Transcript for the Q4FY21 *Inpatient Psychiatric Facilities (IPF) Program for Evaluating Payment Patterns Electronic Report (PEPPER)* Review

May 10, 2022

I would like to welcome you all today to this webinar, where we will be discussing the Q4FY21 Inpatient Psychiatric facility PEPPER. My name is Anne Barnaby, I work for RELI Group, who is contracted with CMS to produce and distribute PEPPER reports.

Our agenda today includes a review of the most recent release of the PEPPER for inpatient psychiatric facilities, the Q4FY21 PEPPER that was released in early April of 2022. I will share a sample PEPPER with you so we can see what the PEPPER file looks like and what the data shows us. We will also be reviewing some other resources, including the national and state level data and peer group bar charts. Let's get started.

Today's presentation will be a high-level review of the PEPPER, so if you are familiar with PEPPER, this will be a nice refresher. But if you are new to PEPPER, you might still have questions at the end of the session, and we have resources available to you to help if you do have questions. These resources can be accessed through the PEPPER website, in the IPF "Training & Resources" section, and 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 might be at risk for improper Medicare payments, primarily in terms of whether the claim was correctly coded and billed and whether 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 as you can see on this slide. 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 CBR and PEPPER programs into one contract 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? Well, 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 administrative contractor, a recovery auditor or some other federal contractor. The provision of PEPPERs to providers support 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 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 history of the sense—a sense of the history of the PEPPER, sorry, and why it was created, let's talk specifically about the newest release of PEPPER, Q4FY21, the fiscal year 2021.

Again, the PEPPER only summarizes Medicare fee for service Part A claims data and does not include any other pair types such as Medicare Advantage claims. Every time that a PEPPER is produced and released, these statistics are refreshed through the paid claims data base. Therefore, if you are looking at a previous release of the PEPPER and comparing it to this release, you probably are going to see some slight changes in numerator or denominator, your 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. Any time we produce a report, the oldest fiscal year rolls off as we add the new fiscal year.

Let's talk now about the improper payment risks that are pertinent to IPFs. IPFs are reimbursed through the IPF prospective payment system, PPS. The primary risk that we focus on in PEPPER relates to coding errors or unnecessary admissions. Those of you who have been working with PEPPER for a long time know there have been changes in these target areas over the years and some significance since we first started producing the reports in 2003. The original target areas were identified primarily from information based on a review of the IPF PPS, coordination with CMS IPF subject matter experts, and analysis of national claims data. The target areas are evaluated every year so that we can ensure that all target areas included in the report remain applicable and beneficial.

Target areas are constructed as ratios and expressed as percents. The numerators represent discharges that may be identified as problematic, and the denominator generally includes all discharges. Coding related target areas generally include in the numerator the discharges that have been identified as

prone to coding errors and the denominator includes these discharges as well as that larger comparison group.

This slide and the next slide show the target areas for the *IPF PEPPER*. These PEPPER target areas were approved by CMS because they have been identified as potentially prone to improper Medicare payments in IPFs. You can see here the *Comorbidities*, *No Secondary Diagnoses*, *Outlier Payments*, *3- to 5-Day Readmissions*, and then also we have *30-Day Readmissions* as that last target area.

If you are looking for more information regarding comorbidities, you can find downloads available on the CMS site. The exact page is listed here for your reference.

Let's talk a little bit about how the percentiles work. We spoke a little bit about how the percents are calculated. But there are—there is comparison data in the PEPPER that relates to percentiles, so this slide can help us to understand how those percentiles are calculated. The ladder image 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. At the first step, our team takes when we calculate your hospital's percentile is to take all of these target area percents, all of those calculations, for a target area and time period. We take the target area percents for all the hospitals in the nation and we sort them from highest to lowest, and that's 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 hospitals fall, and that point is identified as the 80th percentile. So any hospitals that have 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 tab data by red bold font. The high outlier could mean potentially over coding or it could just mean your statistics look different for another reason. Now, on the flipside, we also identified the point below which 20% of the hospitals' values fall. Which is the 20th percentile. That could mean that the facility may have some under-coding concerns. It is important to remember when we are talking about percentiles that the PEPPER always identifies the top 20% as high outliers in the PEPPER and for the coding focused target areas, the bottom 20% for low outliers. Those percentiles are a good way to get some context and think about how our target area percent compares to the other hospitals in the nation, or in the jurisdiction, or in the state. This context can help us think about whether that difference is what we expect to see or if there's something that perhaps we should be concerned with.

I'm going to go to our sample PEPPER now so we can see in an actual document how all of this data is presented. Here is the sample PEPPER for this most recent release for the *IPF PEPPER*. I do want to assure everyone that this is a sample PEPPER, we are using sample data here, so when I go through this, you're not seeing any one facility's, one real facility's PEPPER data. This is a sample created purely for that reason. Excuse me.

So when we get to the PEPPER, we can see obviously it is an Excel spreadsheet and there are tabs down here at the bottom. We are going to look at each of those tabs here in just a minute.

But first I wanted to look at the purpose tab, which is the first tab listed here, as you can see. This is kind of an introductory tab. It has some general information about the PEPPER. It has some information about the timeline that is represented within the PEPPER. Hold on just one second. I'm sorry. I apologize. I have a little tickle in my throat, there. Thanks for your patience. Continuing on with the

Purpose tab, we also have some information down towards the bottom about the jurisdiction that this specific PEPPER provider is listed under. So if you have any general questions, as I said, about the PEPPER, this is a great place to start, and it's a great place to just check that your jurisdiction is correct and that when you're looking at the jurisdiction data, you are being compared to the correct jurisdiction.

The next tab over is the Definitions tab. On this tab, we can see that the target areas that we looked at on our Power Point presentation are all listed here, so the target areas listed also has the target area definition, which is actually the calculation of the percent for your facility. So, when you are going through the PEPPER and we will see on a target area tab here in just a moment, and you're looking at the data and you're wondering maybe how all of this data came to be, how your outcome came to be before you move on to the comparison data, perhaps, you can switch on back to the Definitions tab, and that data information is listed here, the numerator, obviously, and the denominator information is listed for each of those target areas. So, when we look at your percent that's listed in the PEPPER, these are the calculations that were made to bring us to that outcome.

The Compare tab is a specific comparative data set. The whole PEPPER is a comparative data report, of course, but this tab lets us see the target areas for which we have reportable data, so reportable data in this case, it says it up here, so you always have access to this information, don't have to write it down, but the comparative data is listed for any target areas that have 11 or more target discharges in the most recent time period. So for this, in this case, it would be the fourth quarter of the fiscal year of 2021. So if any of your target areas, if any of those numerators that we saw here in the definitions, if any of those numerators is less than 11, or is not 11 or more, then you're not going to see a result here for that target area. That is just the threshold that we have set and that the data team has set, so when you look at this target area list for the sample provider, you can see only three of the target areas are listed. That means for the other missing target areas, this provider did not have 11 or more in that numerator.

And as it says here up in this kind of introductory paragraph, the greater the percent value that we see here, the greater the consideration should be given to that target area. So a greater percentile means that again, there may be an issue within your facility with that target area. You may want to take a look at your records to see if you are prone to improper payments or if these percents are higher for another reason. That can be any reason. There's location, patient population, a lot of things play into this data, of course, and we want you to take that into consideration when you review your PEPPER.

Here, we have, however, the target areas that this sample provider did have 11 or more target discharges. On this tab, the target areas listed, so let's look at *Comorbidities*. Moving to that next column, we have the numerator count so that's the target discharges count.

The next column over is the percent, so that is this hospital's percent outcome. When that comorbidity calculation was made and completed, the outcome was 35.8%. Now, if we look moving forward, these are—you can see national—the national percentile, the jurisdiction percentile and the state percentile in these following three columns. These percentiles are marked as which percentile this provider fell under. So we saw on that ladder, the 80th percentile mark and that 20th percentile mark, and we saw all those outcomes. This is the, if we drew a line across those outcomes at the 79.6th percentile, instead of the 80th percentile, this is where, that is where this hospital would lie.

So 79.6% of the facilities in the nation in this case, have a lower outcome than this provider, for the *Comorbidities* target area. We can see they also had reportable data for the *3- to 5-Day Readmissions* and the *30-Day Readmission* target areas and of course, for those two, we get the same information. The numerator count, their percent, so that's their number in that list next to the ladder, and then their percentile, what percentile line they fell on, on the ladder. Then we also have the sum of payments for each of those target areas.

You're going to see in a moment that the target area tabs have some very detailed information for the facilities. This Compare tab, I like to think of it as a step back, kind of a macro look at the percentiles and at the percentages. I use that ladder image, I keep that in my mind when I'm looking at all the tabs, but especially at this Compare tab, because that really is what that ladder represents, when we're looking at these numbers.

This provider has outcomes, as we see here, as I said before, for these three target areas, *Comorbidities*, *3- to 5-Day Readmissions* and the *30-Day Readmissions*. We are going to look probably a little bit closer at those target areas and just glance over the other target areas. There won't be any data in those tabs, so let's start out with *Comorbidities*, where they do have some data listed.

Each of the target areas has their own tab and each of the tabs is set up, as you can see here. Now, there is of course a lot of data here, but when you break it down and when you look at it in parts, it doesn't seem as overwhelming.

We start with this first table, Your Facility Data. Now, this PEPPER reviews three fiscal years, 2019, 2020, 2021. When we're looking at the columns, that's what we're going to think of, that's where those fiscal years are listed.

This top table, again, has your facility information. So it has, for those past three years, your outlier status. This provider, this facility, was a high outlier in 2019 and 2020, but not in 2021. We can also see their outcome, their target area percent. 2019, it was about 40, 2020 it was about 48, 2021, they had a drop. It was down to 35.8. Now, those next two rows, the target count and denominator count, are the calculation that we used to get to this target area percent. That target count is the numerator. I will go to 2021 since that's the most recent fiscal year. 280 was in this provider's, this facility's numerator for this target area. 783 was in the denominator. That comes out to 35.8%. That is their percent outcome. We really break down all of the data we want you to have all of the data that we have, we want you to be looking at the same numbers that we were looking at when we created the PEPPER, and that's what this top table represents. All of your specific data, so that you can get down to the nitty gritty and truly see all the information that went into the comparative data.

This top table also offers us information about the length of stay, average length of stay for both the numerator and the denominator. Again, if we have any questions, we can go back to that Definitions tab to see exactly what we're looking at. And then, the average payment for the numerator and the sum of payments for the numerator. It makes sense that we would concentrate on the average payment and the sum of payments for the numerator, because that is the group that is or may be prone to Medicare improper payments.

Moving down to the second table that we see here, this is the comparative data table. This first table is

concentrated completely on your data, and then this second table is looking at the national, the jurisdiction and the state 80th percentile, and 20th percentile. Let's again go to fiscal year 2021. The national 80th percentile was 36.1 so anybody who had an outcome above 36.1 is going to be marked as a high outlier for this fiscal year. You can see, of course, this provider did not have an outcome higher than 36.1.

Jurisdiction and state are listed there as well, of course. Then the *Comorbidities* target area also marks the national 20th percentile. That is 18.5%. So the 20th percentile as we saw anybody under, with an outcome that was under 18.5%, for instance, for the national 20th percentile for fiscal year 2021, is going to be a low outlier. That is actually indicated with bold green font. The high outliers are indicated up here, you can see, in the red bold font and then the low outliers are the bold green font.

We have all this data, we have our data in the top table, we have the comparative data in the lower table, but the target area tab is also going to offer us a chart that displays that information. I think this is really nice, because a lot of people learn different ways, they look at data different ways, and it's a wonderful thing to have this graph that represents those numbers so that you can continue looking at that comparative data and see how you fall when the plots and outcomes and percentiles are put into a graph form.

We have the *Comorbidities* target area. These blue bars are representative of the facilities' outcomes. So value here, 35.76, was rounded up, up here to 35.8. But that is the provider outcome. Now we have two sets of lines here, one in red bold font and one in green bold font. Obviously the national 80th percentile and national 20th percentile. I want you to take a look at fiscal years 2019 and 2020, because this facility was a high outlier for those years, and if we look, these red plot points and these line graphs represent the national, the jurisdiction and the state 80th percentile. For the years that this provider was an outlier, those line dots and plots fall within these bar graphs for the facility's outcomes so it's easy to see they are within those 80th percentiles. And then, when we come over here, these red lines are not within that blue line. Again, it's just a great way to visualize the data and see where you fall. A lot of people like to look at data differently. I enjoy the graph, obviously. But any time that you need it, it is here and then we also have all that summary data up at the top.

At the bottom of each of the target area tabs, not only do we offer you your provider facility summary information data, the comparative data, all listed out, the graph that represents all of that data all together, but we also offer you some suggested interventions. So let's say you're reviewing your PEPPER and you think well, I'm marked as a high outlier, what do I do, how do I proceed, I want to fix this, I want to review my documentation, I want to pull some charts to review, what can I do? We have that information right here. The Suggested Intervention if you are a high outlier, the PEPPER states, this could indicate potential over coding, a sample of medical records with comorbidities coded should be reviewed to determine whether coding errors exist.

That's just a great way for you to move forward and use the PEPPER. We don't only give you the data and what the data represents, but we also tell you how to move forward and utilize the PEPPER within your facility.

Then there is also a suggested intervention for the low outliers. And it's a little bit more detailed, but it

still offers you a way to move forward if you are marked as a low outlier.

Moving on to the no secondary diagnosis, this is a pretty empty tab that was not listed on the Compare tab because this provider did not have a target count that was 11 or more. Therefore, in these columns, they have no data.

If you see no data, I don't want you to panic. There's nothing wrong. We didn't forget to do it or there wasn't an error with any of the numbers or anything like that. It just means that the target area didn't meet that threshold. Of course, different facilities offer different services, they have different patients, so it's not unusual for some of these tabs to have no data.

Of course, in this graph, there are no bars because there was no provider information. That's going to be the same for the *Outlier Payments*.

But when we move to the *3- to 5-Day Readmissions* tab, that target area, we can see there is data here. As I said before, each of the tabs is going to be set up the exact same way. Up top we have the table that has the facility information. This facility was marked as a high outlier for all three fiscal years that are included in this PEPPER.

Again, we have the target count, the denominator count, all that information about the target average, the denominator average, length of stay, average payments for the numerator, the sum of payments, then of course we do have the national jurisdiction and the state 80th percentile marks.

When you compare these percentile marks down here, this 80th percentile mark, for fiscal year 2021, it was 5.8. If we go up here, this facility is above that. It's at 6.0. That is reflected in the graph below. Again, the provider results are these blue bars and then the national 80th percentile is what we use to indicate that 80th percentile and the high outlier status. You can see that that line plot point, that line graph plot points, are within those blue bars for the provider outcome, so of course, they are indicated as a high outlier.

With the *3- to 5-Day Readmissions*, there is a very detailed suggested intervention for high outliers, which I think is wonderful. Again, we are letting you know how to move forward, how to apply this to your review, how to integrate the PEPPER into your compliance program and compliance reviews.

The *30-Day Readmission* tab also has data. The facility, the sample facility was a high outlier again for all three years for this target area. And we have the graph and then the suggested interventions.

These final two tabs, Top DRGs and Jurisdiction Top DRGs looks at the top submitted DRGs for this facility, this Top DRG tab has that information. For this facility, the top DRG discharges—or top discharges—the discharges with the most DRGs for psychosis and organic disturbances and intellectual disabilities.

This next tab has the Jurisdiction Top DRGs. It's going to be longer because this is across the entire jurisdiction. You can see here, psychosis, alcohol, drug abuse or dependence. These last two tabs are, again, umbrella information, kind of like the Compare tab. It's a step back, for sure, but you can also use these two tabs to compare against each other, to see how your top DRGs stand up to the Jurisdiction Top DRGs. Are you using, or are you submitting the same DRGs at a high rate as the jurisdiction has?

Again, it's just great information and more information for you to use when you apply your PEPPER and when you integrate your PEPPER into your compliance program.

We talked a little bit about how the PEPPER applies to providers and again, the PEPPER can help a facility to identify where they might be outliers and if that outlier status is something that should prompt an internal review, should prompt those interventions. We often get questions do I have to use my PEPPER, do I need to take any action in response to my PEPPER. The answers to these questions is no. You're not required to use your PEPPER. Though it is helpful information and we encourage you to at least download it and take a look, but you're not required to respond to it or to take any action.

However, it is important to remember that other federal contractors are also looking through the entire Medicare claims data base. They might be looking for providers that could benefit from some focused education, or maybe even a record review, and so from your perspective, it would be nice to know if your statistics look different from others, so then 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 and what you see is what you expect to see in your PEPPER.

As we saw, the PEPPERs are distributed in electronic format and Microsoft Excel workbook. They are available for two years from the original release date. We cannot send PEPPER through E mail because of the sensitive data housed within the PEPPER. We have to be judicial in the way that we distribute the PEPPER and it cannot be sent through unsecured email. 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 that you can have it in your files for your use.

Looking in detail about how you are going to access your PEPPER, you will be asked to enter some information. When you go to the portal, you will need to have your six-digit CMS certification number. The third digit of this number will be a 4 if you are a free standing IPF hospital. If you are a short-term acute care hospital, the third digit will be 0. If you are critical access hospital with an IPF unit, the third digit will be a 1.

This six-digit CMS certification number is sometimes also referred to as the provider number or the PTAN and it is not the same as your tax ID or NPI number.

The portal is also going to ask you for a validation code. The validation code has been E mailed to the HARP security administrator on file, so find who in your facility is the HARP security administrator. They can check their email and give you that validation code. A new validation code is required each time a new PEPPER is released. The validation code you used to successfully access your PEPPER previous year or for an earlier release will no longer be valid or accepted for a new release.

If you get your PEPPER and you see a lot of red and a lot of green indicating you as a high outlier or low outlier, don't panic. Remember that just because you are an outlier in your PEPPER, it doesn't mean that any compliance issues exist and it doesn't mean that you are doing anything wrong. But again, we encourage you to think about why you might be an outlier and if those statistics in your PEPPER reflect what you would expect to see. If something doesn't feel quite right, please coordinate with others within your hospital, share that PEPPER information. Put your heads together and think about all the factors that go into that data. Pull some records, use the suggested interventions, pull some claims and

just evaluate to make sure that you're following best practices.

We have a number of other resources that are available publicly on our site which is PEPPER.CBRPEPPER.org. One of those sources is aggregate information or target areas, both at a national and state level. Also, there is aggregate information regarding the target areas and top DRGs. At the national level, data is available for free-standing IPFs and IPF distinct units. This information is also 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 did have providers who had asked us to make available a comparison that would be applicable to what they would consider their peer group. So these peer group bar charts enable providers to look at that type of information. We have three different categories. We look at size, which is number of discharges, location, which is either urban or rural, and ownership type, for profit or physician owned nonprofit or church owned or government.

We do update the peer group bar charts annually. If you find that you do not agree with how you are represented regarding your hospital's ownership type or location, that information will need to be updated through CMS. We utilize the CMS provider services file and that's maintained by the CMS regional offices so you will need to contact them for that update.

This is an example of the peer group bar chart, this is actually from last year, but this is for the *Comorbidities* target area. You can see the 20th percentile, 50th percentile and 80th percentile are listed here for the outcomes for for-profit or physician owned groups, government and then the nonprofit or church.

A number of other resources can be found on the PEPPER website. Of course, there's the users' guide, the PEPPER training sessions, a demonstration PEPPER, a spreadsheet that will identify the number of hospitals in each of those MAC jurisdictions in total and by state, and 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 them identify under-coding.

As always, if you need assistance with PEPPER and you do not find the answer you need in the users' guide, please visit the PEPPER.CBRPEPPER.ORG website and click on the help/contact us button and click on the Help Desk button. When you complete the online form, a member of our staff will get back to you. Please do not contact any other organization for assistance with PEPPER. RELI Group is contracted with CMS to support providers with obtaining and using their PEPPER. If you have any questions, please contact us. We are the official source for information on PEPPER. Please do not pay consultants to help you with PEPPER. We provide support at no cost to you, and not all consultants provide accurate information about the reports.

This is a screen shot of our website. You can see here the nine different facility types that we release PEPPERs. The *inpatient psychiatric facilities* are actually right in the middle of that grid. You can see the information there, the users' guide, the "Training & Resources" page, a link to get your PEPPER and then the map of the *IPF PEPPER* retrievals by state. I would like to thank you all again for joining us today. If you do have any questions, please don't hesitate to reach out to the Help Desk at PEPPER.CBR PEPPER.org.