Q4 FY 2025 ST PEPPER Webinar Transcript

April 7, 2026 - 1:00 p.m.

Harjinder Gill

Welcome to today's Short-Term PEPPER Release webinar. We appreciate you taking the time to join us.

Welcome, my name is Jinder Gill and on behalf of the PEPPER project team and our CMS colleagues we would like to thank you for joining today's Short-Term PEPPER Release webinar.

A couple of housekeeping things before we get started. Please note that we are recording this webinar and all attendees will be placed on mute. Please use the Q&A to submit questions throughout the presentation. We will be answering 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 on the “More” options, the three little dots, your meeting controls, select “Show Captions”, and captions will appear at the bottom of your screen.

Additionally, if you have any questions you would like to ask after this meeting is complete, you can email your questions to cms_cbrpepper@cms.hhs.gov.

Today's presentation will cover an overview of the Short-Term Acute Care Hospital PEPPER and the new PEPPER portal, then we will answer questions before closing. To get started, I want to introduce Hannah Klein who will provide an overview of PEPPER and more details on the Short-Term PEPPER release.

Hannah Klein

Thank you, Jinder.

Hello and thank you to everyone for joining us today. We'll start with a brief overview of what is a Program for Evaluating Payment Patterns Electronic Report, otherwise known as PEPPER. A PEPPER is an electronic report that displays statistics on Medicare payments for discharges and services that are considered to be vulnerable to improper payments. PEPPER displays data for the most recent federal fiscal quarters for the areas of vulnerability, which we call target areas.

This latest Short-Term Acute Care Hospital PEPPER, or Short-Term PEPPER was released on March 18, 2026, and provides data for Quarter 3 Fiscal Year 2023 through Quarter 4 Fiscal Year 2025.

This Short-Term PEPPER was generated for hospitals with at least 11 claims for a given fiscal quarter for at least one of the target areas included in the report.

At this time, PEPPER is only available for Short-Term Acute Care Hospitals. CMS is working to release PEPPERs for additional facility types later this year.

PEPPER is designed to encourage providers to review their data about the billing practices so that they can improve the accuracy of the claims that they submit to Medicare for reimbursement. PEPPER enables hospitals to compare their claims data statistics against other

hospitals in their Medicare Administrative Contractor or MAC jurisdiction, their state and the nation. However, PEPPER does not identify improper Medicare payments, rather, it is an educational tool for providers to help identify payment patterns that indicate areas of risk for improper payments so that they may be reviewed further.

CMS paused the PEPPER program back in 2023 and has since redeveloped the reports and launched the new PEPPER portal. Users may notice slight differences with the new PEPPERs when comparing against the historic reports. The Quarter 4 Fiscal Year 2025 Short-Term Acute Care Hospital PEPPER builds upon the Quarter 3 Fiscal Year 2025 reports and contains updated data through Quarter 4 Fiscal Year 2025. For the most up to date metrics for your organization, please refer to your Quarter 4 Fiscal Year 2025 report, as this version reflects updates to the target areas including the single Complication/Comorbidity (CC) or Major Complication/Comorbidity (MCC) and the severe Malnutrition target areas.

This marks the second release of reports through the new access portal. Portal access is now available to individuals with the Staff End User or SEU business function available in the Identity and Access Management or I&A System.

If you are a Staff End User that does not have portal access, please reach out to your Authorized Official, or AO, or Access Manager, AM, to request access to your PEPPER.

PEPPERs display information on hospital payment patterns for certain areas identified as potential risk for improper Medicare payments. We call these target areas.

These target areas were identified through reviews by the Quality Improvement Organization and studies by the Office of Inspector General and may change over time as we learn more about new areas at risk for improper payments.

The Short-Term PEPPER target areas are constructed as a ratio: the numerator captures discharges identified as potentially problematic, while the denominator captures the larger reference group.

Hospitals can use the target area percentages and outlier status to pinpoint areas in need of further investigation or monitoring. They can also be used to help identify Diagnosis Related Groups (DRGs) with potential over or under coding problems and areas where length of stay may be increasing.

Within the Short-Term PEPPER, there are 24 target areas in total. The coding-focus target areas seek to identify areas with potential over or under coding problems. These are the first ten target areas that appear in your report: Stroke/Intracranial Hemorrhage, Respiratory Infections, Simple Pneumonia, Septicemia, Unrelated OR Procedure, Medical CC or MCC, Surgical CC or MCC, Single CC or MCC, Severe Malnutrition, and Ventilator Support. The PEPPER identifies both high and low outliers for these target areas. The remaining target areas are admission necessity focused. These include Percutaneous Cardiovascular Procedures, Total Knee Replacement, Syncope, Other Circulatory System Diagnosis, Other Digestive System Diagnosis, Medical Back, Spinal Fusion, 3-Day Skilled Nursing Facility, 30-Day Readmissions to the Same hospital or elsewhere, 30-Day Readmissions to the Same Hospital, 2-Day Stay Medical DRGs, 2-Day Stay Surgical DRGs, 1-Day Stay Medical DRGs, and finally 1-Day stay surgical DRGs. Since these target areas are focused on admission necessity, the PEPPER only includes high outliers for these target areas.

To show an example of how a PEPPER target area is calculated, we will walk through a calculation of the single CC or MCC target area today.

The single CC or MCC target area numerator looks at the count of discharges for the DRGs that are assigned on the basis of a CC or MCC with only one CC or MCC coded on the claim, excluding any DRGs that can be assigned on the basis of a CC/MCC or a procedure. The denominator, on the other hand, simply counts the discharges for DRGs assigned on the basis of a CC or MCC, again excluding DRGs that can be assigned on this basis of a CC, MCC, or a procedure. To identify claims that meet this criteria, we will look at DRGs on a claim as well as the primary diagnosis codes.

We have an example of one which has a claim with DRG 637, or diabetes with MCC, and a primary diagnosis of diabetes mellitus due to an underlying condition with ketoacidosis with coma. Along with this, there was also one MCC, acute myocarditis unspecified, and two CCs, unspecified dementia and unstable angina. And in this case, because there are several CCs or MCCs coded on the claim, this would apply only to the denominator of the single CC or MCC target area.

In our example two, we have a claim with DRG 064, intracranial hemorrhage of cerebral infarction, with MCC with the primary diagnosis of cerebral infarction unspecified, and one MCC infection associated with hemolytic uremic syndrome. This claim in Example 2 applies to both the numerator and the denominator because there is only one MCC or MCC coded on the claim.

To further show how this target area works, we'll look at a quarter where the national 20th percentile is 10.6% and the national 80th percentile was 16.9%. In this case, if your hospital is below the 20th percentile, then it is considered a low outlier for this fiscal quarter. If it falls above the 20th percentile benchmark but below the 80th percentile benchmark, then this would be considered not an outlier. If above the 80th percentile benchmark, then this would be considered a high outlier.

In the table we have Hospital 1 with 173 discharges that meet the numerator criteria as they only had one CC or MCC coded on the claim, and 1,289 discharges with more than one CC or MCC coded on the claim to meet the denominator criteria. As such, their single CC or MCC target area percentage is 13.4%. Hospital 2, in contrast, had 12 discharges that met the numerator criteria and 25 that met the denominator criteria, so their target area percentage is 48.0%.

When comparing for the same quarter that the national 20th percentile was 10.6% and the national 80th percentile was 16.9%, Hospital 1 would be considered not an outlier, as 13.4% falls between the 20th and 80th percentile benchmarks. Hospital 2 would be considered a high outlier as 48% is greater than the 80th percentile benchmark for this target area.

On this slide, we have a graphical display of the national percentiles for all of the target areas for Quarter 4 Fiscal Year 2025. The top graph shows the coding focus target areas for which the PEPPER includes both low and high outlier bounds. The lower graph shows the admission necessity focused target areas for which the PEPPER identifies only high outliers. You'll see here Unrelated OR Procedures had the lowest target area percentages with the national 20th percentile at 2.2% and the national 80th percentile coming in at 4.1%. For hospitals with target area percentage that fall above the 80th percentile, this could indicate a potential over-coding issue and would be something to look into during upcoming audits.

Next, I'll turn it over to Dawn Strawser to review the sample PEPPER and its contents.

Dawn Strawser

As with previous PEPPER releases, this Short-Term PEPPER is delivered in an Excel workbook with separate tabs for the report purpose, the target area definitions, the target area comparison report, the National High Outlier Rankings report, and the results for each individual target area.

The Purpose tab includes a summary of the purpose and scope of the Short-Term PEPPER. It also displays the hospital CMS Certification Number or CCN, the MAC jurisdiction, and lists the date range included in the report. As we said for this release, the PEPPER includes data from Quarter 3 Fiscal Year 2023 through Quarter 4 Fiscal Year 2025.

Next, we're going to move over to the Definitions tab. The Definitions tab provides the description, including numerator and denominator information for each of the target areas.

For more detailed information about how the target areas are calculated, please see the User Guide available on the PEPPER website.

Now we'll go over to the Compare Targets Report tab. This tab displays all the target areas for which your facility has at least 11 claims for the numerator in the most recent fiscal quarter. For this report, that would be Quarter 4 Fiscal Year 2025 or July 2025 through September 2025.

If a hospital has more than 11 discharges that meet the target area numerator definition during the quarter, then this report will display the number of discharges, the metric rate, the percentiles when compared to the nation, hospital jurisdiction, and state, as well as some of the payments for the target area. If a hospital is a high outlier for the target area, then the percentage will be indicated in red bold font. If a hospital is a low outlier for the target area, then the percent will be indicated in green italic font, while non outliers are displayed in black regular font.

Moving over to the National High Outlier Ranking Report, this tab includes the National High Outlier Ranking Report, which is a comparison of a hospital to all other Short-Term Acute Care Hospitals. In terms of outlier status, the more target areas in which your hospital is an outlier, the higher the ranking. The goal of the National High Outlier Ranking Report is to help hospitals assess risk for improper payments and trends across target areas. For each fiscal quarter and each target area, the table will display a “1” if the hospital is a high outlier or a “0” if the hospital is a low outlier or not an outlier. For quarters with fewer than 11 encounters that meet the numerator criteria, the table will display an “n/a”.

Now we're going to move over to the 1-Day Stay Surgical tab to go over this information with you. As we said previously, the admissions-necessity based target areas, only the 80th percentile is displayed in the comparative table and subsequent graph.

For the 1-Day Stay Medical and the 1-Day Stay Surgical DRG target areas, the target area tab also includes information about the top DRGs for the hospital and the hospital's jurisdiction.

The Hospital Top DRG table displays the top 20 ranked DRGS for which there are a total of at least 11 same day and one day stays for the respective DRG for the most recent 4 fiscal quarters. If multiple DRGs share the same rank, all tied DRGs will be displayed. If there are no DRGs with at least 11 same day and one day stays during the most recent four fiscal quarters, then no data will display in the total. For each DRG, the table shows the count of discharges for that DRG with the same or one day length of stay, the total number of discharges for that DRG regardless of the length of stay, the proportion of same or one day stays compared to all discharges, and the average length of stay for the DRG for the hospital.

The table also displays the count of same and one day stays for all medical or surgical DRGs, the total number of discharges for all medical or surgical DRGs, the proportion of same or one day stays, and average length of stay for all medical or surgical DRGs.

The PEPPER also displays the top DRG information for the MAC jurisdiction for comparison.

Now I'll turn it back over to Hannah to review the website portal.

Hannah Klein

Thanks, Dawn.

Now we'll walk through the process for accessing and downloading the Short-Term PEPPER.

You will begin by visiting the CMS PEPPER web page. In addition to accessing the PEPPER portal from this site, you can also find helpful resources such as FAQs, the latest User Guide, and information about how to contact the help desk if you have further issues or questions. 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 as a reference for users.

You will click on the blue button for PEPPER Portal to open the PEPPER Portal.

This will take you to the PEPPER login page. To access the new portal, you will need to have an account with the CMS Identity and Access Management System (I&A) and 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 that is used to access the CMS NPPES and PECOS systems. If you need assistance with your I&A credentials, please contact the External User Services or EUS Help Desk.

Once you have logged into the PEPPER portal, you will see a dropdown box to select your organization's CMS Certification Number or CCN. This is formerly known as OSCAR. If you do not see your organization's CCN listed, please check with your organization's AO or AM or the EUS Help Desk to verify that you are listed as either a Staff End User, Authorizing Official, or Access Manager for that CCN. If you are a Staff End User, Authorizing Official, or Access Manager and have the PEPPER business function and you still do not see your organization's CCN listed, then that means there is no PEPPER available for your organization at this time.

As a reminder, only the Short-Term Acute Care Hospitals with reportable data for Quarter 3 Fiscal Year 2023 through Quarter 4 Fiscal Year 2025 will have a Short-Term PEPPER available for download at this time. PEPPERs for other facility types will be available later this year.

Once you have selected your CCN for which you would like to view and download the Short-Term PEPPER, you will see the available file listed. To download, simply click on the file name.

If you have questions about how a target area was calculated or any questions about the content in your PEPPER, please submit your questions using the help desk form, which you can find by selecting the “Help desk” from the navigation bar at the top of the page.

I’ll turn it over to Dena.

Dena Gregory

Hello everybody. I will read out a few questions. Otherwise, we have been answering questions in the Q&A box. So hopefully you can see your answered questions.

Dawn, I think you're going to help answer the IPO question.

I see you responded on here, but so everybody can hear, “Have you confirmed that IPO procedures have been removed from the 1-Day Stay Surgical categories? It says it does but wanted to confirm.”

Dawn, you answered “Same day and 1-Day Stays are included in the 1-Day Surgical target area.”

Let's see another question.

“Do you calculate the high and low outliers based on standard deviations from the median so that the outliers are statistically significant?”

Hannah Klein

The high and low outliers are based upon the percentile. Looking at the target area percent for your hospital as it relates to the national percentile and the rankings of all of the hospitals with reportable data for that target area for that fiscal quarter. If it's below the 20th percentile for the coding focused target areas, that would be flagged as a low outlier. If it's above the 80th percentile benchmark, then that would be considered a high outlier for the target areas. Does that answer your question?

Dena Gregory

OK, thank you.

“Does a 30-Day readmission show if the readmission was for the same diagnosis or not?”

Dawn Strawser

We do not look at the diagnosis; it's only looking at the readmission. Regardless of what the diagnosis is, it will count as a readmission. Does that answer your question?

Dena Gregory

OK, thank you, Dawn.

There's been a few questions as to whether or not the Critical Access Hospitals are included in the Short-Term PEPPER, they are not. They will have their own PEPPER release coming in the next few months.

“Is there a limit on the total number of users from any specific site?”

Hannah Klein

I think that's a question of for the I&A system, I'm not aware of any limit.

Dena Gregory

Not that we're aware of.

There have been a lot of questions relating to not having access to the PEPPER portal.

There are two things: Only the I&A help desk or only through I&A can a Staff End User get access to the PEPPER portal and they must be granted the PEPPER business function by their Authorized Official or Access Manager. You will have to work with the Authorized Official or

Access Manager directly and follow the steps that we have provided to some links. You'll have to follow those steps to get access. And if you don't know who your AM or AO is, only the I&A help desk has that information. This PEPPER team does not have those direct contacts or information, as it's private per facility.

I apologize for that inconvenience or the frustrations that you're having, but unfortunately our team does not have that direct access to give you that information.

“I'm still unclear whether procedures from the IPO list have been removed. Can you please elaborate?”

Hannah Klein

The one day stay surgical target area relies on surgical DRGs with a 1-Day length of stay. If it's flagged as a surgical DRG then it is included with the 1-Day Stay.

Dena Gregory

“What is the date of the updated PEPPER? Is it correct? Is it correct that the 2-1-2026 extract is not accurate.”

Dena Gregory

The most updated PEPPER is the one that was released on March 18th, the previous ones were removed. Hannah, do you want to expand on the data that's included in those?

Hannah Klein

Yes, the updated reports were available beginning March 18th. Those contain the updated calculations for the data beginning with Q3 Fiscal Year 2023 now through Q4 Fiscal Year 2025. The previous report covered the same time period, but through Q3 Fiscal Year 2025. The reports that are published as of March 18th now include an additional quarter and updated metrics. We recommend that users reference that version.

Dena Greory

OK, Jinder and Hannah, someone asked if you could show how to get into the PEPPER portal again.

Hannah Klein

Yes, so you'll want to go to the CMS PEPPER website and then look for that blue button that says PEPPER Portal. Upon clicking that, it'll take you to a login page, which is where you'll want to use your credentials that are managed by the Identity and Access Management System. This will be the same username and password that, if you have access to the CMS PECOS system or NPPES, will be the same login information.

But I think as we said, you'll have to work with your Authorized Official or Access Manager for your hospital and submit through the I&A system to make sure that you have the appropriate PEPPER business function to be able to log in with those credentials. We understand that some folks have had access issues. Unfortunately, the access is entirely managed by the Identity and Access Management System and so we have instructions on the PEPPER website and I think

we've shared in the responses to questions the information for the External User Services help desk and if you reach out to them, they should be able to help you with that access.

Dena Gregory

Another question, “Are patients who are transferred out for higher level care intent, included in a denominator or numerator?”

Dawn Strawser

For the patient, if it's for readmission measures, it would not be included if they're transferred out for a higher level of care. You're saying another hospital setting or is that the same hospital that you're referring to if they're transferred to an ICU? But if the patient is discharged from your hospital, then that patient would be included in the data. If you can be a little more specific, maybe in that question.

Hannah Klein

We also would recommend folks use the User Guide that is available on the website that will have a little bit more information about any exclusion criteria for each of the target areas, guidance for high and low outliers, and some examples of how the readmissions target areas function.

Dena Gregory

Someone has asked if you could review the outlier slide again.

Hannah Klein

Is that this slide? I'm not sure.

Dena Gregory

Maybe go through both.

Hannah Klein

Yes, in our example we have the target area definition for the target area that you'll see here. Then we have two examples of claims that might be included. In the example one we have a claim that would be included as only the numerator. Example 2 is a claim that would be included in both the numerator and the denominator, just to give an example of how those are being identified. Then what we're doing is counting up all of the claims for a hospital in that fiscal quarter that count towards the numerator and then all of the claims that count towards the denominator and then you’ll get the target area percent.

Jinder, if you want to go to the next slide, when we're talking about outliers, what we're doing is looking at the 20th percentile for the target areas when we're looking at low outliers, but that's what we're looking for the 20th percentile benchmark.

If your hospital's target area percentage, looking at the numerator over the denominator, is falling below the national 20th percentile, then that would be considered a low outlier. If it's between the 20th percentile and the 80th percentile benchmarks, that would be considered not

an outlier. But if your target area percentage is higher than the national 80th percentile, then that would be considered a high outlier. The PEPPER focuses on high outliers for all 24 target areas, but only looks at the 20th percentile.

Dena, do you want to pick the next question?

Dena Gregory

Yes, I was just looking. I think we have a few more minutes to answer questions.

Someone said, “Even if the procedure is on the inpatient only list, sorry if I missed the response.” Dr. Hirsch responded “Inpatient only surgeries are included. They cannot exclude them since they are billed with ICD-10 PCS and not CPT. But the tables at the bottom of that page give some data to help.” Thank you, Dr. Hirsch.

Let's see, there's one question “As CMS is evaluating sepsis support for correct coding as others are moving towards SOFA to support, does PEPPER take into account that septicemia is an outdated term? Should PEPPER look at severe sepsis going forward?”

Dawn Strawser

Yes, that's something CMS will take into account and will update that in future PEPPERs.

Dena Gregory

Thank you, Dawn. There is a question “Do you know how many hospitals have accessed the report.” We do track how many are being downloaded and are doing increased communication so that folks or the AOs and AMs know that if they have to, they can grant access to their Staff End Users and those instructions to download the reports. We agree that access is still an issue since the launch or the relaunch of PEPPER. We are doing everything we can on our end to educate the facilities, the AOs, the AMs and the Staff End Users so they can get access.

I also know that there is a question related to CBRs. Yes, they will be coming back as well. Also, while you're AO or AM is in I&A updating the team's credentials, they can also do that for the CBR. So better to do that now and have it ready for when those go live.

Harjinder Gill

There have been a few questions about getting access to the slides and we will be posting those on the website and I believe colleagues are sharing the telephone number for I&A so you can contact them to get access.

Dena Gregory

OK, last call for questions.

“Will the reports be made public?” They are not made public. We do notify the public when the reports are available and we do post a sample PEPPER on the PEPPER website so someone can see the sample, but no individual hospitals or facilities PEPPERs are posted to the public.

Question, “Are we able to access patient specific information from the data?”

Hannah Klein

Do you want me to take that?

Dena Gregory

Go for it.

Hannah Klein

No, the PEPPER does not have patient specific information that can be shared. The data that's available in the PEPPER is as detailed as we have available to share with you. It's designed to be a tool for hospitals to look back through that time frame for potential claims that need further review.

Dena Gregory

“What does OSCAR mean?”

Dawn Strawser

OSCAR is another term that is reflective of hospital certifications. The CMS Certification number, the CCN number is the more current term.

Dena Gregory

Thank you.

“Will CMS clearly publish their definition, sorry, definition or delineation of severe sepsis and what tools should organizations be using to establish severe sepsis but not risk quality scores.”

Dawn Strawser

Again, this target area will be looked at to identify what changes, if any, need to be made. And in that case, the numerator and denominator will be clearly defined along with any exclusions that apply. We do not publish or relate anything to quality scores, so this would just be the specific numerator denominator information regarding whatever we define as or CMS defines as the target area for severe sepsis if it changes.

Dena Gregory

There is a question, “Is there a notification system when a new PEPPER report is out?” We are sending emails to all of the AOs and AMs when that report is published, as well as posting on social media, which includes X and LinkedIn, and then also through the Medicare Learning Network newsletter which is published on Thursdays. While there are direct emails to the AOs and AMs, there are public notifications going out. And if you would like to be added to the listserv you can send us an email to cms_cbrpepper@cms.hhs.gov.

Harjinder Gill

Somebody asked if there is going to be another webinar as PEPPERs are released. We will be hosting webinars, so please be on the lookout for those. And at the end of this webinar, we will have another survey, so we appreciate you taking a few minutes to respond to that as well.

Dena Gregory

OK, thank you.

We will also review the questions that came in and hope to respond to those that we were not able to get to. I know there were some through the webinar chat and some through the Q&A. We will also be posting, as Jinder said earlier, the recording, the PowerPoint, the transcript, as well as the Q&A, on the PEPPER website.

We have a survey for you to complete and we thank you for your participation.

Harjinder Gill

Thank you so much. Thanks Hannah, Dawn, and Dena. Please complete the webinar survey and if you haven't already, reach out to get access to the PEPPERs.

Thank you so much for joining us.