Transcript for the Q4FY21 *Critical Access Hospital (CAH) Program for Evaluating Payment Patterns Electronic Report (PEPPER)* Review

April 26, 2022

I'd like to welcome you all today to this webinar where we'll be discussing PEPPER reports, and we're specifically looking at the Q4FY21 *Critical Access Hospital PEPPER*. My name is Annie Barnaby. I am an employee of RELI Group, Inc. RELI is contracted with CMS to produce and distribute the PEPPER reports.

Our agenda today includes a review of the most release of the PEPPER for critical access hospitals. The Q4FY21 PEPPER that was released in early April of 2022. I will share a sample PEPPER with you so we can see what it looks like and what the data shows us. We'll also be reviewing some other resources including the national and state level data and peer group bar charts.

So let's get started. Today's presentation will be a high-level review of the PEPPER, so if you're familiar with PEPPER, this will be a nice refresher. But if you're new to PEPPER, you might still have questions at the end of the session and we have resources available to you to help you if you do have questions. These resources can be accessed through the PEPPER website in the Critical Access Hospital "Training & Resources" section. Our website is PEPPER.CBRPEPPER.org.

Let's start at the very beginning. What is PEPPER? PEPPER is an acronym that stands for Program for Evaluating Payment Patterns Electronic Report. A PEPPER is a comparative report that summarizes one facility'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 the treatment provided to the patient was necessary, and in accordance with Medicare payment policy. In the PEPPER, these areas that might be at risk are called target areas.

The PEPPER summarizes your facility's Medicare claims data statistics for these target areas, and compares your statistics with aggregate Medicare data of other hospitals in three different comparison groups. These comparison groups are all hospitals in the nation, all hospitals that are in your Medicare Administrative Contractor or MAC jurisdiction, and all hospitals that are in the state. These comparisons are the first step in helping to identify where your claims could be at a higher risk for improper Medicare payments. In the PEPPER world, this means that your billing practices are different from most other providers in the comparison group.

I do want to stress that the PEPPER cannot identify improper payments. The PEPPER is a summary of your claims data and can help you identify or alert you if your statistics look unusual as compared to your peers. But improper payments can only be confirmed through a review of the documentation in the medical record along with the claim form.

Taking a look at the history of the PEPPER, we can see that the program began back in 2003. TMF Health Quality Institute developed the program originally for short term acute care hospitals and later for long term acute care hospitals. In 2010 TMF began distributing PEPPERs to all providers in the nation and along the way, they developed PEPPERs for other provider types which you can see on the slide here.

Each of these PEPPERs is customized to the individual provider type, with the target areas that are applicable to each setting. Then in 2018, CMS combined the comparative billing report or CBR and the PEPPER programs into one contract and and the RELI Group and its partners, TMF and CGS now produce CBRs and PEPPERs.

While the CBR program produces reports that summarize Medicare Part B claims data, the PEPPERs summarize Medicare Part A claims data. These reports are produced for providers across the spectrum that help educate and alert providers to areas that are prone to improper Medicare payments.

So, why does CMS feel that these reports are valuable and support their agency goals? CMS is mandated by law to protect the Medicare Trust Fund from fraud, waste, and abuse, and they employ several strategies to meet this goal, such as data analysis activities, provider education, and early detection through medical review, which might be conducted by the Medicare Administrative Contractor, a recovery auditor or some other federal contractor. The provision of PEPPERs to providers supports these strategies. The PEPPER is considered an educational tool that can help providers identify where they could be at a higher risk for improper payments. The providers can proactively monitor and take preventive measures if necessary.

I should also mention that the Office of Inspector General, or OIG, requires that providers to have a compliance program in place to help protect their operations from fraud and abuse. An important piece 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 supports that auditing and monitoring component of a compliance program.

Now that we have a sense of the history of the PEPPER program and why it was created, let's talk specifically about the newest release of PEPPER, Q4FY21, the fiscal year of 2021. Again, the PEPPER only summarizes Medicare, fee for service, Part A claims data and it does not include any other payer types such as Medicare advantage claims.

Every time that a PEPPER is produced and released, the statistics are refreshed through the paid claims database. Therefore, if you're looking at a previous PEPPER release and comparing it to this release, you're probably going to see slight changes in the numerator, denominator, percentile, those types of things. That could be because there are late claims that are submitted or corrected claims, which would both be reflected in the updated statistics. Anytime we produce a report, the oldest fiscal year rolls off as we add the new fiscal year.

Let's now talk about the improper payment risks that are pertinent to critical access hospitals. Critical access hospitals are reimbursed based on costs rather than DRGs. The primary risk that we focus on in this PEPPER relates to unnecessary admissions. While coding errors do not impact Critical Access Hospital reimbursement, it is always important to ensure that correct and compliant coding processes are followed in your facility.

Those of you who have been working with PEPPER for a long time know that there have been changes in these target areas over the years. And some significant since we first started producing the reports in 2003. The original target areas were identified primarily from information gained by the quality improvement organization medical record reviews and OIG studies. The target areas are evaluated every

year so that we can ensure that all the target areas are included in the report remain applicable and beneficial. As new risks are identified by recovery auditors or Medicare Administrative Contractors, or as policy changes are implemented, the target areas change to accommodate those risks.

Because CAH facilities treat many of the same types of patients as STACH facilities, most of the CAH target areas mirror those of the STACH.

The target areas within the PEPPER pertain to a service or type of care that's been identified as prone to improper Medicare payments. We construct these target areas as ratios where the numerator is a count of discharges that could be problematic, and a denominator is a larger reference group that also includes the same numerator discharges. This calculation allows us to calculate a target area percent, and we'll talk about target area percents here in just a moment.

Here you can see a list of the target areas that are included in this release of the Critical Access Hospital, PEPPER, and there are no new target areas to speak of this year.

As an example of the target area calculation, you can see on this slide the calculations used to arrive at the outcome for the *Septicemia* target area. This calculation is similar in format to the calculations for all of the target areas. The data changing, of course, for the numerator and denominator for the specific target area. But for the *Septicemia* target area, the numerator contains the count of discharges for those three DRGs you can see here, and the denominator is for those three that are included in the numerator and the others listed there in the denominator. This calculation will give the target area outcome. Now, the PEPPER not only provides your outcome, but also data of the percentile that you fall under as compared to other hospitals in the nation in your jurisdiction or in your state. We can use the percentile result to identify those providers who might be identified as high outliers or low outliers in those comparisons for each of the target areas.

Now, this slide can help us to understand how the percentiles that are listed in the PEPPER are calculated. The ladder image that you see here is a great representation of how we do that. Next to the ladder is a list of the target area percents sorted from highest to lowest. The first step our team takes when we calculate a percentile is to take all of these target area percents for a target area and a time period. We sort the target area percents from highest to lowest, and that is what the ladder represents. You can see the percents listed from highest to lowest on the ladder. Next, we identify the point below which 80% of those percents fall. And that point is identified as the 80th percentile. So any facility that has a target area percent that is at or above the national 80th percentile will be identified in the PEPPER as a high outlier. A high outlier is identified in the PEPPER target area to have data by red bold font. High outlier outcome could potentially mean an issue or it could just mean that your statistics look different for a justifiable reason. Now, on the flip side, we also identify the point below which 20% of the hospital's values fall, which is the 20th percentile. It is important to remember when we're talking about percentiles, that the PEPPER always identifies the top 20% as high outliers in the PEPPER, and the bottom 20% or low outliers. These percentiles are a good way to get some context and think about how our target area percent compares to the other facilities in the nation, or in the jurisdiction, or in the state. This context can help us to think about whether that difference is what we expect to see, or if there is something that perhaps we should be concerned with.

How does PEPPER apply to providers? Well, the PEPPER can help a facility to identify areas where they may be outliers, and if that outlier status is something that should prompt an internal review within those target areas. We often get the questions, do I have to use my PEPPER and do I need to take any action in response to my PEPPER. The answers to those questions are, no, you are not required to use your PEPPER, though it is helpful information and we would encourage you to at least download it and take a look. But you are not required to take any action. However, it is important to remember that other federal contractors are also looking through the entire Medicare claims database. They might be looking for providers that could benefit from some focused education, or maybe even a medical review. And so from your perspective it would be nice to know if your statistics look different from others so you can decide if there's something to be concerned about and if you need to take a closer look, or if what you're looking at is what you expect to see in your PEPPER.

The PEPPERs are distributed in electronic format in a Microsoft Excel workbook. They are available for two years from the release date. We cannot send PEPPER through email because of the sensitive data housed within the PEPPER. We have to be judicial in the way that we distribute the PEPPER. It cannot be sent through unsecured e mails. With this in mind, we do have a portal online that you can use to access your PEPPER and we encourage you to go to the portal and download your PEPPER so you can have it in your files for your use.

When you access your PEPPER, you will be asked to enter some data and information. In preparation to go to the portal to get your PEPPER, you will need to have, first, excuse me, you will need first to have your six-digit CMS certification number. The third digit of this number will be a 1. This is also referred to sometimes as the provider number, or PTAN. This is not the same as your tax ID number or NPI number. The validation code for your PEPPER has been e mailed to the HARP administrator on file for your facility. And a new validation code will be required each time a PEPPER is released. The validation code that you used successfully to access your PEPPER in the previous year or earlier release will no longer be valid or accepted for a new release.

As I said, the validation code for your PEPPER has been emailed to the HARP security administrator on file, and that can be shared with others as deemed appropriate.

Let's go now to the sample PEPPER and take a look at everything that the report has to offer for us. So here we see the sample PEPPER. This is the file that is available on our website, on the Critical Access Hospital “Training & Resources” page. So you can access this for yourself if you wish to later on, to take a look at a sample PEPPER.

The PEPPER begins with the purpose tab, and you can see down at the bottom, there are several more tabs. Each of the target areas gets their own—gets its own tab for the data analysis and comparison information. But there are a few, I call them introductory tabs to begin. And one of those is the purpose tab that we are on now. This gives us some introductory information about the PEPPER. It lets us know that we are looking at the federal fiscal years through the fourth quarter of fiscal year 2021. And then down here towards the bottom, you can see that it does verify the jurisdiction that your hospital falls under. So you can be sure that you're looking at the correct jurisdiction information when you're looking at the comparison information.

This next tab is the definitions tab, and this is a wonderful resource that lets you look at the calculations and the information that is used for the calculations for each of the target areas. And when we get into the next tabs and the target area tabs, you will see there is a lot of data, there is a lot of numbers, and this information that is actually also housed in the user's guide is on hand for you in the definitions tab. So if you are looking at these numbers and you're wondering, wait, what am I exactly looking at, I need to double check the calculation for this to make sure my numbers look the way they're supposed to be looking, you can always flip back to this definitions tab and take a look. And you'll see there all listed there.

The next tab is the compare tab, and this tab displays statistics for the most recent time period. So the percentiles that you see here indicate your hospital's target area percent as they compare to the target area percent for all the hospitals either in the nation, the jurisdiction, or the state. So for instance, if a hospital's jurisdiction percentile is 80, then 80% of the hospitals in the Medicare Administrative Contractor MAC comparison group have a lower percent value than that hospital. Kind of where you place on that ladder. And you can see here, the target areas are listed. The number of target discharges is that next column. That is your numerator for your calculation of your target area information. It shows the percent, and then it shows the percentile as to where you fall. And then on that final column is the sum of payments.

Next we get into each individual target area. I'm not going to go through every single target area, because that will be pretty dry and maybe perhaps a little bit boring, but I'll take a look with you at some of these target area tabs so that we can make sure that we understand what we're looking at. But each of the target area tabs are going to look like this one. We'll start here with the *Stroke Intracranial Hemorrhage* target area. You'll see here that for the previous two fiscal years, 2019 and 2020, this hospital has no data listed. If you ever see no data listed in your target area tab on your PEPPER, that means that either the numerator or the denominator count is less than 11. So that is kind of the threshold. We obviously have a lot of data we're looking through. We have a lot of information that we have listed, and 11 is the threshold that we use. So if either of those numerator or denominator has less than 11, then you're going to see a "no data" listed here, which is the case for this sample provider.

However, the provider does have information for this most recent fiscal year, 2021. They are not an outlier for this specific target area. It's listed right there at the top, outlier status. The PEPPER does then list the target area percent for this particular provider. It was 92.3%. So that 92.3% on the ladder was not above that 80% percentile mark that was drawn across that ladder status, and that list. And it was not within that 20th percentile that you saw down at the bottom of the ladder. Each of these tabs also in this first table here, also lists the target count, and the denominator count. These are the raw numbers that you use—that you will use, and that we used, to calculate your percent for your target area. We have all this information here. We want you to be able to know the data that we used and the data that was used with the creation of the PEPPER, and we want you to have that at your fingertips when you're looking at this comparative data.

So as you go through, you can also see down at the bottom, the second table has your comparative data listed. And the comparative data is listed here for you. Your individual data is listed in this top table. The comparative data is listed in the bottom table. And then underneath we have a graph. And I really love

that we include the graph on each of these target area tabs, because different people look at data differently, and some people would rather look at the tables with the numbers. Some people would rather look at this visual representation. I personally like the visual representation, but it is whatever is easiest for you when you're looking at the PEPPER. But you'll see here that the FY2021 is the only year that has that blue bar. That is because that blue bar represents the hospital's outcome. That 92.31%. And you can also see the national 80th percentile that is listed here with this red straight line, solid line, I should say, and the national 20th percentile which is this green solid line. So this shows you the information that's listed above in this picture form, in this graph form.

Let's move to that *Septicemia* target area, because that is the sample that we looked at. Before I get to that, let's look quickly at the respiratory infection data tab. This tab, for this sample provider, there was no data available for this provider. So they have no outcomes for this target area. But you do see, just because they don't have any data, those numbers fell less than 11, that doesn't mean that we removed them from the PEPPER. We want all the PEPPERs to look the same, we want everyone to have that same target area formatting, so we do include that here. But again, it's nothing to worry about, it's just that that threshold of 11 was not met.

Simple Pneumonia, we can see here, again, this provider for fiscal year 2021 was actually identified as a low outlier. And we can see here, their target area, length of stay, their numerator, and their denominator, average length of stay, including, as we saw before, the target area count, that's your numerator and the denominator count is obviously your denominator.

But to look a little bit closer at another target area, let's go, as I said, to *Septicemia*. So, as I said, in our in the PowerPoint presentation, we did see the calculation for this target area. For this provider, the sample provider, during fiscal year 2021, or at the end of fiscal year 2021, their target area percent was calculated. You can see it is in red bold font. And they are marked as a high outlier. They have that high outlier status. And I wanted to look at this one in depth with all of you, because you can see that in for this most recent fiscal year 2021, this provider is not an outlier. Their target area percent did change, and of course, the 80th percentile, the 20th percentiles, those all changed as well. When they have when the data comes in, and is listed, so 60.7% was the outcome for this provider for this target area, at this point, at the end of fiscal year 2021 they're not identified as a high outlier. Actually they're not identified as an outlier at all.

But we can see 2020 and 2021 we have that target area percent calculation. So that's their outcome. And then as I said, we have the target count which is the numerator. And then we have the denominator count, which is the denominator information. Again, that's the data that we used to calculate their target area percent, and their outcome.

The numerator average length of stay, of course, tells you the average length of stay that was on the information using that data for the numerator count. And the same then for the denominator count right underneath. And the average payment for the numerator. So the average payment for that information within the numerator is listed here. And then the sum of payment. Not only do you get the average payment, but you also get the complete sum of payments for that numerator.

So moving down to our comparative data, let's just look at fiscal years 2020 and 2021, because those are

the years that the provider has data listed. But as you can see in 2020, the national 80th percentile, the jurisdiction, the state, they're all listed as well as that national jurisdiction and state 20th percentile. So all of those raw numbers—excuse me, I should say calculated numbers, and that data is listed here for you. In these two columns. And these change just as much as—not just as much, but as the providers change, the national jurisdiction and state 20th and 80th percentile, it's different every year as well. It all just depends on the data that's coming in. And of course if we have any questions about what data we're looking at, we can always use the user's guide. We can always use this definitions tab.

So then let's move down to the *Septicemia* graph. That is going to plot out all of this great information that we have here on the comparative data table. And we can see the national, the jurisdiction, and the state 80th percentile are represented by the solid, the dashed, and the dotted red lines, and the 20th percentile the same, but in green. So, again, this is a great visual representation of the data that is in that compare table. Not only do we provide your individual information, the comparative data table, and then this graph representation, of all that information, but for each of the target areas, we also have listed suggested interventions. So if you're a high outlier or if you're a low outlier, maybe you're looking at this information and you're saying, that does not look right to me, that should not be that way, these numbers are not what I think that we should be seeing, and you want to take action and you want to change that, we have information here for you to do just that. We have suggested interventions, if you are a high outlier, and of course, the same if you're a low outlier. So we kind of provide some guidance here to help you take next steps if there are issues, or I should say if there are numbers and data here that you should be concerned with.

So I'm not going to click too quickly through the rest of these target area tabs, but you can see, as I said, they are set up in the same way as the others that we have reviewed. Actually, on this PEPPER, we've got some hiding behind. There's enough target areas to have as many tabs as we see here. So we kind of have to scroll over, and you can see here, of course, the rest of the target areas. Your two-day stays for medical DRGs, surgical DRGs, your one-day stay for each of those DRGs. And then we have at the very, very end these last two tabs are some more comparative data, but they do not represent target areas. These last two tabs, at the very end, show you the most recent fiscal year. The hospital top DRGs. So in the nation, these are the top DRGs that are being billed and being submitted for the Critical Access Hospitals. You can see those listed here. Total DRGs, or, excuse me, you can see the DRG description and total discharges for DRGs. The proportion of that DRG discharge to total discharges. And the average length of stay for the DRG.

For such a simple table, it seems to me, compared to the target area tabs, really, this is really, again, a wealth of knowledge. Each of our tabs really does have a ton of knowledge and a ton of data and information for you. They each have all three of those columns, and they also have the top DRGs and then all DRGs.

And this last tab shows the same information for the jurisdiction. And we have the top DRGs listed here. And the same information listed. And again, this is all the information for the jurisdiction DRGs. I apologize, this top DRG, this is for the specific hospital that the PEPPER is released for. I apologize. This is the facility and hospital information, and then you can use this information how you fared to compare to the jurisdiction's top DRGs. So it's a bit of a step back, I would say, from that

detailed information that is available for each of the target areas. This is, again, like I said, taking a step back and looking at the top DRGs and how those compare across the jurisdiction.

Let's talk a little bit about, if you get your PEPPER and you see a lot of red and green indicating that you are a high outlier or a low outlier. Please don't panic if that happens to you. Remember that just because you're an outlier on the PEPPER, it doesn't mean that any compliance issues exist. It doesn't mean that you're doing anything wrong. It could mean that those are the numbers that you expect to see on your PEPPER. But again, we encourage hospitals to think about why they might be an outlier, and if those statistics in their PEPPER what they would expect to see. If something doesn't quite feel right, please coordinate with others in your hospital, share the PEPPER information, put your heads together and think about any factors that might relate to those numbers, and how they are listed, and the outcomes that you see in your PEPPER. You can pull some records, along with some claims, and just evaluate to make sure that you're following the best practices. And that really is the goal, to follow best practices, even if you're not an outlier.

We have a number of resources that are available publicly on our website, that's PEPPER.CBRPEPPER.org. One of those resources is aggregate information for the target areas both at a national and a state level. Also, there is aggregate information regarding the target areas and the top DRGs. This information is updated each time we have a PEPPER release.

We also have peer group bar charts which are updated on an annual basis. Some time ago we had providers who had asked us to make available a comparison applicable to what they would consider their peer group. And so these peer group bar charts enable providers to look at that type of information. With three different categories, we look at size, dictated by the number of episodes, and location, which is either urban or rural, and ownership type, which is for profit or physician owned, nonprofit or church owned or government.

Again, we do update those peer group bar charts annually. And if you do find that you do not agree with how we are representing your hospital's ownership type or location, that information will need to be updated through CMS. We use the CMS provider of services file, and that is maintained by the CMS regional offices. So you'll need to contact them for that update.

I just want to take this chance to share with you, first the PEPPER home page, and how you can navigate to those peer review, or excuse me, peer group bar charts. So I'm going to go ahead and share my screen. Here you will see our home page. This is live. It is PEPPER@CBR.CBRPEPPER.org. You'll see listed here the "Training & Resources" pages for all the types of facilities that we distribute PEPPERs for. But you'll also see those down here. And to get to your critical access training and resources, they are listed individually here. You see the user's guide, the training and resources. You can get to the portal, the PEPPER portal this way. And then we do have a map of the PEPPER retrievals by state. That's something interesting information as well.

To get to the peer group bar charts, you're going to go to this data tab, however, and you're going to click on Critical Access Hospitals. There's other data resources listed here as you can see. And feel free, of course, to take a look at those as well. But I do just want to point out the peer group bar charts. If you click on those right there, it will download. And hopefully open. Okay, let me stop sharing and only share

these peer group bar charts so that everyone can see them clearly. I know that sometimes they get very small in the sharing of a file. Okay. So let's go back to Excel, back to these peer group bar charts. Set up very similarly to the PEPPER. We have the tabs here underneath for each target area, and then we have the peer group bar chart listed here. We have this chart listed that shows and reflects the information that is listed up here at the top. We have the rural, and the urban information.

I'll just relatively quickly flip through here, so you can see that each of these tabs is very similar. This is for the *Respiratory Infections* target area, *Simple Pneumonia*, *Septicemia*. So as I said, it mirrors the setup of the PEPPER in terms of those tabs. We do have for the location, and then here is a peek at the owner type. So you can see, for this target area, *Simple Pneumonia*, we have listed data for the for-profit, the physician-owned, for the government-owned and for the nonprofit or church-owned access hospitals. This is overall data, again, for your peer group bar charts, so you can see how your data compares excuse me, how the data for each of these demographic groups compares to the others.

As we saw, we do have a number of resources that you can find on the PEPPER website. Of course, we have the user's guide, the PEPPER training sessions, there is that sample demonstration PEPPER, a spreadsheet that will identify the number of hospitals in each of the MAC jurisdictions in total and by state. There are some testimonials and success stories. There are some really nice success stories out there, one in particular from a Kentucky hospital that used their PEPPER to help identify under-coding.

As always, if you need assistance with PEPPER and do not find the answer you need in the user's guide, please visit the PEPPER.CBRPEPPER.org website and click on the Help/Contact Us button, and then click on the Help Desk button. When you complete that online form, a member of our staff will respond promptly to assist you, usually within the day. Please do not contact any other organizations for assistance with PEPPER. RELI Group contracted with CMS to support providers with obtaining and using your PEPPER, if you have any questions please contact us. We are that official source for information on PEPPER. Please do not pay consultants to help you with PEPPER. We provide support and information at no cost to you. And sometimes not all consultants provide accurate information on PEPPER. So of course, you want to make sure you're getting the most accurate information, so don't be shy about reaching out to us.

Here's the screen shot of the home page we just took a look at. If you have any questions, again, I urge you to visit the Help Desk at PEPPER.CBRPEPPER.org, fill out one of those forms and we'll contact you to answer your question. That is the best way to get information, and advice about your specific PEPPER, if you have any questions.

I do want to thank everyone for joining us today. I hope you found this webinar to be beneficial and helpful when you are looking and downloading your PEPPER.