Transcript for the Q4FY21 *Long-Term (LT) Acute Care Program for Evaluating Payment Patterns Electronic Report (PEPPER)* Review

April 19, 2022

Hello everyone. It is about 3:00 Eastern Time. Let's go ahead and get started. I'd like to welcome you all today to this webinar where we'll be discussing the Q4 FY21 *Long Term Acute Care PEPPER*. My name is Annie Barnaby. I'm the outreach and education coordinator for RELI Group, Inc. We are contracted with CMS to produce and release PEPPERs. Our agenda today will be as follows. We are going to review the Q4FY21 *Long Term Acute Care Program for Evaluating Payment Patterns Electronic Report*, that is of course the PEPPER. There are no target area revisions to this report. So it will be an overall view and we don't have any target area changes to concentrate on. Then we will review some national level data that we provide.

Today's presentation will be a high-level review of the PEPPER, as I said. So if you are familiar with the PEPPER, this will be a nice refresher. But if you're new to PEPPER, you might have questions at the end of the session and we have resources available to you to help if you do have questions. Those resources can be accessed through the PEPPER website. In the "Training & Resources" section and our website is of course, 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 hospital'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 hospital'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 payment, which in the PEPPER world 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 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 2010, CMS combined the Comparative Billing Report or CBR and the 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 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 may 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 to help providers identify where they could be at a higher risk for improper payments. The providers can proactively monitor and take preventative 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 sense of the history of the program and why it was created, let's talk specifically about the newest release of the PEPPER, the Q4FY21 which would be the fourth quarter for the fiscal year of 2021, *LT PEPPER*. Again, the PEPPER only summarizes Medicare fee for service Part A claims data and 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 are probably going to see some slight changes in your 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 now talk about the improper payment risks that are pertinent to long term acute care facilities. Long term acute care hospitals are reimbursed through the LT Prospective Payment System, PPS. Those of you who have been working with PEPPER for a long time know that there are—there have been changes in these target areas over the years and some significant since we started producing the reports in 2003. The original target areas were based on medical records reviews conducted by quality improvement organizations, a review of literature about payment vulnerabilities, a review of the LT PPS 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. 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.

The target areas within the PEPPER pertain to a service or a type of care that's been identified as prone

to improper Medicare payments. We constructed these target areas as ratios where the numerator is a count of discharges that could be problematic and the 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 minute.

You can see here a list of the target areas that are included on the *LT PEPPER*, the *Long-Term PEPPER*. We have *Septicemia*, *Excisional Debridement*. They are listed here and as I mentioned earlier, there have been no changes to the target areas this year, so these are the same target areas that you saw in the last PEPPER release.

Let's talk a little bit about how the percentiles work before we move to the sample PEPPER. This slide can help us understand how 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. The first step our team takes when we calculate your hospital's percentile is to take all of these target areas percents for a target area and a time period. We take the target area percents for all the hospitals in the nation and then we sort them from highest to lowest. That's what the ladder represents. You can see the percents listed from highest to lowest down 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. A high outlier outcome could potentially mean overcoding or it could just mean that your statistics look different for another 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 and that could mean that the facility may have under-coding concerns. 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 for the coding focused target area, the bottom 20% for low outliers. These percentiles are a good way to get 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 that we can see in an actual document how all of this data is presented. So as you can see, the PEPPER is released in an Excel spreadsheet format. And you can see that we have these tabs here at the bottom. Most of these tabs represent a single target area, but to start at the very beginning in the—on the very first tab, we have the purpose tab. And this is kind of a summary of the PEPPER, what the PEPPER is representing, the data that you're about to see. It does let us know this is for the most recent three fiscal years through that fourth quarter FY 2021. Talks a little bit about PEPPER. Again, it confirms that long term care hospital PEPPER and then it lists here the jurisdiction that your facility falls under. So for the sample facility, they are in Jurisdiction 3. So the second tab also informational, it's not a target area representation quite yet. But this is the definitions tab and this—all of this information is also in the user's guide which is on our home page under the training and education tab. But this tab on the spreadsheet and on the PEPPER is very helpful when you're going through each of the target area tabs and you're looking at that data, sometimes you can get a little bit overwhelmed or you can forget exactly what those numbers represent. So this definitions

tab is a very convenient way to take a look back when you're looking at those numbers to see if that's what you would expect to see from your facility. You can flip back to the definitions tab and say, okay, the numerator for *Short Stays* is this, the denominator is this. These are the claims data that is going into these calculations that I am seeing the results of.

The compare tab is, of course, a comparison tab. It lets the provider know—lets the hospital know for each of the target areas that does have the result for that facility, their percent is listed here in the percent column. And they do have the number of target discharges. That is the numerator for your calculations for each of these target areas. But what this tab does is lets you see the hospital national jurisdiction and state percentiles. So you can see here for *Septicemia*, the result—the outcome for this facility was 32.5%. Now, if we go over to the hospital national percentile, we have 53.7. So that means that 53.7% of the hospitals in the nation have a lower percent value than this sample hospital provider. And the same goes for the jurisdiction and the same goes for the state. Then this also has a summary of the payments for each of these target areas and this sum of payments column is just for this long-term care hospital. So we have those three informational kind of and then the—the two informational tabs, excuse me, and then the compare tab that has some overall data about your outcomes and how you stand against the national, the jurisdiction and the state. And then the next tab starts in on the target areas for this PEPPER and we start with *Septicemia* as we saw before on the list. And in the definitions tab and on the compare tab as well. Now, this is a great representation and this is a great sample PEPPER. These are made up numbers. I don't want anyone thinking that we're looking at a hospital or a facility's outcomes here. This is a sample that's created. But it is a great sample to look at because we can see here the outcomes of—of course, this is going to be in every PEPPER for the past three years. So FY 2019, 2020 and then this is the release, the most recent year, FY 2021. We can see that the data and the outcomes change. Sometimes drastically, sometimes not so much. But they change from year to year. Back in 2019, this provider did not have any data to even create a PEPPER for their distribution or create data for this target area, I should say. Excuse me. If it says—if you see no data in one of the files up here, one of these columns, you can see down here that that is—that represents that the target denominator, excuse me, the target or the denominator, the numerator or the denominator is less than 11. So that is kind of the threshold that we have set and that works for all of these PEPPER reports and if we see no data as we see here for 2019, that just means that the numerator or denominator was under 11. So then moving on to 2020, we can see this provider was a low outlier. They were in the 20—20th percentile. They were below the 20th percentile, I should say. 17.7%. And then FY 2021, they moved out of the outlier status and they are kind of in the middle there at 32.5. So again, these tabs here are going to have a very specific breakdown of the data that you see and this is focused on *Septicemia* target area. So as you can see here, you get the target count, that's your numerator. You get the denominator count, that's, of course, your denominator. You get the average length of stay for the numerator. You get the denominator, patient average length of stay. You get the average payment and you get the sum of payments. So this is really a wealth of knowledge and a wealth of information that you can use to see over these three years how things are changing and how you're comparing against other hospitals in the nation and in the jurisdiction and the state.

So this first chart that we see up here is very, very detailed. Obviously, you have a lot of detailed information. The second target, excuse me, table that we see is the comparative data. So we have our outcomes here listed and then they're listed again down here in a graph form. So this graph is a visual representation of this second table. I think that's kind of nice because everyone looks at data differently. Everyone learns differently. So you can review whichever of these pieces of information is easiest for you to compare and use that data. But you can see here, the blue bars on the graph represent the hospital, they represent the provider. The red lines, there's a red solid line, a red dashed line and then a red dotted line. Those represent the 80th percentile. So we talked about seeing a high outlier status represented by red bold font and that's kind of what we see here. These lines are in a red bold color. And then the bottom ones, you can see here, excuse me or the green ones are below here, that's the 20th percentile. Again, represented in your data by green bold font and represented down here by the green lines. So this is the information for the national, the jurisdiction and the state for your 80th percentile and your national percentile. And if we just take a look at the national percentile, 80th percentile, you can see here that for those three years, those are marked on these line graphs. And then, of course, these line graphs are shown over the provider's bar graph information and you can see here in 2020 and then in 2021 the outcomes for this provider for the 20th percentile and where they landed.

I'm not going to go through every single one of these tabs because that would be rather boring for everyone. But let's take a look next at the *Excisional Debridement* because as I said, this is another great tab to look at because this provider, the sample provider fell in the high outlier status for those three years. You can see here. So the target area percent for this provider was very close to 100% for all three years. Their outlier status is high outlier. They have the same information, that same detailed data that we saw on the *Septicemia* tab. It is spelled out for us here. We have all the information, how the PEPPER team made their calculations, so that you can have that information and you can compare it internally and see how things are shaping up as compared to other hospitals in the nation, jurisdiction and state. And then, again, we have the national, jurisdiction and state 80th and 20th percentile information and that is shown on top of the provider information here and if you hover over, you can see they give you the values. You don't have to glance up here if you don't want to. But they do have the values listed out for you on each of the line graphs and each of the bar graphs.

I forgot to mention on the *Septicemia* tab, but let’s take a look here on the *Excisional Debridement* tab, not only does the PEPPER provide you with this detailed information about your outcome and your data, then this detailed information about how you compare to other providers in the nation, state and jurisdiction, but it also has suggested interventions. If you're a high outlier, if you're a low outlier. We not only provide this information for you, but we also provide a little bit of guidance as to next steps. If you find yourself in the high outlier status or in the low outlier status. So that's very handy and, of course, those suggested interventions change for each of the target areas because, of course, the suggested interventions would be different for each of the target areas.

I'm just going to slowly flip through here so that you can see that each of these tabs is set up in the similar fashion. And then these last two tabs, take a look at DRGs. The second to last tab top DRGs, excuse me, is this sample hospital's top DRGs that they have submitted. You can see those listed out

here. The short stay outlier count for each of the DRGs, the total discharges. So there's also data information not only, you know this list here that gives you the description of the DRG but it also has that data for you to look at as well. This is for the most recent fiscal year. So this is for fiscal year 2021. This is for the year that the PEPPER was released. You do not have the other two years on this tab. So because the PEPPER is a comparative document and a comparative data, we have on this next tab, the nationwide top DRGs. And the same data comes along with it in these columns. You can see here. So you can take a look at your top DRGs and then the nation and see how those compare, how are you submitting DRGs as compared to nationwide, how those statistics pan out.

So how does the PEPPER apply to providers and help providers? Well, the PEPPER can help a facility to identify areas where they may be outliers as we saw. And if that outlier status is something that should prompt an internal review within each target area. 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? Excuse me. The answers to those questions are no. You are 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 take any action. I do want to mention, however, that 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 record review. And so from your perspective, it would be nice to know if your statistics look different from others so that then you can decide if there's something to be concerned about and if you need to take a closer look or what—or if what you're looking at is what you expect to see in your PEPPER.

As we saw the PEPPERs are distributed in electronic format and in Microsoft Excel workbook. And they are available for two years from the original 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 and it cannot be sent through unsecured email. With this in mind, we have a portal online that you can use to access your PEPPER. We encourage you to go to the portal and download your PEPPER so that you can have it in your files for your use.

You will need to enter some information to access your PEPPER through the portal. First, you'll be asked to enter your six-digit CMS certification number, which is also referred to as the provider number or Provider Transaction Access Number or the PTAN. This number is not your Tax I.D. or an NPI number. For long term acute care hospitals, the third digit of this number will be a 2.

For the validation code asked on the portal access page, you will enter either a patient control number, which is found at form locator 03a on the UB 04 claim form or a medical record number found at form locator 03b on the UB 04 claim form. For a traditional Part A—traditional Medicare Part A fee for service patient who received services from July 1, 2021 through September 30, 2021 which would be the from or through dates on a paid claim. Alternatively, the validation code will also be mailed to the contact listed in the provider enrollment chain and ownership system commonly known as PECOS. Please note that these validation codes are updated for each release. You won't be able to use the validation code that you received for a previous PEPPER release.

Now, once you receive your PEPPER, let's say you see a lot of red in there, see a lot of green in there, what should you do? Well, the first thing what you should not do is panic. Remember that outlier status

does not necessarily mean that compliance issues exist. By design, 20% of the providers are always going to be identified as an outlier for each of the PEPPER target areas. But if you are an outlier, I want you to think about why that might be. Again, do the statistics in your PEPPER reflect what you know given your operation, your patient population, referral sources, your external health care environment, any changes in services or staffing? If you have any concerns, sample some claims. Make sure the documentation in the medical records supports the services that were submitted, review the claim and ensure it was coded and billed appropriately based on that documentation in the medical record. The bottom line is to ensure that you're following best practices even if you're not an outlier.

We have a number of other resources that are available publicly on our website. PEPPER.CBRPEPPER.org. One of those resources is national level data for the target areas and top DRGs. This information is updated each time we have a PEPPER release.

A number of other resources can be found on the PEPPER website. Of course, there's the user's 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 success stories and testimonials. There's 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 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. Then click on the *Help Desk* button. Complete the online form and a member of our staff will respond promptly to assist you. Please do not contact any other organizations for assistance with PEPPER. RELI Group is contracted with CMS to support providers with obtaining and using PEPPER. If you have any questions, please contact us. We are the official source of information on PEPPER. Please do not pay consultants to help you with the PEPPER. We provide support at no cost to the provider. And also, beware that not all consultants provide accurate information on the PEPPER. So we really are your best source of information.

This is a screen shot of our website. You can see here that there are sections for each of the facilities that have a PEPPER release and the long-term acute care hospitals is listed down there in the bottom left hand corner, you can see the user's guide and those other resources we just reviewed that are available for the long term acute care hospitals.

If you have any questions, I encourage you as always to visit the *Help Desk* at PEPPER.CBRPEPPER.org. We're always here to help. I am going to take a minute or two here to see if anyone has a question that they would like to submit in the Q and A section of the webinar—of the Webex. If you have any questions, please submit them now and I can answer as time permits. Okay. It doesn't seem like there are any questions coming in. That's fine. But, again, if you do have any questions, please don't hesitate to reach out to us via the *Help Desk*. Thank you so much for joining us today. I hope you found this webinar to be informational and helpful. And I hope you have a great day.