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PEPPERs: Tools for Improving Quality and Compliance
Expanding the world of possibilities for aging.

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Housekeeping

The Question and Answer period will be conducted during the last 15 minutes of the webinar. To ask a question, please select the Q&A tab on the left of the console, type your question in the box and press the "Ask" button.

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"Help/Contact Us" at PEPPERresources.org

What Is PEPPER?

- **P**rogram for **E**valuating **P**ayment **P**atterns **E**lectronic **R**eport
- A comparative report that summarizes a provider's Medicare claims data statistics in areas identified as at risk for improper Medicare payments.
- Available for short-term and long-term acute care hospitals, critical access hospitals, inpatient psychiatric facilities, inpatient rehabilitation facilities, partial hospitalization programs, hospices and skilled nursing facilities.

Why Are Providers Receiving PEPPER?

- CMS is tasked with protecting the Medicare Trust Fund from fraud, waste and abuse.
- The provision of PEPPER supports CMS' program integrity activities.
- PEPPER is an educational tool that is intended to help providers assess their risk for improper Medicare payments.

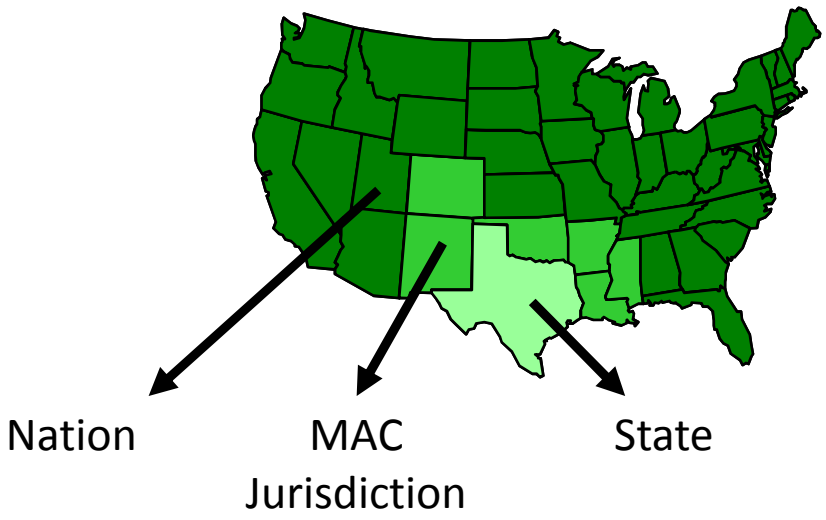
PEPPER Summarizes Medicare Data

- Paid Medicare claims (UB-04)
  - Final action claims
  - Services provided during the report time period
  - Medicare claim payment amount > $0 (includes Medicare secondary payer claims)
  - Exclude HMO claims
  - Exclude canceled claims
- See page 5 of SNF PEPPER User's Guide; page 4 of Hospice PEPPER User's Guide (available at PEPPERresources.org) for data specifications

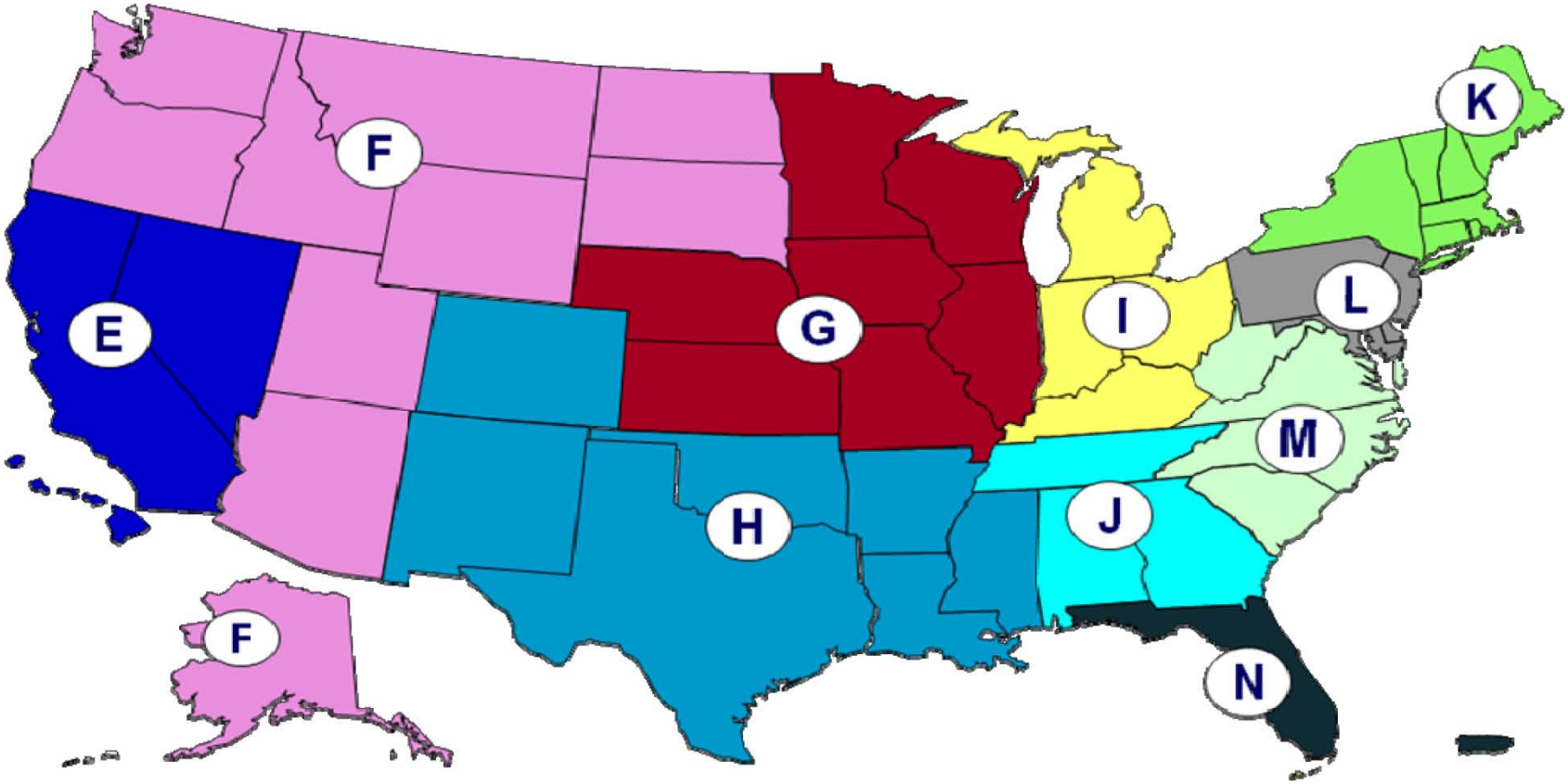
PEPPER Statistics

- Medicare fee-for-service claims data
- Organized in three 12-month time periods based on federal fiscal year (FY)
- 3 different comparison groups

FY 2011	FY 2012	FY 2013



Consolidated A/B MAC Jurisdictions



PEPPER Target Area Statistics

- PEPPER reports on services provided to a beneficiary whose SNF episode of care (or Hospice episode of service) ends during the respective fiscal year.
- An episode is created from the claims submitted by the SNF or Hospice for each beneficiary.

What Is An “Episode Of Care” (EOC)?

- To create an EOC for SNFs: All claims submitted by a SNF for a beneficiary are collected and sorted from the earliest “Claim From” date to the latest.
- If the patient discharge status code on the latest claim in a series indicates that the beneficiary was discharged or did not return for continued care, that beneficiary’s EOC is included in the time period in which the latest “Through Date” falls.
- If there is a gap between one claim’s “Through Date” to the next claim’s “From Date” of more than 30 days, then that is considered the ending of one EOC and the beginning of a new EOC.

What Is An “Episode Of Care” (EOC)?

- If the latest claim in the series ends in the last month of the latest time period (Sept. 1-30, 2013 for the Q4FY13 release) and indicates that the beneficiary was still a patient (patient discharge status code “30”), then that beneficiary’s EOC is not included.
- Each EOC is included in the time period in which the latest “Through Date” falls.
- Claims are collected for four months prior to each time period (fiscal year) so that the longer lengths of stay may be evaluated.
- Episode creation for Hospices is very similar.

Improper Payment Risks

- PEPPER does not identify improper payments.
- Target areas were identified based on a review of literature regarding payment vulnerabilities, review of the payment system, analysis of claims data and coordination with CMS subject matter experts.

CMS: Therapy Trends (May 2014)

- RV RUG utilization increased 50% from FY 2011-FY 2013
  - All other utilization stable or declined
- RU + RV RUGs total ~75% of total days billed in FY 2013
  - Minutes billed “just enough to surpass” threshold
  - RU 720 – 739 minutes
  - RV 500 – 520 minutes

CMS Fraud Prevention System (FPS)

- Predictive analytics – use of algorithms and models to analyze claims before payment is made in order to identify unusual or suspicious patterns or abnormalities in provider networks, claims billing patterns, and beneficiary utilization
- Integrated Data Repository (IDR) holds >7 years historical Medicare A and B claims at three stages – when claim is received, determined to be paid, and when payment is made
- Generated 817 leads for ZPIC resulting in 469 new investigation

SNF PEPPER Target Areas

Target Area	Target Area Definition
Therapy RUGs with High ADL	*N:* count of days billed with RUG equal to RUX, RVX, RHX, RMX, RUC, RVC, RHC, RMC, RLB *D:* count of days billed for all therapy RUGs
Nontherapy RUGs with High ADL	*N:* count of days billed with RUG equal to SSC, CC2, CC1, BB2, BB1, PE2, PE1, IB2, IB1 in RUG III; HE2, HE1, LE2, LE1, CE2, CE1, BB2, BB1, PE2, PE1 in RUG IV *D:* count of days billed for all nontherapy RUGs
Change of Therapy Assessment	*N:* count of assessments with AI second digit "D" *D:* count of all assessments

SNF PEPPER Target Areas (cont.)

Target Area	Target Area Definition
Ultrahigh Therapy RUGs	*N:* count of days billed with RUG equal to RUX, RUL, RUC, RUB, RUA *D:* count of days billed for all therapy RUGs
Therapy RUGs	*N:* count of days billed for all therapy RUGs *D:* count of days billed for all therapy and nontherapy RUGs
90+ Day Episodes of Care	*N:* count of episodes of care at the SNF with LOS 90+ days *D:* count of all episodes of care at the SNF

Hospice PEPPER Target Areas

Target Area	Target Area Definition
Live Discharges	For discharges prior to July 1, 2012: *N:* count of beneficiary episodes discharged alive by the hospice with occurrence code "42" *D:* count of all beneficiaries discharged (by death or alive) excluding discharge patient status code "30" (still a patient) For discharges beginning July 1, 2012: *N*: count of beneficiary episodes who were discharged alive by the hospice, excluding: beneficiary transfers (patient discharge status code “50” or “51”), beneficiary revocations (occurrence code “42”), beneficiaries discharged for cause (condition code “H2”), beneficiaries who moved out of the service area (condition code “52”) *D*: count of all beneficiary episodes discharged (by death or alive) by the hospice

Hospice PEPPER Target Areas

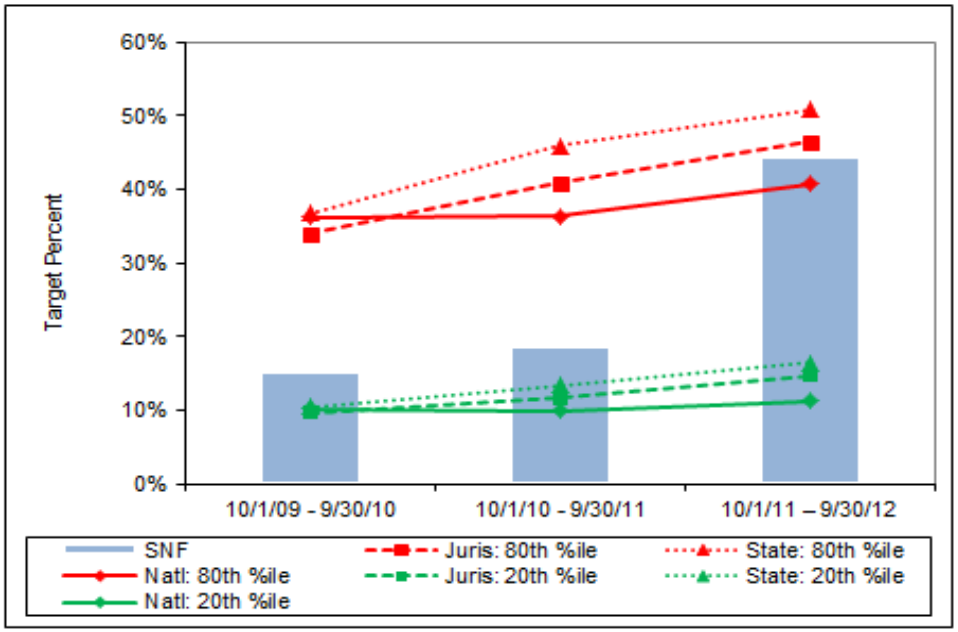
Target Area	Target Area Definition
Long Length of Stay	*N:* count of beneficiary episodes discharged (by death or alive) by the hospice during the report period whose combined days of service at the hospice is greater than 180 days (obtained by considering all claims billed for a beneficiary by that hospice) *D:* count of all beneficiary episodes discharged (by death or alive) by the hospice during the report period

Sample SNF PEPPER Target Area Report

Need to audit? When reviewing this information, you may want to consider auditing a sample of records if you identify:

- Increasing or decreasing Target Percents over time resulting in outlier status
- Your Target Percent (first row in the table below) is above the national 80th percentile
- Your Target Percent is below the national 20th percentile

Nontherapy RUGs With High ADLs



YOUR SNF	10/1/09 - 9/30/10	10/1/10 - 9/30/11	10/1/11 – 9/30/12
Target Area Percent	15.1%	18.8%	**44.4%**
Target Count (Numerator: see Definitions worksheet)	420	542	1,485
Denominator Count (see Definitions worksheet)	2,790	2,889	3,345
Target (Numerator) Average Length of Stay	26.3	21.7	25.2
Denominator Average Length of Stay	19.2	21.9	22.0

*Data not available when target count less than 11.

COMPARATIVE DATA			
National 80th Percentile	36.2%	36.3%	40.7%
Jurisdiction 80th Percentile	34.0%	40.9%	46.5%
State 80th Percentile	36.7%	46.0%	50.8%
National 20th Percentile	10.2%	9.9%	11.2%
Jurisdiction 20th Percentile	9.6%	11.7%	14.8%
State 20th Percentile	10.5%	13.3%	16.5%

Note: State Percentiles are zero when there are fewer than 11 SNFs in the jurisdiction's state or when there are no SNFs with at least 11 target discharges.

Sample SNF PEPPER Target Area Report

SNF PEPPER
004605,

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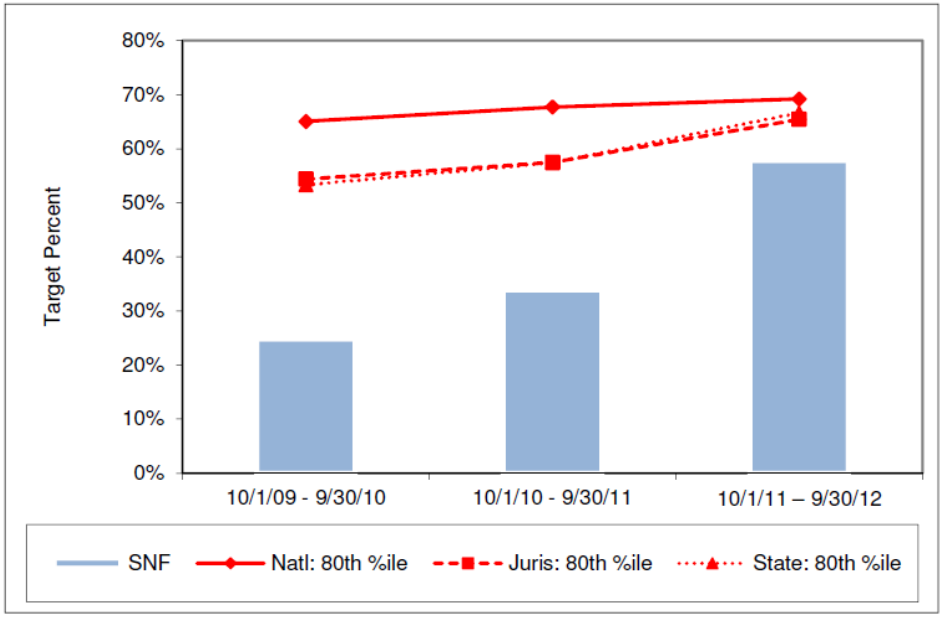
Need to audit? When reviewing this information, you may want to consider auditing a sample of records if you identify:

- Increasing Target Percents over time resulting in outlier status
- Your Target Percent (first row in the table below) is above the national 80th percentile

Ultrahigh Therapy RUGs



YOUR SNF	10/1/09 - 9/30/10	10/1/10 - 9/30/11	10/1/11 – 9/30/12
Target Area Percent	24.9%	33.8%	57.8%
Target Count (Numerator: count of days billed within episodes of care ending in the report period with RUG equal to RUX, RUL (Rehabilitation ultra high & extensive services w/ ADL 2-10 (9-15 in RUG version III)), RUC, RUB (Rehabilitation ultra high w/ ADL 6-10 (9-15 in RUG version III)), RUA (Rehabilitation ultra high w/ ADL 0-5 (4-8 in RUG version III))	8,625	11,233	18,114
Denominator Count (count of days billed within episodes of care ending in the report period for all therapy RUGs (see Appendix 1in Skilled Nursing Facility PEPPER User's Guide))	34,668	33,186	31,341
Target (Numerator) Average Length of Stay	20.9	21.3	28.2
Denominator Average Length of Stay	20.1	20.4	25.8

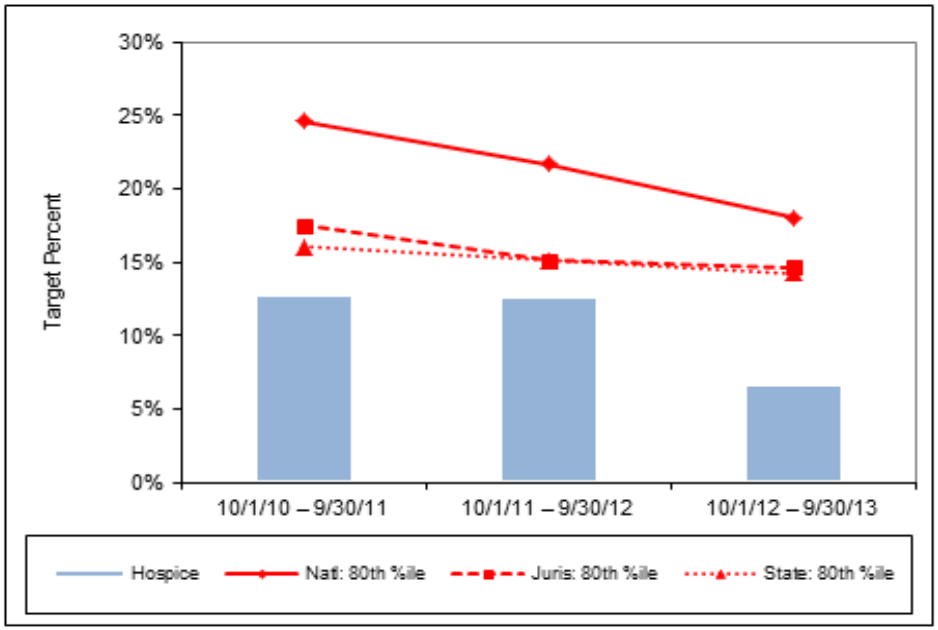
*Data not available when target count less than 11

Sample Hospice PEPPER Target Area Report

Need to audit? When reviewing this information, you may want to consider auditing a sample of records if you identify:

- Increasing Target Percents over time resulting in greater risk of improper Medicare payments
- Your Target Percent (first row in the table below) is above the national 80th percentile

Live Discharges *(revised as of the Q4FY13 release)*



YOUR HOSPICE	10/1/10 – 9/30/11	10/1/11 – 9/30/12	10/1/12 – 9/30/13
Target Area Percent	12.7%	12.6%	6.7%
Target Count **For discharges prior to July 1, 2012**: (Numerator:count of beneficiary episodes discharged alive by the hospice (patient discharge status code not equal to "40", "41" or "42") with occurrence code "42" **For discharges beginning July 1, 2012**: (Numerator:count of beneficiary episodes who were discharged alive by the hospice (patient discharge status code not equal to "40", "41" or "42"); see Definitions worksheet for exclusions	97	108	64
Denominator Count (see Definitions worksheet for complete definition)	761	856	957
Target (Numerator) Average Length of Stay	149.4	156.5	155.3
Denominator Average Length of Stay	80.2	98.2	91.5
Target (Numerator) Average Payment	$27,786	$32,682	$30,014
Target (Numerator) Sum of Payments	$2,695,249	$3,529,710	$1,920,910

“Compare Targets” Report

Skilled Nursing Facility PEPPER

Visit PEPPERresources.org

Compare Targets Report, Four Quarters Ending Q4 FY 2013

006421, Hospital I06421

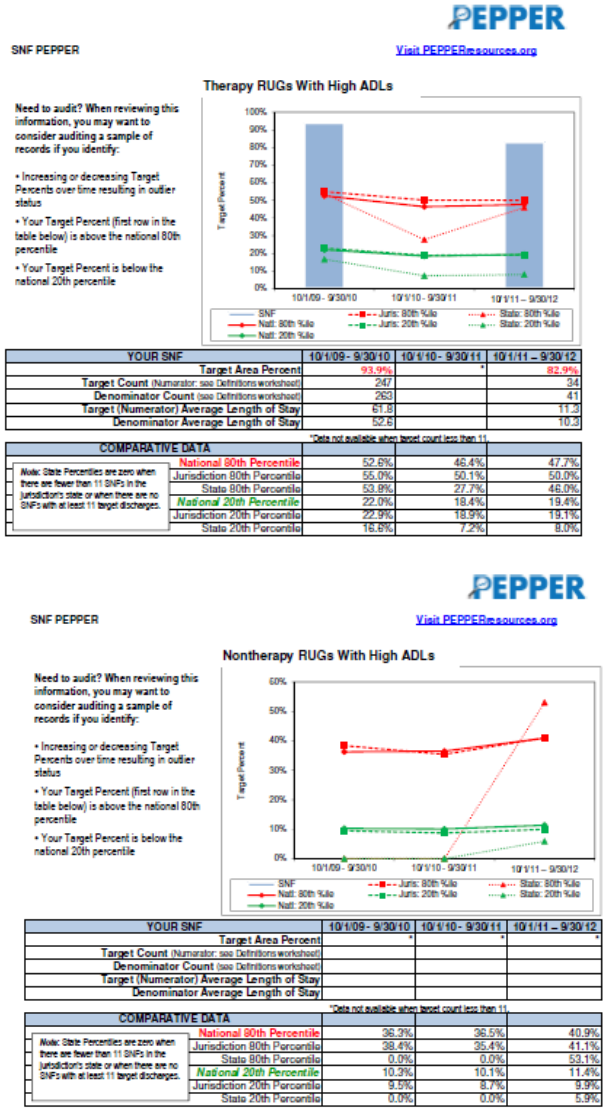
The Compare Targets Report displays statistics for target areas that have reportable data (11+ target numerator count) in the most recent time period. Percentiles indicate how a Skilled Nursing Facility's (SNF's) target area percent compares to the target area percents for all SNFs in the respective comparison group. For example, if a SNF's national percentile (see below) is 80.0, 80% of the SNFs in the nation have a lower percent value than that SNF. The SNF's state percentile (if displayed) and the Medicare Administrative Contractor (MAC) jurisdiction percentile values should be interpreted in the same manner. Percentiles at or above the 80th percentile for any target areas, or at or below the 20th percentile for areas at risk for undercoding, indicate that the SNF may be at a higher risk for improper Medicare payments. The greater (or s… at risk for undercoding) the percentile value, in particular the national and/or jurisdiction percentile, the greate… …onsideration should be given to that target area.

Target	Description	Target Count	Percent	SNF National %ile	SNF Jurisdict. %ile	SNF State %ile
Therapy High ADL	Proportion of days billed within episodes of care ending in the report period with RUG equal to RUX, RVX, RHX, RMX, RUC, RVC, RHC, RMC, RLB, to days billed within episodes of care ending in the report period for all therapy RUGs	851	31.4%	46.7	40.5	52.9
Nontherapy High ADL	Proportion of days billed within episodes of care ending in the report period with RUG equal to SSC, CC2, CC1, BB2, BB1, PE2, PE1, IB2, IB1 in RUG III; HE2, HE1, LE2, LE1, CE2, CE1, BB2, BB1, PE2, PE1 in RUG IV, to days billed within episodes of care ending in the report period for all nontherapy RUGs	23	30.7%	65.1	60.6	80.0
Ultrahigh Therapy RUGs	Proportion of days billed within episodes of care ending in the report period with RUG equal to RUX, RUL, RUC, RUB, RUA, to days billed within episodes of care ending in the report period for all therapy RUGs	2,344	86.6%	95.6	97.0	97.8
Therapy RUGs	Proportion of days billed within episodes of care ending in the report period for therapy RUGs, to days billed within episodes of care ending in the report period for all therapy and nontherapy RUGs	2,706	97.3%	80.1	90.0	90.5

These are the provider’s exact percentiles – they will not be the same as the 80th/20th percentiles on the target area reports.

PEPPER Data Restriction

- PEPPER will not display statistics when the numerator or denominator count is less than 11 for a target area in any time period.
  - May not see any data for some target areas or time periods.
  - A few providers will not have a PEPPER available.



PEPPER

SNF PEPPER

Visit PEPPERresources.org

Therapy RUGs With High ADLs

Need to audit? When reviewing this information, you may want to consider auditing a sample of records if you identify:

- Increasing or decreasing Target Percents over time resulting in outlier status
- Your Target Percent (first row in the table below) is above the national 80th percentile
- Your Target Percent is below the national 20th percentile

Target Percent

100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%

10/1/09 - 9/30/10 10/1/10 - 9/30/11 10/1/11 – 9/30/12

SNF Natl: 80th %ile Natl: 20th %ile Juris: 80th %ile Juris: 20th %ile State: 80th %ile State: 20th %ile

YOUR SNF	10/1/09 - 9/30/10	10/1/10 - 9/30/11	10/1/11 – 9/30/12
Target Area Percent	93.9%	*	82.9%
Target Count (Numerator; see Definitions worksheet)	247		34
Denominator Count (see Definitions worksheet)	263		41
Target (Numerator) Average Length of Stay	61.8		11.3
Denominator Average Length of Stay	52.6		10.3

*Data not available when target count less than 11

COMPARATIVE DATA				
Note: State Percentiles are zero when there are fewer than 11 SNFs in the jurisdiction's state or when there are no SNFs with at least 11 target discharges.	National 80th Percentile	52.6%	46.4%	47.7%
	Jurisdiction 80th Percentile	55.0%	50.1%	50.0%
	State 80th Percentile	53.8%	27.7%	46.0%
	National 20th Percentile	22.0%	18.4%	19.4%
	Jurisdiction 20th Percentile	22.9%	18.9%	19.1%
	State 20th Percentile	16.8%	7.2%	8.0%

PEPPER

SNF PEPPER

Visit PEPPERresources.org

Nontherapy RUGs With High ADLs

Need to audit? When reviewing this information, you may want to consider auditing a sample of records if you identify:

- Increasing or decreasing Target Percents over time resulting in outlier status
- Your Target Percent (first row in the table below) is above the national 80th percentile
- Your Target Percent is below the national 20th percentile

Target Percent

60% 50% 40% 30% 20% 10% 0%

10/1/09 - 9/30/10 10/1/10 - 9/30/11 10/1/11 – 9/30/12

SNF Natl: 80th %ile Natl: 20th %ile Juris: 80th %ile Juris: 20th %ile State: 80th %ile State: 20th %ile

YOUR SNF	10/1/09 - 9/30/10	10/1/10 - 9/30/11	10/1/11 – 9/30/12
Target Area Percent	*	*	*
Target Count (Numerator; see Definitions worksheet)			
Denominator Count (see Definitions worksheet)			
Target (Numerator) Average Length of Stay			
Denominator Average Length of Stay			

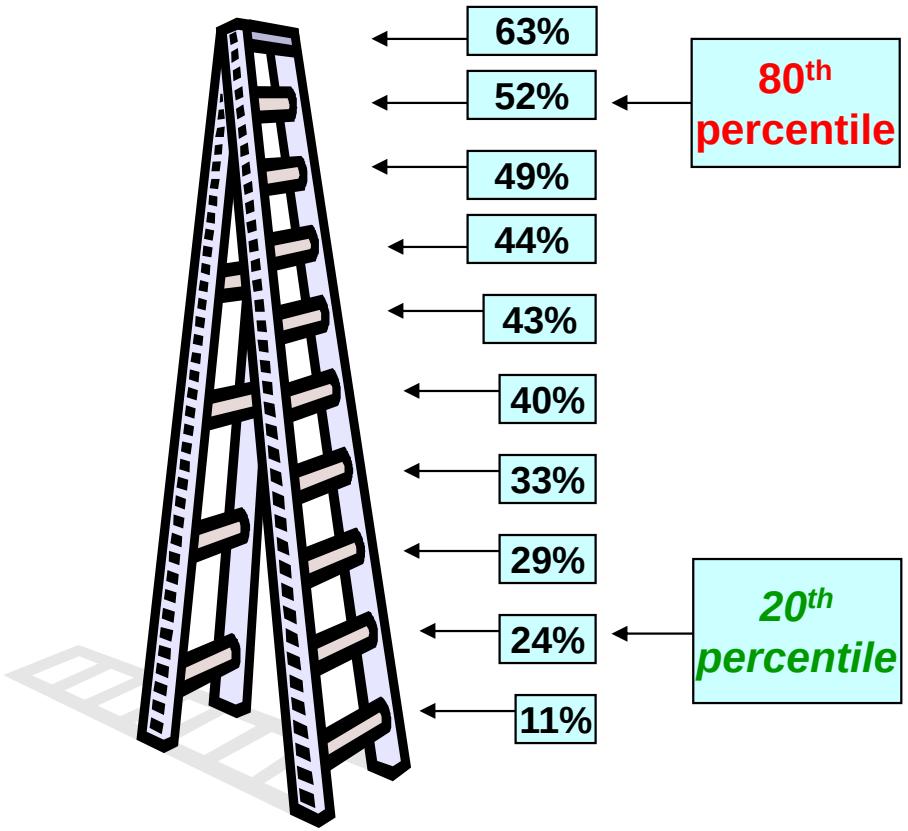
*Data not available when target count less than 11

COMPARATIVE DATA				
Note: State Percentiles are zero when there are fewer than 11 SNFs in the jurisdiction's state or when there are no SNFs with at least 11 target discharges.	National 80th Percentile	36.3%	36.5%	40.9%
	Jurisdiction 80th Percentile	38.4%	35.4%	41.1%
	State 80th Percentile	0.0%	0.0%	53.1%
	National 20th Percentile	10.3%	10.1%	11.4%
	Jurisdiction 20th Percentile	9.5%	8.7%	9.9%
	State 20th Percentile	0.0%	0.0%	5.9%

Percentiles

- The target area percent lets the provider know its billing patterns.
- More useful information comes from knowing how it compares to other providers, which is why we calculate percentiles.
- To calculate percentiles for all providers in a comparison group (nation, jurisdiction or state), all providers' target area percents are sorted from largest to smallest for each time period.

Percentile Calculation Example



- The top two SNFs' percents are at or above the 80th percentile.
- The bottom two SNFs' percents are at or below the 20th percentile (for areas at risk for undercoding only).

Top RUGs Reports

- List the top RUGs by number of days billed for EOC that end in FY 2013.
- Include number of RUG days billed, percent of RUG days to total days, percent of EOC with the RUG billed to total EOC, ALOS for RUG.
- Supplemental reports have no impact on outlier status or risk for improper payments.
- Four reports:
  - Top RUGs for all EOC (SNF and jurisdiction)
  - Top RUGs for EOC with 90+ days (SNF and jurisdiction)

Strategies To Consider….

- Do Not Panic!
  - Indication of high outlier does not necessarily mean that compliance issues exist.
- But: Determine Why You are an “Outlier”
  - Sample claims using same inclusion criteria.
  - Review documentation in medical record.
  - Review claim; was it coded and billed appropriately based upon documentation in medical record?
- Ensure following best practices, even if not an outlier

Incorporating PEPPER

- PEPPER is a roadmap from the government to help you identify potentially vulnerable or improper payments
  - USE THIS ROADMAP
- Who is getting/reviewing PEPPER?
- Incorporate the risk areas as part of your CQI, QAPI, or compliance programs
- Implement or adjust the Medicare Part A Triple Check Process accordingly

Incorporating PEPPER

- What if PEPPER shows problematic areas?
- How will you conduct reviews?
- Expectation of ongoing compliance activities and training
- Remember, “PEPPER is an educational tool…”

Action Plan

- What next?
  - Start your internal review.

Target Area	When You Should Review
Therapy RUGs with High ADL, Nontherapy RUGs with High ADL	•Increasing or decreasing Target Percents over time resulting in outlier status •Your Target Percent is above the national 80th percentile •Your Target Percent is below the national 20th percentile

Action Plan

- What next?
  - Start your internal review.

Target Area	When You Should Review
Ultrahigh Therapy RUGs, Therapy RUGs, COT Assessment, 90+ Day Episodes of Care	•Increasing Target Percents over time resulting in outlier status •Your Target Percent is above the national 80th percentile

How To Obtain Your SNF PEPPER

- SNF swing-bed unit (3rd digit of PTAN “U”) PEPPERs distributed via QualityNet.
- All other SNF (3rd digit of PTAN “5” or “6”) and all Hospice PEPPERs distributed via secure portal:
  - Visit PEPPERresources.org
  - Hover over “PEPPER”, select “Secure PEPPER Access”
  - Review instructions and access portal
- Plan to make Q4FY12 PEPPERs available via the portal by August 1; join the listserv to receive notification when they are available.

Required Information For Portal Access

- 6-digit CMS Certification Number (also referred to as the provider number or PTAN)
  - Not the same as the tax ID or NPI number
  - Will have 3rd digit of "5" or "6"
    - Hospital-based swing-bed unit PEPPERs, with 3rd digit of "U" are not available on the portal; they are distributed via QualityNet
- Patient Control Number (form locator 03a) or Medical Record Number (form locator 03b) from claim of traditional fee-for-service Medicare beneficiary receiving services during Sept. 2013 ("from" or "through" date between Sept. 1-30, 2013).

Who Has Access To PEPPER?

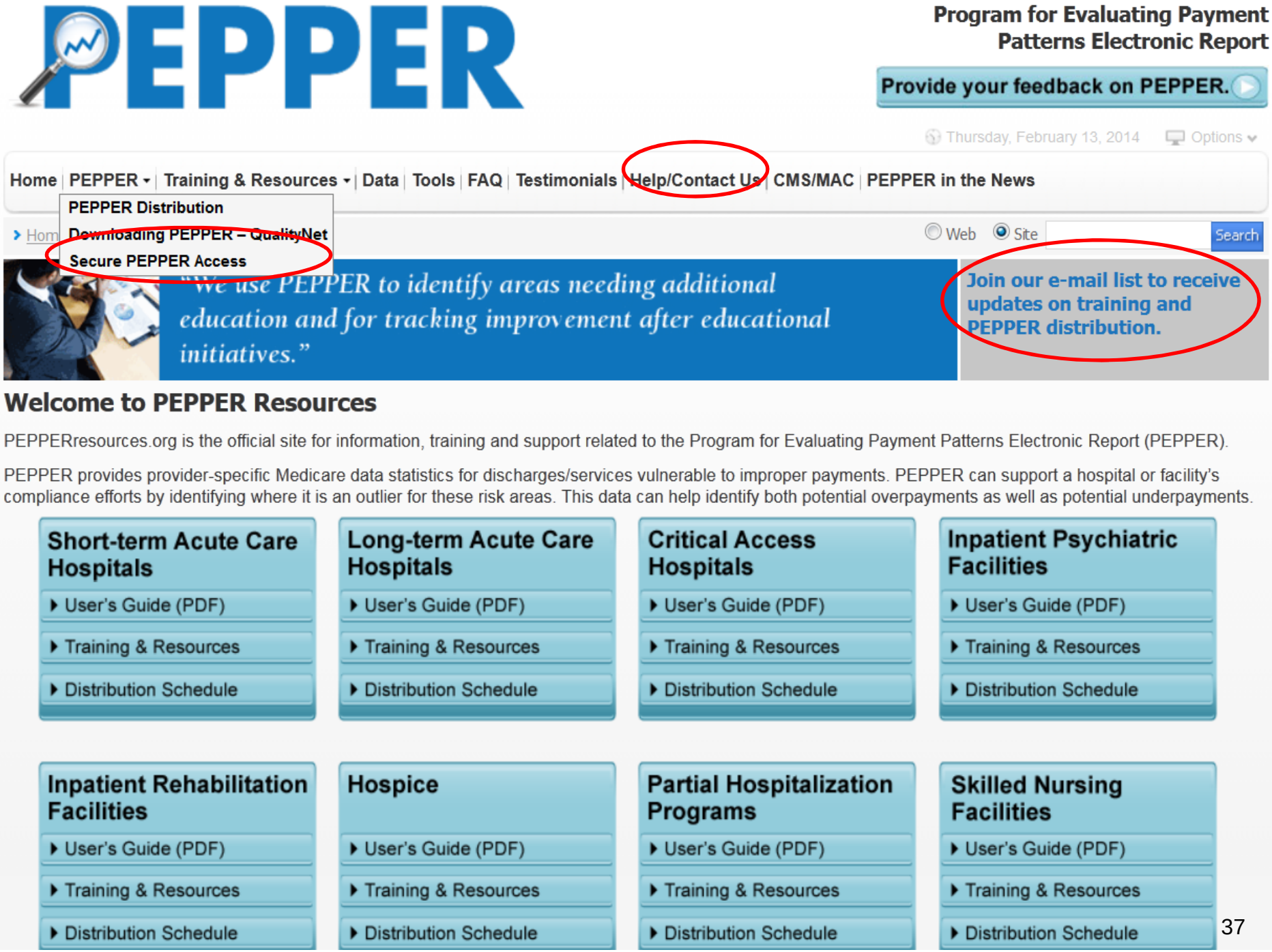
- PEPPER is only available to the individual provider.
- PEPPER is not publicly available, cannot be released to consultants, etc.
- TMF does not send PEPPERs to MACs/Recovery Auditors, but does provide them with an Access database that contains the PEPPER statistics for providers in their jurisdiction/region.

For Assistance With PEPPER

- Visit PEPPERresources.org for the PEPPER User's Guide and training materials.
- If you have questions or are in need of individual assistance, click on "Help/Contact Us," and submit your request through the Help Desk. Complete the form, and a TMF staff member will respond promptly to assist you.

PEPPER Training and Resources

- PEPPERresources.org
  - PEPPER User's Guides
  - Training and Resources
  - Comparative data
  - Sample PEPPERs
  - Help/Contact Us


PEPPER
Program for Evaluating Payment Patterns Electronic Report
Provide your feedback on PEPPER.
Thursday, February 13, 2014
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"We use PEPPER to identify areas needing additional education and for tracking improvement after educational initiatives."
Join our e-mail list to receive updates on training and PEPPER distribution.
Welcome to PEPPER Resources
PEPPERresources.org is the official site for information, training and support related to the Program for Evaluating Payment Patterns Electronic Report (PEPPER).
PEPPER provides provider-specific Medicare data statistics for discharges/services vulnerable to improper payments. PEPPER can support a hospital or facility's compliance efforts by identifying where it is an outlier for these risk areas. This data can help identify both potential overpayments as well as potential underpayments.
Short-term Acute Care Hospitals
Long-term Acute Care Hospitals
Critical Access Hospitals
Inpatient Psychiatric Facilities
Inpatient Rehabilitation Facilities
Hospice
Partial Hospitalization Programs
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Questions?

If you have a questions please type it into the “Ask Question” field.

If we are unable to answer your question during the program contact the speakers directly (contact information available on “Faculty” slide at the beginning of presentation).

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