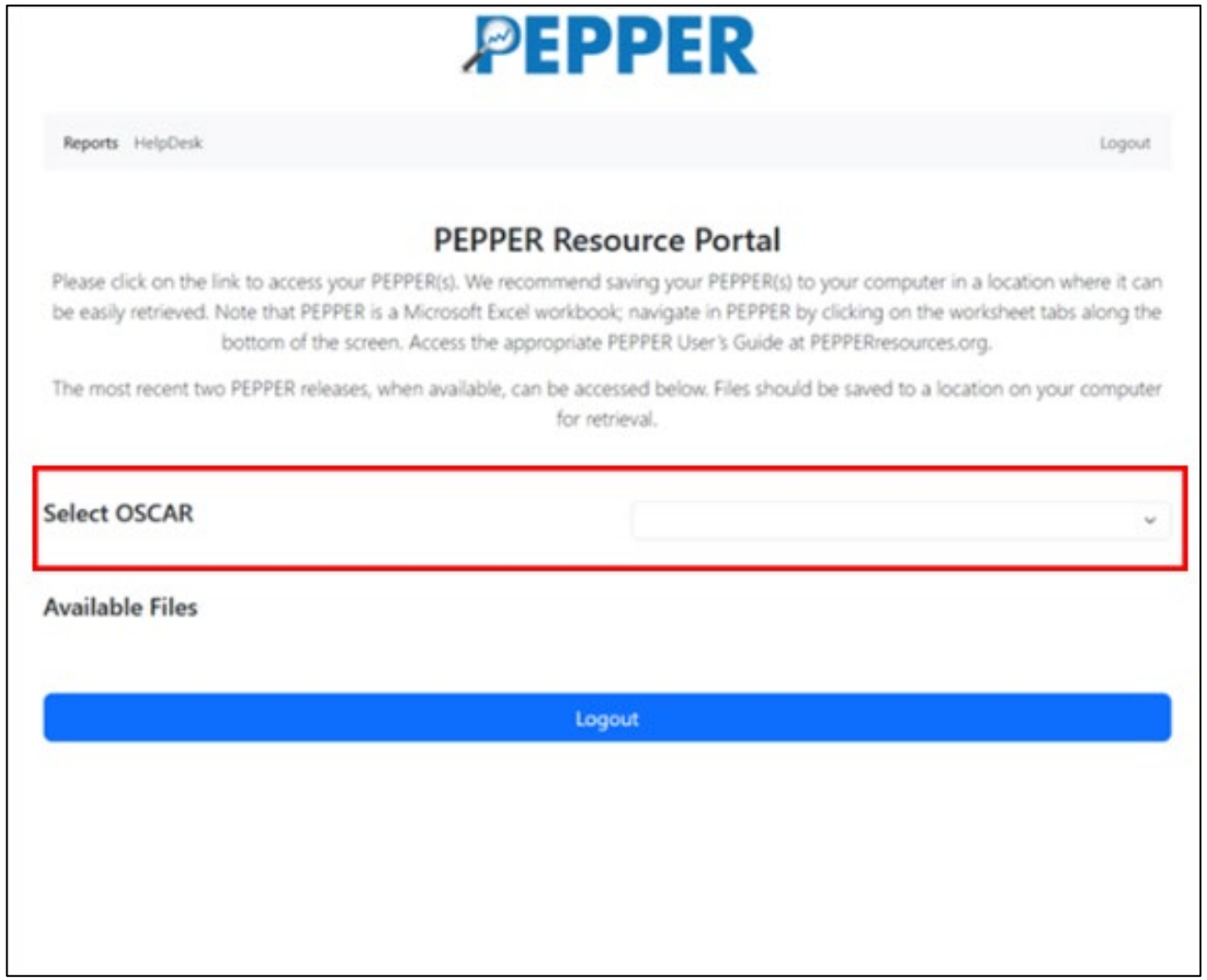
Accessing Your PEPPER: Select Your Organization



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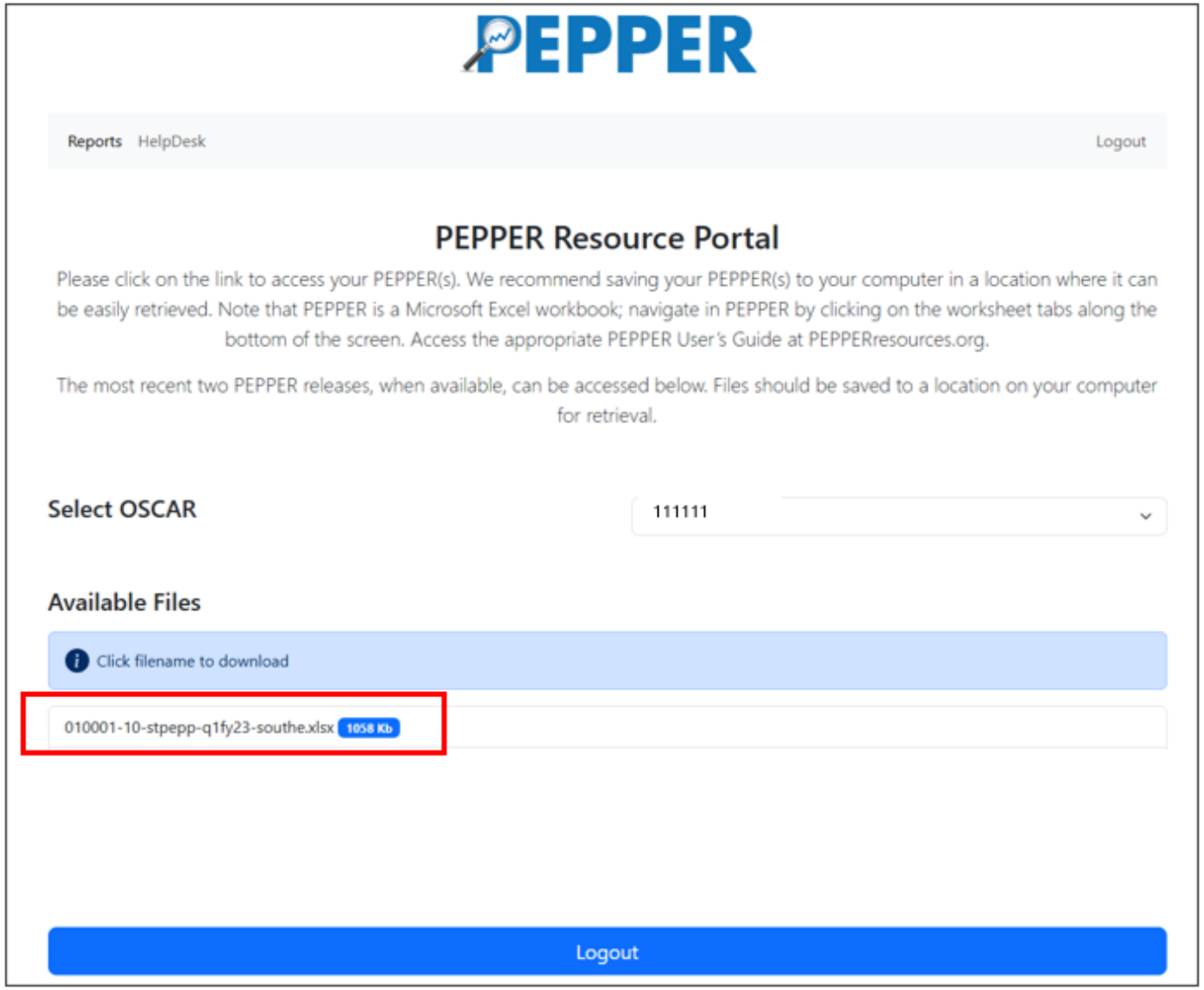
View and Download Available PEPPER



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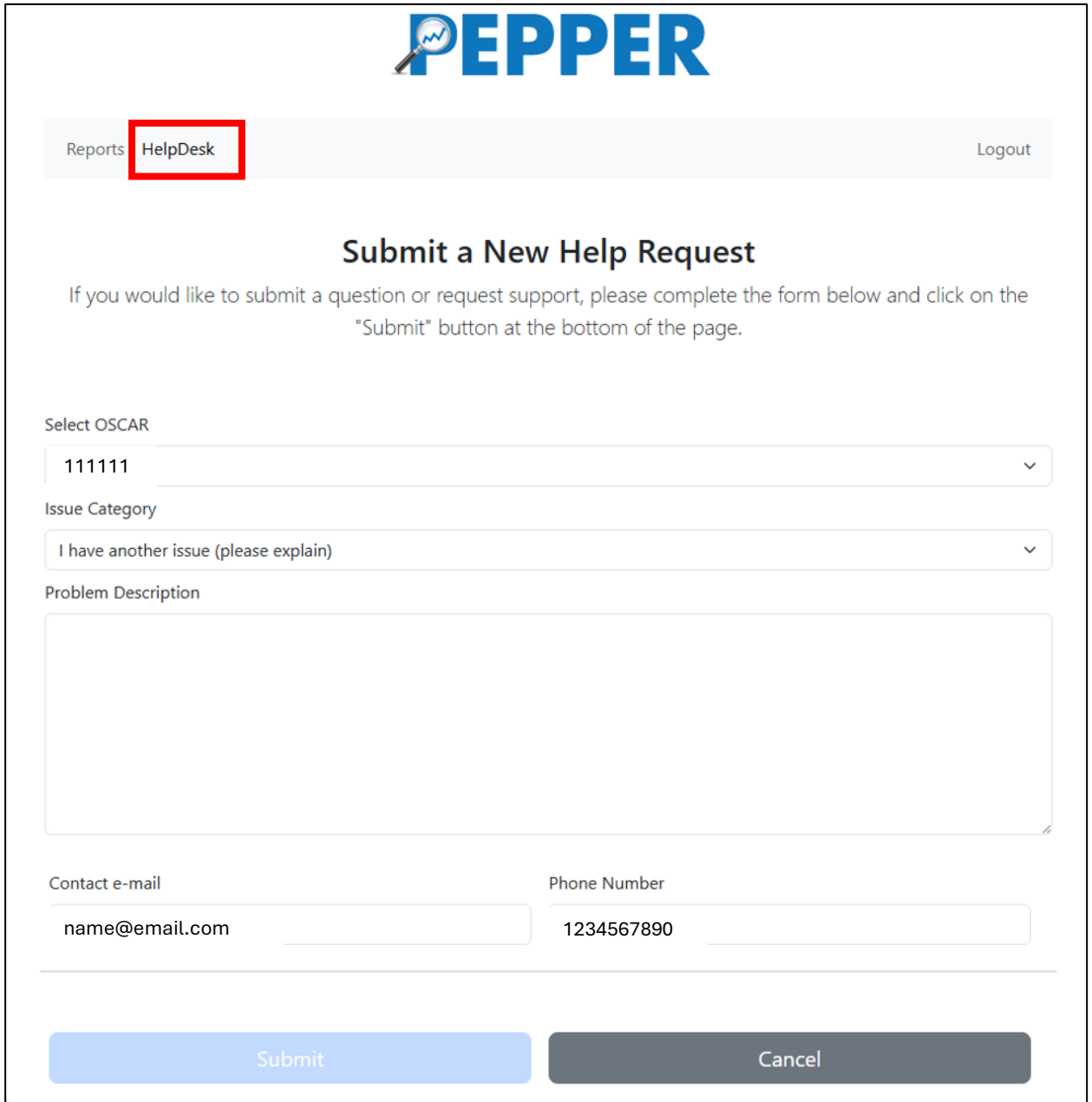
PEPPER Resources Portal Help Desk Request Form



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Questions & Answers Section

Call to Action

1. Download and review your PEPPER
2. Use PEPPERs to perform internal audits
3. Share feedback with CMS to aid continuous improvement efforts

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Thank You!

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