Transcript for the Q4FY21 *Skilled Nursing Facility (SNF) Program for Evaluating Payment Patterns Electronic Report (PEPPER)* Review

May 24, 2022

Hello, everyone. Thank you for joining us. I would like to welcome you today to this webinar where we'll be discussing PEPPER reports, more specifically, the Q4FY21 *Skilled Nursing Facility PEPPER*. My name is Annie Barnaby and I work for RELI Group, who is contracted with the Center Medicare & Medicaid (CMS) to produce and distribute the PEPPER reports.

Our agenda today will cover the Q4FY21 *SNF PEPPER*, the target areas included in the report, a look at the new target areas and look at other informative resources that are available for SNFs on our homepage. So, let's get started. Today's presentation will be a high-level review of the PEPPER, so if you are familiar with PEPPER this is a be a nice refresher, but if you are 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. These resources can be accessed through the PEPPER website in The Skilled Nursing Facility "Training & Resources" section and again our website is PEPPER.CBRPEPPER.org.

Let's start at the very beginning. What is PEPPER? Well, PEPPER is an acronym that stands for The Program for Evaluating Payment Patterns Electronic Reports. A PEPPER—excuse me is a comparative report that summarizes one facilities Medicare claims data statistics for areas that might be at risk for improper Medicare payments primarily in terms 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 targeted areas. The PEPPER summarizes your facilities Medicare claims data statistics for these target areas and compares your statistics with aggregate Medicare data of other hospitals in three different comparison areas. These comparison groups are all hospitals in the nation, all hospitals that are in your Medicare administrative contractor or MAC jurisdiction and all hospitals 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 your billing practices are different from most other providers in that 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 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 this 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 the RELI Group and 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 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 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 education tool that can help providers identify where they could be at 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 the 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 the PEPPER, Q4FY21. 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 if you are looking at a previous release, comparing it to this release you are probably going to see slight changes in your numerator, or denominator, your percentile, those types of things. That could be because there are late claims 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.

In the PEPPER world when we discuss skilled nursing facilities, we are referring to free standing SNFs and SNF units, swing beds of short-term acute care hospitals. I mentioned before there are some new target areas that are included in this release of the *SNF PEPPER*; the target areas and supplemental report will be changing over time to provide information related to potential vulnerabilities for SNFs. This year there are two new target areas that have been added: *High Physical Therapy and Occupational Therapy Case Mix* and *High Speech Language Pathology Case Mix*.

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 episodes of care identified as potentially problematic and the denominator is a larger reference group that includes the numerator; this calculation allows us to calculate a target area percent, and we will talk about target area percents here in just a moment.

Here we have the target areas for the *SNF PEPPER*. Those that remain from prior releases and then those two new target areas. Again, the target areas are going to be redefined and changed as we continue with our research and work with CMS subject matter experts. We also have the *20-Day Episodes of Care* and *90+ Plus Day Episodes of Care* and the target area introduced in the Q4FY19 release- the *3-5-Day Readmissions*.

Also of note, the PDPM high utilization codes target area that was debuted last year was ultimately discontinued in this release. When we look at the PEPPER, we're going to see percentiles listed and most specifically the 80th percentile. Let's take a look at percentiles and think this slide can help us understand how those percentiles that are listed in the PEPPER are calculated. The latter image is a great representation of how we do that. Next to the ladder is a list of 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. Now, those target areas percentages that you see listed from highest to lower are going to be the facilities outcomes of the calculations for each of the target areas. So, those numbers you see listed from highest to lowest are actual facility outcomes or representation of them. They are not the exact calculations. So, when we make this list, we do sort from highest to lowest that is what the ladder represents next we look at list of outcomes for each of the

facilities and we identify the point which the result which the outcome which below 80% of those percents falls. That point is identified as the 80th percentile any area that has a target area percent, an outcome for that target area calculation that is at or above the 80th percentile line will be identified in the PEPPER as a high outlier. A high outlier is identified in the PEPPER target area tab by red bold font. And a high outlier outcome could potentially mean over coding, or it could just mean 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. That could mean that the facility may have some 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 the bottom 20% for 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 think about whether that difference is what we expect to see or if there is something perhaps, we should be concerned with and want to take a look at within our own records.

How does the PEPPER apply to providers? The PEPPER can help a facility to identify where there may be outliers and the outlier status is something that should prompt an internal review within those target areas. We get the questions: do I have to use my PEPPER? Do I have to take any action in response to my PEPPER? The answer to those questions is no. You are not required to use the PEPPER though it is helpful information, we would encourage you to 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 could benefit from focused education or maybe even medical record review. From your perspective it would be nice to know if your statistics look different from others so you can decide if there is something to be concerned about, and if you need to take a closer look or what you are seeing in the PEPPER is what you expect to see from your data, your patient population, all of those factors.

So, at this point I would like to share the sample PEPPER for Skilled Nursing Facilities. Just going to pull it up on my screen here one moment. This is the sample PEPPER, the demonstration PEPPER as it's labeled on the SNF "Training & Resources" page. You can go to our own page, PEPPER.CBRPEPPER.org click on the Skilled Nursing Facilities page, "Training & Resources," and this demonstration PEPPER is there for you if you would like to take a look at the sample PEPPER to see what everything looks like. We are going to walk through that right now. We begin on the PEPPER with the purpose tab. The purpose tab is kind of an introductory tab. It gives us some introductory information for the PEPPER. It lets us know what PEPPER release we are looking at in this case it is the most recent three federal fiscal years through Q4FY2021. That prepares us for the data that we're going to see. We are going to see all three of those federal fiscal years. It also lists the provider number and the provider's Medicare number here. Once again, the version and the jurisdiction. This purpose tab again has some introductory information but also has some information that you might just want to check over as the jurisdiction, your provider number, that type of something.

The next tab is the definitions tab. This tab is a great resource to use while you are sorting through your PEPPER and looking at the data. We talked about those target area outcomes and those target area percents that each provider gets from their calculations. So, this tab, the definitions tab has each of the target areas listed. But it also has the target area definition which really is an explanation of which data which claims are included in the numerator and denominator calculation for each of these target areas. When we move onto the target area tabs in just a moment, you will see the numerator referenced, the denominator referenced. If at any time you have any bit of confusion or just want some clarity as to what information is included in that number, you can flip back to this definitions tab and take a look and

it's easier to have this information on the file I think than to have to go sorting through another file. It's a great reference so I encourage you to use it as necessary.

Moving on to the compare tab this compare tab has some great data a lot of information. We will go through it in a moment. It is a bit of an umbrella data type of representation. The target areas are very detailed. The data—excuse me, represented on each of these target area tabs that we will get to in a moment is extremely detailed. And it is all comparative data for the provider. This compare tab we start out with it because we're kind of I like to think of dipping our toe in the water easing into it. This gives us for each of the target areas our target count which is going to be our numerator and then our percent. So, this column C here, the percent column, that represents the number next to the ladder where our facility falls for instance, the high PT and OT case mixed target area our percent on the ladder there is 82.6. The SNF national percentile is 46. The jurisdiction is 45 then the state percentile is 60. So, what we want to look at when we're looking at this information and this data is again just kind of an overview of our data, where we fall and it kind of gets us ready for the detail that we're about to see within each of the target area tabs.

Alright, we have our first target area tab. The first one listed the high PT and OT case mix. This target area is only valid for fiscal year 2020 and in this case 2021 because we did not pull data this target area did not exist for fiscal year 2019. We are only looking at fiscal year 2020 and 2021. You can see that information here in these columns in both of these tables. When we are looking at each of these target area tabs, at the very beginning this first table is going to be all about our facility, all about our SNF. It's going to tell us first whether we are a high outlier or low outlier. In this case, this sample provider, this sample SNF. These are made up numbers. We're not looking at an actual redacted provider's SNF. I want everyone to make sure they know this is truly a sample report. This sample SNF is not an outlier so that line that was drawn on the ladder or across the ladder, their outcome, their target area percent did not fall above that 80th percentile line. So, they are below that line. They are in the bottom 80% of the percentiles fall.

They are not an outlier, we do have some more information and we love to look at that information see how it's changed from year to year the first piece of information is the target area percent, we can see in fiscal year 2020 that par target area percent the outcome of that calculation for this target area is 75.9%. In 2021 it was 82.6. Remember, at any time, especially with new target areas, if we have any questions about how those are calculated and any of the data our quick reference is back here in definitions. Then we can always use the user's guide as well which is available on the SNF page, the "Training & Resources" page for the SNFs. Below that we have the target count, that's going to be the numerator count, below that, we have the denominator count. So, we have all this information, but we have our outcome first, our percent outcome first. Then, we let you know how we got that information, how we got that calculation. You can again refer back to that definitions tab to see 2149 that represents the count of SNF claims where the first character of the health insurance prospective payment system code representing the physical and occupational therapy component is one of these following letters, and then the denominator in this case for this year, 2,546 was the count of all SNF claims. Again, we not only give you your calculation and percent outcome, but we want to give you all the detail you possibly can. We want you to have the numbers we are dealing with as well. We give you that numerator and denominator count. Because this is a new target area, there is some information that is not the most complete target area tab we're going to look at today. You can see the average length of stay was not calculated, denominator, average length of stay, average payments and the sum of payments—excuse me—those were not calculated for this target area this year. However, let's move down to this next table, the comparative data.

After all, the PEPPER is a comparative report; this is what it's all about. Let me scroll back up here actually. Again, we only have data information for fiscal year 2020 and fiscal year 2021. This top table in our PEPPER target area tab is always going to be for our specific facility then we have the comparative data down here. The national 80th percentile that's what's going to dictate the red bold font that is going to dictate if you are a high outlier this national 80th percentile. That is for this year, 90.4. If you think back to the ladder, we have all of the facilities listed from highest to lowest. They drew that line below which 80% of the providers fall and that line was drawn through the outcome of 90.4%. That makes sense because our target area outcome was 82.6. So, we were further down the ladder. The jurisdiction 80th percentile, the same thing that is drawn at 90.5, obviously very close to the national 80th percentile and the 80th state percentile, it gets its own line, that is drawn across the 87.4. Again, as we talked about before we also look at the bottom 20th percentile. That 20th percentile line for the nation that would indicate a low outlier was drawn across 73.9. The jurisdiction's line was 74.5 and the state was at 71.0. This is all target area comparative data that is listed inside a table; however, the target area tab also has a graph that represents this information that we just looked at in these tables. I think this is a great way to represent all of the data in many different ways. A lot of people learn different ways, some people are visual, some people would rather look at the raw data up here at the table. This graph is here to help us to see those numbers from the table represented in a graph form. These blue bars are representative of the provider's target area percent; their outcome is represented by these blue bars.

Then the line graph also starts at 0 because we didn't have any information or data from 2019. These red and green line graph points represent the 20th percentile and the 80th percentile. The national 80th percentile is this solid red line the jurisdiction is the dashed and the state is the dotted. And that same template applied to the 20th percentile as well except those lines are green. If you take a look at the plot points for the line graph you can see the national 80th percentile is above the provider's blue bar. Because they were not a high outlier for this target area. And the green national 20th percentile line is within the bars. You would expect to see that because they are also not a low outlier.

Again, this is all information that we can see here in these tables with the raw data and the number and the calculations. But it really puts it into perspective when you can see it in this graph form.

Following the graph on all of the target area tabs are suggested interventions. We start off by giving you all the data you would need to know how we calculated your information, all the comparative data, a graph that represents that information, then we also follow up with next steps you can take. We don't want you to have this PEPPER live in a vacuum in your facility and within your review. We want you to be able to say, I'm a high outlier. What steps can I take, or these numbers don't look the way I feel that they should look. What steps can I take? How can I check this information and see if there are issues, I need to address within my own facility? We do have suggested interventions for high outliers, and suggested interventions for the low outliers as well. We give you that information and that advice for wherever you fall on the spectrum

This is our second new target area again fiscal year 2019 has no data. For this target area, let's flip back quickly to the definitions tab. The numerator is going to be the count of SNF claims where the second character for the HIPPS code representing the speech language pathology component is one of these letters. Then the denominator remains as it did in the last target area, the count of all SNF claims. So, we're looking at speech language pathology for this new target area and the second target area tab.

There is some different information here. There is a different coloring, we got this red bold font for this target area for this sample facility provider. They were a high outlier in both 2020 and 2021. We will take a look at how that is shown when we get down to the comparative data but let's take a look at the

target count. That is the numerator we just read through. Then the denominator for each year as well, which is all the SNF claims.

This information again is not calculated for this new area but if we go down to the comparative data, let's look at that national 80th percentile that dictates whether a facility is a high outlier. That line along the ladder for the national 80th percentile for fiscal year 2021 was drawn through the outcome line of 25.0. We look back up to our facility's table and we can see their target area percent was 32.8, on the ladder their level is 32.8. That was their outcome: they were above the black line below where 80% of the providers fell. The jurisdiction information or 80th percentile and the state 80th percentile are also listed here; we can see that this target percent listed for this facility also exceeded both of those 80th percentile lines as well. The 20th percentile in the nation, jurisdiction and state is also listed here for our reference. Let's take a look at the graph. Again, we have these blue bars that represent the provider's outcome of the target area calculation for 2020 and 2021. Looking at the plot points for the national 80th percentile this solid red line, those plot points fall within these blue bars because this provider was a high outlier. They were not a high outlier as we saw in the previous target area; those lines would fall outside of those blue bars. It's another visual that can help us understand the data and where we fall along the national state and jurisdiction lines. As always, we have the suggested interventions for high outliers and for low outliers if I was this provider and I was this facility and looking at this data information, I might go down to these suggested interventions and I can learn that a high outlier status can indicate issues with MDS coding of five patient characteristics included in speech language pathology component those are listed there. The SNF should review documentation to ensure that all SLP component patients coded in the MDS are substantiated in the medical record. That is a practical step you can take if your facility is listed as a high outlier as this listed facility was.

Moving onto the *20-Day Episodes of Care*. This is not a new target area. We do have data for 2019, 2020 and 2021 fiscal years. This provider is not an outlier for any of those three years. The existing target areas and the tabs are set up exactly as the new target areas were. So, I won't walk through in as much detail when we look at this information but of course, we do have the SNF outcomes listed up top. Actually, for this target area we do have calculations for the target numerator, average length of stay. For 2021-fiscal year, exactly 20. The denominator of the average length of stay was 50.9. Going back up to the numerator calculation, the average payment for those claims in the numerator was $16,677. The sum of payments for those numerators, so the sum of all the payments of the data included in the numerator for this calculation is a little over $250,000. Then of course we have the data comparison below. Those blue bars are far below the national 80th percentile line represented here; this national 80th percentile looking at fiscal year 2021 was 10.7, marked here. And the SNFs outcome is 1.6 way down here. Again, this line graph does not intersect with that bar graph, so we are not an outlier. As always there are suggested interventions for outliers for this target area.

90-Plus Days of Episodes of Care this is an existing target area. Let's take a quick look at the fiscal year 2021 the numerator's average length of stay is 99. The denominator length of stay, 50, we again get the average payment of all of the claims included in the numerator, $60,000 then total claims is over 15.5 million.

This provider is not an outlier however that is reflected in all of the data as always. Then we do have the suggested interventions. It's always a great idea to take a look at the suggested interventions just so that you know you are practicing best practices. Even if you are not a high outlier or low outlier.

Then we have the *3-to-5-Day Readmissions* target area that is the information is identical the layout of the information I should say excuse me is identical to those other target area tabs.

We just saw PEPPERs are distributed in electronic format in Microsoft Excel workbook they are 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 we distribute the PEPPERs, and it cannot be sent through unsecured email. With this in mind, we have a portal online you can use to access your PEPPER and we encourage you to go to that PEPPER portal which is at PEPPERfile.CBRPEPPER.org and download the PEPPER so that you can have it in your files for your use.

You will need to enter information to access your PEPPER through the portal first you will be asked to ask to enter your six-digit CMS certification number which is also referred to as the provider number or the provider transaction access number or the PTAN this number is not your tax ID and not an NPI number for free standing SNF the third digit of this number will be a five or a six. You will also be asked to enter a validation code on the portal access page for this validation code you can enter a patient control number which is found at form locator 03a on the UB-04 claim form or a medical record number which is found on 03b on the UB-04 claim form. Those are going to be for a traditional Medicare Part A fee-for-service patient care who received services from July 1st, 2021, to September 30th, 2021. That means a from or through dates on a paid claim is between those two dates.

Please note that the validation codes are updated for each release, so you won't be able to use the validation code you received from a previous PEPPER release. The contact in the provider enrollment chain and ownership system will be sent an email with a validation code so if you know the listed PECOS contact for your facility you can coordinate with them to have them download the PEPPER or give you the validation code so you can do so. If you get your PEPPER and see a lot of red and green indicating, you are a high outlier or you are a low outlier. Please don't panic. Just because you are an outlier in your PEPPER doesn't mean any compliance issues exist, it doesn't mean you are doing anything wrong. Again, we encourage hospitals to think about why they might be an outlier, and if those statistics in your PEPPER reflect what you expect to see. If something doesn't feel quite right, please coordinate with others within your facility. Share the PEPPER information. Put your heads together and think about what factors might be affecting that data. You can pull some records along with some claims and just evaluate to be sure you are following those best practices. We have a number of other resources that are available publicly on our website again that is PEPPER.CBRPEPPER.org one is aggregate information for the target areas both at a national and at a state level, also there is aggregate information regarding the target areas and the top DRG's. This information is updated each time we have a PEPPER release.

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

I'm going to pull up the PEPPER home page and share that with you so we can take a look at those peer group bar charts. Is our home page. You can see at the top we have menu options to access the peer group bar charts you want to go to the data tab. Scroll down to the skilled nursing facilities. And we see the peer group bar charts are listed here. When you click on the link an Excel spreadsheet will download. Let me pull up that file for you to see as well. Maybe.

There it is. It's loaded now. Let me share that with you guys. This is what the peer group bar chart file will look like again, obviously it is an Excel spreadsheet. We do have those familiar tabs down below you can click on any of these tabs to look at that peer group information let's just look quickly at the skilled nursing facility it is Q4FY21 the high PT and OT case mix this is for the location. And that would be urban versus rural with the 20th percent, the 50th percentile, and 80th percentile listed here. This data is

reflected down here in this chart again we give it to you both ways in a graph and chart as well. A table as well I should say. These are all excellent data points to look at again if you want to look at how your 20th, 50th, 80th percentiles compare to those in your peer group based on your location, ownership type, based on those categories. We do update the bar charts annually. If you do not agree with how we are representing your SNF ownership type or location that information will need to be updated through CMS, we utilize the CMS provider of services files and that is maintained by the CMS regional offices. You will need to contact them for any updates. We have a number of other resources that can be found on the PEPPER website. Of course, there is the user's guide, the PEPPER training sessions, and a demonstration PEPPER we looked at earlier. A spreadsheet will identify the hospitals in each of the MAC jurisdictions in total and by state and testimonials, and success stories. There are 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 user's guide, please visit the PEPPER.CBRPEPPER.org website and go to the help/contact us button. When you complete that online form a member of our staff will respond usually within a day or two and we can help you with the query. Please do not contact any organizations for assistance with PEPPER. RELI Group is contracted with CMS to support providers with obtaining and using their PEPPERs. If you have questions, please contact us. We are the official source of information on PEPPER. Please don't pay consultants to help with PEPPER. We provide support at no cost to you. Not all consultants have and are distributing accurate information about PEPPER.

We saw the home page earlier, but this is a screenshot of our home page. We have the blocks for each of the types of faculties for which we distribute paper. You can see the Skilled Nursing Facilities is right there in the bottom right-hand corner.

I want to thank you again for joining us today in the webinar. If you have any questions, please submit them to the Q and A panel now and I will answer as many as I can as time permits. You can also go to our website and submit a Help Desk ticket.