



PEPPER Sessions Chapter 1 Introduction and History

Hello. Welcome to Chapter 1 of the PEPPER training videos, What is PEPPER? An Introduction and History. These training chapters are intended to help you understand and use PEPPER to support your auditing and compliance issues.

So what is PEPPER? PEPPER is an acronym that stands for Program for Evaluating Payment Patterns Electronic Report. PEPPER is a comparative report that summarizes one provider's Medicare claims data statistics for areas that may be at risk for improper Medicare payments, primarily in terms of whether the claim was correctly coded and billed and whether the treatment or services provided to the patient were necessary and in line with Medicare payment policy. We refer to these risk areas as target areas.

PEPPER summarizes your provider's Medicare claims data statistics in these areas and then compares them with aggregate Medicare data of other providers in the nation, in your Medicare Administrative Contractor or MAC jurisdiction, and in your state. These comparisons are the first step in identifying where you may be at higher risk for improper Medicare payment, meaning your billing practices or treatment practices are different from the majority of other providers in the comparison group.

It is important to remember that PEPPER cannot identify improper Medicare payments. Those can only be identified by reviewing the documentation in the medical record in conjunction with the claim. But PEPPER can alert providers if your statistics look unusual so that you can determine if you want to take a closer look to determine if there is something that you should be concerned with.

Now, PEPPERS have been around for quite a few years. The program was developed back in 2003 for short-term acute care hospitals and then, a couple years later, for long-term acute care hospitals. And they were provided at that time by the state Quality Improvement Organizations, or QIOs. And that occurred through 2008.

Then, at the end of 2008, CMS made some changes to the program. And starting in 2010, TMF Health Quality Institute began distributing PEPPERS for all of the hospitals in the nation. And over the next few years, they then just started to develop PEPPERS for other providers. In 2011, PEPPERS were created for critical access hospitals, inpatient rehabilitation facilities, and inpatient psychiatric facilities.

In 2012, hospices and partial hospitalization programs began receiving PEPPER. Then, in 2013, PEPPERS were created for skilled nursing facilities, and then, in 2015, for home health agencies. Then, starting in 2018, CMS again made some changes to the program. And they combined the Comparative Billing Report, or CBR, program and the PEPPER program into one contract.

The CBRs are focused primarily on Medicare Part B claims data for outpatient providers, and the PEPPER summarizes Part A data. Both CBRs and PEPPERS are comparative data reports focused in areas prone to improper Medicare payments. And so now, the RELI Group and its partners, TMF and CGS, are producing CBRs and PEPPERS and making them available to providers across the nation.

So why does CMS feel that the provision of PEPPERS to providers is supportive of agency goals? Well, CMS is mandated by law to protect the Medicare Trust Fund from fraud, waste, and abuse. And they employ a number of strategies to meet this goal, such as data analysis, provider education, and early

detection through medical review, which might be conducted by the Medicare administrative contractors or the recovery auditors or another federal contractor.

The provision of PEPPERs to providers supports these strategies. And the PEPPER is an educational tool that can help providers identify when they may be at a higher risk for improper Medicare payments, so then they can proactively monitor and take preventative measures if necessary.

I'd like to also mention that the Office of Inspector General, or OIG, encourages providers to have a compliance program in place to help protect their operations from fraud and abuse. And an important component of a compliance program is conducting regular audits to ensure that charges for Medicare services are correctly documented and billed and that those services are reasonable and necessary. The PEPPER can help support the auditing and monitoring component of a compliance program.

So why should you be interested in PEPPER? It's important to remember that all of the contractors that have access to Medicare claims data, such as, again, the recovery auditors, Medicare administrative contractors, supplemental medical review contractors, et cetera, are always sifting through Medicare claims data to support their contracted activities. So they have access to the claims data, and they may be looking for opportunities to educate their providers with regards to improper payments or other activities.

In addition, the Department of Justice, or the DOJ, receives claims data from CMS to support their efforts to combat fraud. Remember that providers are under focus from federal agencies and contractors that are sifting through those claims to identify providers that might benefit from education intervention or perhaps a focused review of medical records. Many of those organizations utilize sophisticated data-mining tools.

The Office of Inspector General Work Plan outlines those areas in which the office of the OIG is focused. And again, we have all those other contractors that are looking at the claims data. So wouldn't you like to know if your Medicare statistics could bring attention to your organization? The PEPPER is a roadmap that can alert you to when you look different. Then, you can determine if those differences are expected, perhaps due to differences in your patient population, referral sources, specialty programs, external health care environment, et cetera. If not, then you may consider taking the next step to review some records and determine if any compliance issues exist.