THE PEPPER
AND YOUR CDI PROGRAM

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PEPPER

Program for Evaluating Payment Patterns Electronic Report

What is PEPPER?

- **P**rogram for **E**valuating **P**ayment **P**atterns **E**lectronic **R**eport (PEPPER) summarizes Medicare claims data statistics for one provider in areas ("target areas") that may be at risk for improper Medicare payments.

- PEPPER compares the provider's Medicare claims data statistics with aggregate Medicare data for the nation, MAC jurisdiction and state.

- PEPPER cannot identify improper Medicare payments!

https://pepperresources.org/Training-Resources/Short-term-Acute-Care-Hospitals/PEPPER-Review

History of PEPPER

▶ 2003: Developed by TMF for short-term acute care and later long-term acute care hospitals; was provided by Quality Improvement Organizations (QIOs) through 2008.

▶ 2010: TMF began distributing PEPPER to all providers in the nation, began development of PEPPER for other providers:

– 2011: Critical access hospitals, inpatient psychiatric facilities, inpatient rehabilitation facilities

– 2012: Partial hospitalization programs and hospices

– 2013: Skilled nursing facilities

– 2015: Home health agencies

Why is CMS Providing 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 and support their auditing and monitoring activities.

PEPPER

Why Should You Be Interested?

- ▶ Providers are under focus:
  - — Office of Inspector General Work Plan
  - — Recovery Auditors, Medicare Administrative Contractors, Supplemental Medical Review Contractors, etc.
- ▶ Would you like to know if your statistics might be a **red flag** to auditors?

Improper Payment Risks

▶ ST hospitals are reimbursed through the IPPS, which can be vulnerable to coding and billing errors and unnecessary admissions.

▶ Many of these risk areas were identified by the Office of Inspector General, Quality Improvement Organizations, MACs and Recovery Auditors.

▶ The target areas will change over time.

▶ PEPPER <u>does not</u> identify improper payments.

How PEPPER can assist in compliance program

PEPPER does not identify the presence of payment errors, but it can be used as a guide for auditing and monitoring efforts. A hospital can use PEPPER to compare its claims data over time to identify areas of potential concern:

- Significant changes in billing practices

- Possible over or under coding

- Changes in length of stay

MAC Jurisdiction Comparison Group

- The MAC (Medicare Administrative Contractor) jurisdiction comparison group in PEPPER corresponds to the CMS MAC jurisdictions.

- All hospitals that submit their claims to the respective MAC are in that MAC jurisdiction.

- These jurisdictions have evolved as MACs consolidate.

PEPPER — Program for Evaluating Payment Patterns Electronic Report

Consolidated A/B MAC Jurisdictions
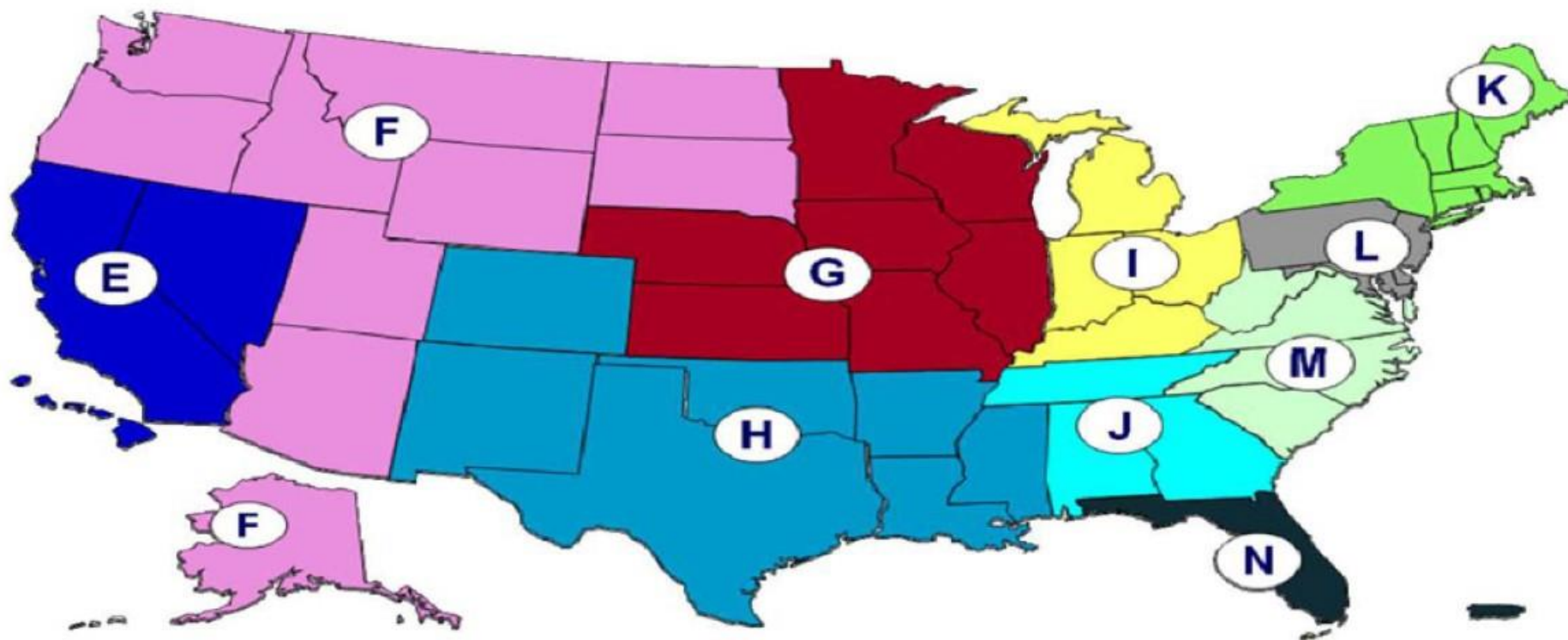
PEPPER- jurisdictions
Program for Evaluating Payment Patterns Electronic Report

- 12 MAC (Medicare Administrative Contractor) jurisdictions
- Our MAC jurisdiction: JF Noridian Healthcare Solutions

03001	JF Noridian Healthcare Solutions	Alaska	3
03001	JF Noridian Healthcare Solutions	Arizona	42
03001	JF Noridian Healthcare Solutions	California	5
03001	JF Noridian Healthcare Solutions	Idaho	10
03001	JF Noridian Healthcare Solutions	Montana	12
03001	JF Noridian Healthcare Solutions	North Dakota	6
03001	JF Noridian Healthcare Solutions	Oregon	28
03001	JF Noridian Healthcare Solutions	South Dakota	15
03001	JF Noridian Healthcare Solutions	Texas	1
03001	JF Noridian Healthcare Solutions	Utah	25
03001	JF Noridian Healthcare Solutions	Washington	39
03001	JF Noridian Healthcare Solutions	Wyoming	9
		Total	**195**

Claims Eligible for Short Term Acute Care PEPPER

| INCLUSION/EXCLUSION CRITERIA	DATA SPECIFICATIONS
Acute care providers only	Third position of the CMS Certification Number = "0"
Claim facility type of "Hospital"*	UB04 Form Locator (FL) 4 Type of Bill, second digit (Type of Facility) = 1 (Hospital))
Include claim service classification type of "Inpatient"*	UB04 FL 04 Type of Bill, third digit (Bill Classification) = 1 (Inpatient Part A)
Services provided during the time periods included in the report	Claim "Through Date" (discharge date) falls within the twelve fiscal quarters included in the report
Claim with valid medical record number	UB04 FL 03a or 03b is not null (blank)
Medicare claim payment amount greater than zero	The hospital received a payment amount greater than zero on the claim (*Note that Medicare Secondary Payer claims are included*)
Final action claim	The patient was discharged; exclude claim status code "still a patient" (30) in UB04 FL 17
Exclude Health Maintenance Organization claims	Exclude claims submitted to a Medicare Health Maintenance Organization
Exclude cancelled claims	Exclude claims cancelled by the Medicare Administrative Contractor

How Current is my PEPPER Data?

This data is not very current as you review your quarterly results.

It reports on a fiscal year:

- Q1 is October – December
- Q2 is January – March
- Q3 is April – June
- Q4 is July- September

Comparisons in PEPPER

▶ PEPPER provides national, MAC (Medicare Administrative Contractor) jurisdiction and state comparisons.

National Comparison

MAC Jurisdiction Comparison

State Comparison
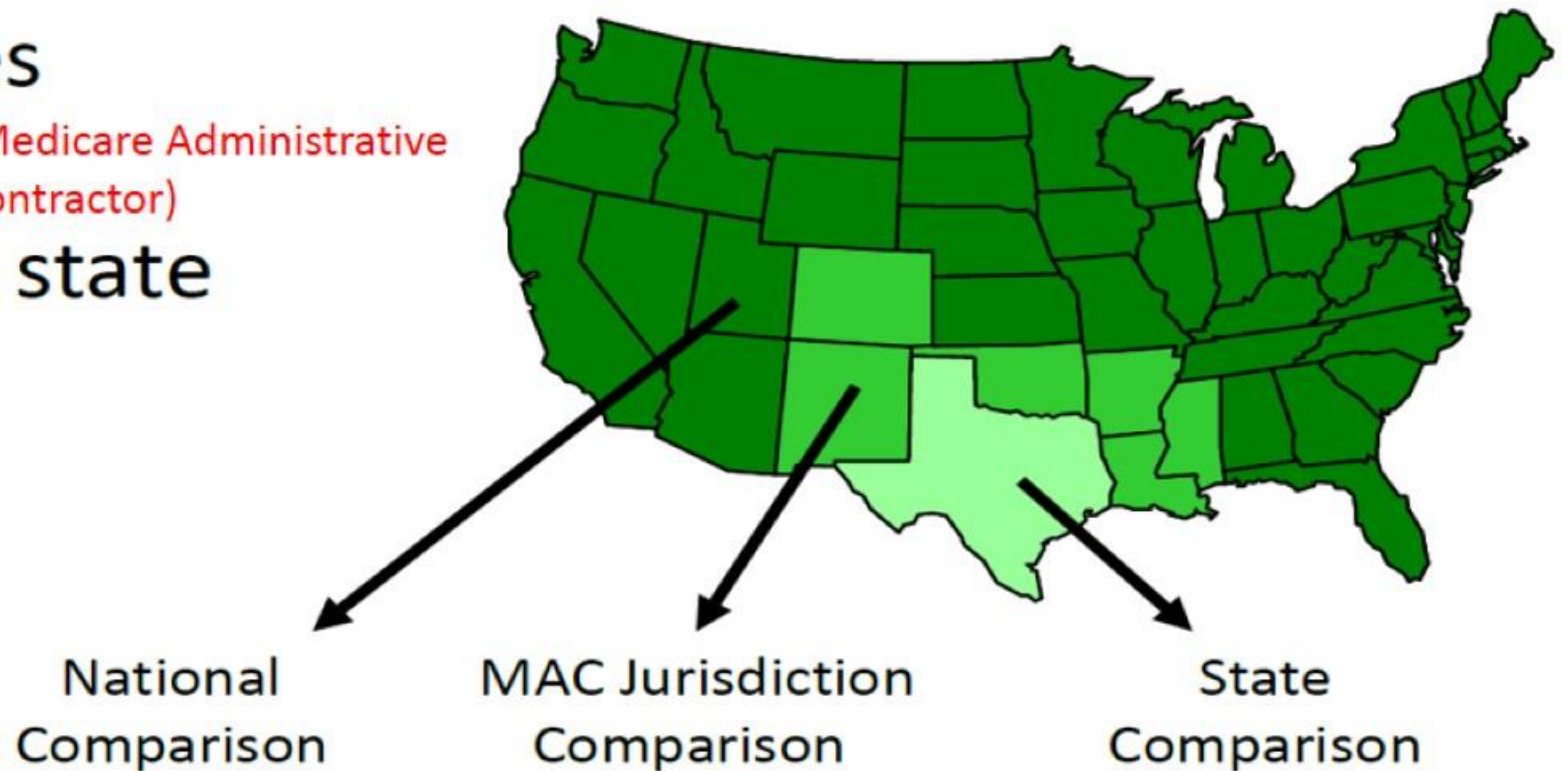
Target Areas on High Outlier Ranking Report

- Stroke Intracranial Hemorrhage
- Respiratory Infections
- Simple Pneumonia
- Septicemia
- Unrelated OR Procedure
- Medical DRGs with CC or MCC
- Surgical DRGs with CC or MCC
- Single CC or MCC
- Excisional Debridement
- Ventilator Support
- Emergency Dept E and M Visits
- Transient Ischemic Attack
- COPD

- Percutaneous Cardiovascular Proced
- Syncope
- Other Circulatory System Diagnoses
- Other Digestive System Diagnoses
- Medical Back Problems
- Spinal Fusion
- 3-day SNF qualifying Admissions
- 30- day Readm to Same or Elsewhere
- 30- day Readm to Same Hospital
- 2 DS Medical DRGs
- 2DS Surgical DRGs
- 1 DS Medical DRGs
- 1 DS Surgical DRGs

Stroke Intracranial Hemorrhage
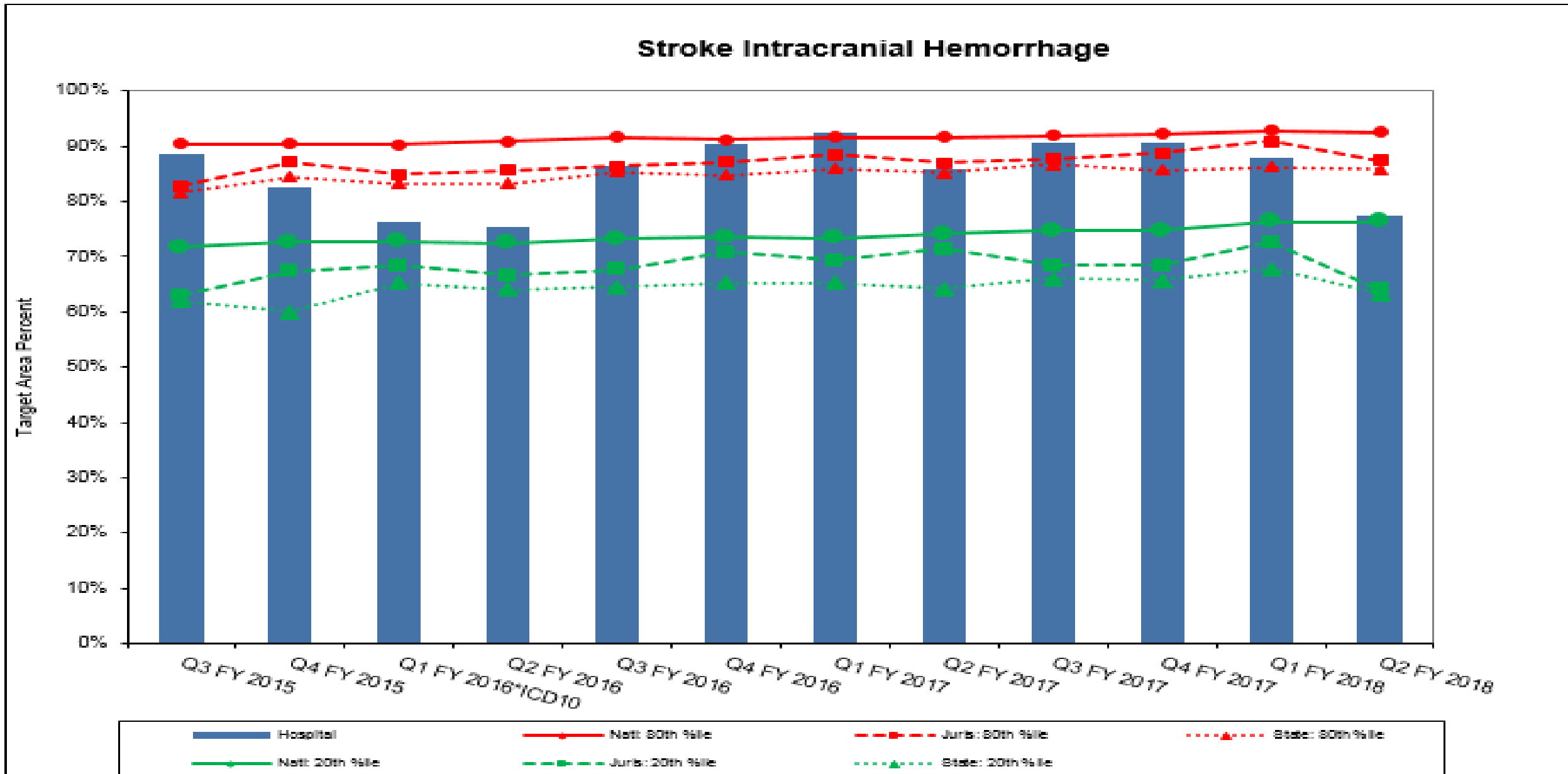
Compare and Target Area

- A hospital's target area percent is compared to other hospitals' percents in the nation, MAC jurisdiction and state.

- If the hospital's target area percent is at/above the national 80th percentile or at/below the national 20th percentile, it is identified as at risk for improper Medicare payments.

- Compare and Target Area reports:
  - **Red bold print** – at or above the national 80th percentile for the target area.
  - *Green italic print* – at or below the national 20th percentile for the target area (areas at risk for undercoding only)

Short- Term Acute Care PEPPER
Compare Targets Report Q2 FY 2018 Data
001870- Hospital K1870

Target	Description	Number of Target Dischs	Percent	Hospital National %ile	Hospital Jurisdict. %ile*	Hospital State %ile*	Sum of Payments
Stroke Intracranial Hemorrhage	Proportion of discharges with DRG equal to 061 (isch strk, precereb occl or trans isch w thromb agnt w MCC), 062 (isch strk, precereb occl or trans isch w thromb agnt w CC), 063 (isch strk, precerb occl or trans isch w thromb agnt w/o CC/MCC), 064 (intracrn hem or cereb infrct w MCC), 065 (intracrn hem or cereb infrct w CC or tPA in 24 hours), 066 (intracrn hem or cereb infrct w/o CC/MCC) to discharges with DRG equal to 061, 062, 063, 064, 065, 066, 067 (nonspec CVA & precerb occl w/o infrct w MCC), 068 (nonspec CVA & precerb occl w/o infrct w/o MCC), 069 (trans ischem attck w/o thromb)	100	77.5%	22.5	48.8	53.3	$672,710
Respiratory Infections	Proportion of discharges with DRG equal to 177 (respiratory infections & inflammations w/ MCC), 178 (respiratory infections & inflammations w/ CC), to discharges with DRG equal to 177, 178, 179 (respiratory infections & inflammations w/o CC/MCC), 193 (simple pneumonia & pleurisy w/ MCC), 194 (simple pneumonia & pleurisy w/ CC), 195 (simple pneumonia & pleurisy w/o CC/MCC)	19	6.5%	0.3	2.0	1.6	$175,316
Simple Pneumonia	Proportion of discharges with DRG equal to 193 (simple pneumonia & pleurisy w/ MCC), 194 (simple pneumonia & pleurisy w/ CC), to discharges with DRG equal to 190 (chronic obstructive pulmonary disease w/ MCC), 191 (chronic obstructive pulmonary disease w/ CC), 192 (chronic obstructive pulmonary disease w/o CC/MCC), 193, 194, 195 (simple pneumonia & pleurisy w/o CC/MCC)	227	61.7%	59.2	73.2	81.5	$1,232,751
Septicemia	Proportion of discharges with DRG equal to 870 (septicemia or severe sepsis w/ mechanical ventilation >96 hours), 871 (septicemia or severe sepsis w/o mechanical ventilation >96 hours with MCC), 872 (septicemia or severe sepsis w/o mechanical ventilation >96 hours w/o MCC), to discharges with DRG equal to 193 (simple pneumonia and pleurisy with MCC), 194 (simple pneumonia and pleurisy with CC), 195 (simple pneumonia and pleurisy without CC/MCC), 207 (respiratory system diagnosis with ventilator support 96+ hours), 208 (respiratory system diagnosis with ventilator support < 96 hours), 689 (kidney & urinary tract infections w/ MCC), 690 (kidney & urinary tract infections w/o MCC), 870, 871, 872	204	33.7%	9.9	9.2	10.3	$1,737,172

At or below the 20th percentile

20% is not a bad thing....
More focus on creating a compliant process and less focus on the fact you are an outlier

Target Area

▸ Area identified as at risk for improper payments.

▸ Focused on coding or admission necessity.

▸ Constructed as a ratio:

— Numerator = discharges identified as problematic (likely to be miscoded or admitted unnecessarily)

— Denominator = larger reference group that contains the numerator

▸ Refer to the current ST PEPPER user's guide at PEPPERresources.org for current target area definitions.

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ST PEPPER Coding Target Areas

Target Area	Target Area Definition
Stroke Intracranial Hemorrhage	*Numerator (N):* count of discharges for DRGs 061, 062, 063, 064, 065, 066 *Denominator (D):* count of discharges for DRGs 061, 062, 063, 064, 065, 066, 067, 068, 069
Respiratory Infections	*N:* count of discharges for DRGs 177, 178 *D:* count of discharges for DRGs 177, 178, 179, 193, 194, 195
Simple Pneumonia	*N:* count of discharges DRGs 193, 194 *D:* count of discharges for DRGs 190, 191, 192, 193, 194, 195
Septicemia	*N:* count of discharges for DRGs 870, 871, 872 *D:* count of discharges for DRGs 689, 690, 870, 871, 872

Comparison Group for Outlier Status

Beginning with the Q1FY14 ST PEPPER release, outlier status is determined based on the national 80th/20th percentiles, not the jurisdiction 80th/20th percentiles.

- **Advantages:** One set of standards for all hospitals in the nation, as opposed to multiple standards depending on the jurisdiction.
- **Stability** as MAC jurisdictions consolidate.
- **Consistency** with other types of PEPPER.

Assessing Priority for Review

1. Higher Volume

2. Percentage of Extremes

3. Large Sums of Reimbursement

So… "Sum of Payments and "Number of Target Discharges" can help you prioritize one place to start.

    For example: If you are at the 85 percentile for Single CC or MCC target area and are deciding between that target area and Septicemia, you might want to consider the Single CC or MCC target area.

Short-Term Acute Care PEPER
Single CC or MCC
001870   Hospital K1870

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

- Percents (4th column in the table below) that are consistently red (high outlier) or green (low outlier)
- A trend of increasing or decreasing Percents over time resulting in outlier status
- Your Percent is above the national 80th percentile (see graph on the following worksheet)
- Your Percent is below the national 20th percentile (see graph on the following worksheet)

Target Sum Payments

Q1 = Oct-Dec Q2 = Jan-Mar Q3 = Apr–Jun Q4 = Jul-Sep Time Periods	Target Area Discharge Count (Numerator	Denominator Count	Percent (Numerator/ Denominator)	Target Area Average Length of Stay (ALOS)	Denominator Average Length of Stay (ALOS)	Target Average Medicare Payment	Target Sum Medicare Payments
Q3 FY 2015	725	2,322	31.2%	3.6	5.4	$7,631	$5,532,772
Q4 FY 2015	603	1,908	31.6%	3.5	5.2	$7,509	$4,527,741
Q1 FY 2016*ICD10	721	2,299	31.4%	3.5	5.1	$7,624	$5,496,717
Q2 FY 2016	893	2,986	29.9%	3.5	5.4	$7,334	$6,548,949
Q3 FY 2016	579	2,151	26.9%	3.6	5.3	$7,739	$4,480,702
Q4 FY 2016	444	1,617	27.5%	3.7	5.3	$7,363	$3,269,117
Q1 FY 2017	566	2,028	27.9%	3.4	5.2	$7,620	$4,313,181
Q2 FY 2017	715	2,741	26.1%	3.5	5.3	$7,678	$5,489,966
Q3 FY 2017	560	2,181	25.7%	3.4	5.3	$7,650	$4,283,783
Q4 FY 2017	472	1,839	25.7%	3.3	5.2	$7,337	$3,463,237
Q1 FY 2018	595	2,217	26.8%	3.3	5.1	$7,667	$4,562,001
Q2 FY 2018	819	2,842	28.8%	3.6	5.2	$7,691	$6,299,087

Short-Term Acute Care PEPPER
## Septicemia

001870   Hospital K1870

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Q3 FY 2015	188	400	47.0%	6.4	5.9	$8,470	$1,592,354
Q4 FY 2015	142	290	49.0%	6.1	5.4	$9,170	$1,302,194
Q1 FY 2016*ICD10	142	367	38.7%	5.8	5.3	$8,687	$1,233,567
Q2 FY 2016	192	511	37.6%	5.1	4.9	$8,124	$1,559,815
Q3 FY 2016	115	324	35.5%	6.1	5.3	$8,883	$1,021,529
Q4 FY 2016	112	244	45.9%	5.3	5.2	$8,279	$927,252
Q1 FY 2017	157	336	46.7%	5.7	5.2	$8,524	$1,338,196
Q2 FY 2017	248	562	44.1%	5.8	5.2	$8,575	$2,126,570
Q3 FY 2017	187	348	53.7%	6.2	5.6	$8,388	$1,568,616
Q4 FY 2017	152	264	57.6%	6.0	5.3	$8,315	$1,263,868
Q1 FY 2018	193	382	50.5%	5.5	4.9	$8,247	$1,591,654
Q2 FY 2018	204	606	33.7%	5.3	4.8	$8,516	$1,737,172

Respiratory Infections
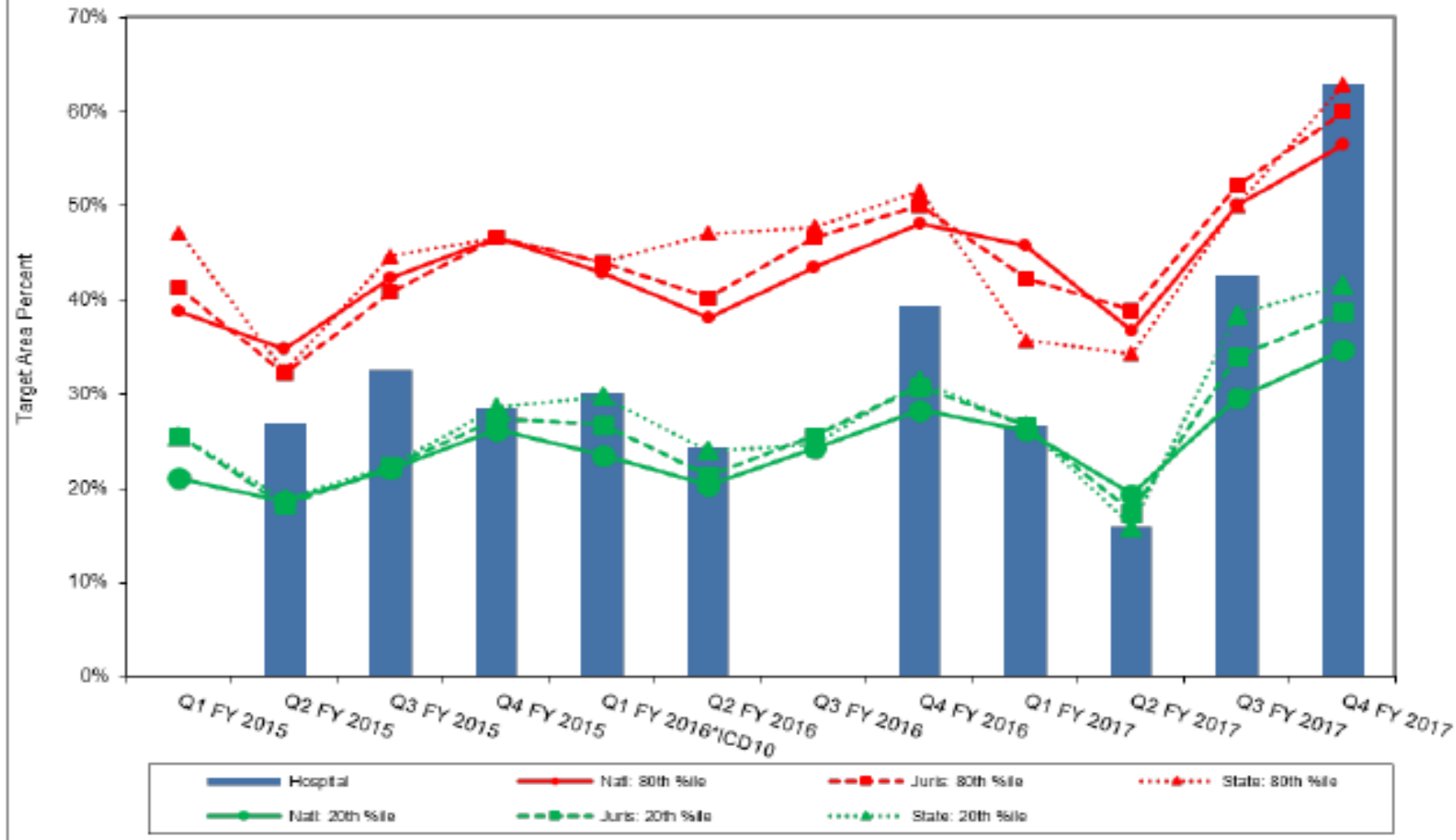
Q4 FY 2016	24	61	39.3%
Q1 FY 2017	12	45	26.7%
Q2 FY 2017	18	113	*15.9%*
Q3 FY 2017	20	47	42.6%
Q4 FY 2017	22	35	**62.9%**

Total # of complex pneumonias up by 2
But 12 less than total pneumonias, so is an outlier

Medical DRGs with CC or MCC

National High Outlier Ranking Report

001870, Hospital K1870

The National High Outlier Ranking report provides a comparison to all other short-term acute care hospitals in the nation. Your hospital's national percentile is used to determine high outlier status. All the quarters for which your hospital is at or above the national 80th percentile are added up for all the target areas. The hospital with the greatest total number of high outliers is assigned a rank of '1.' The hospital with the second greatest number is assigned a rank of '2' and so on. See the table below for your hospital's details.

Ranking: 3210 out of a total of 3352

Target Area	Q3 FY 2015	Q4 FY 2015	Q1 FY 2016*ICD10	Q2 FY 2016	Q3 FY 2016	Q4 FY 2016	Q1 FY 2017	Q2 FY 2017	Q3 FY 2017	Q4 FY 2017	Q1 FY 2018	Q2 FY 2018	Total
Stroke Intracranial Hemorrhage	0	0	0	0	0	0	1	0	0	0	0	0	1
Respiratory Infections	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Pneumonia	0	0	0	0	0	0	0	0	0	0	0	0	0
Septicemia	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrelated OR Procedure			0	0	0	0	0	0	0	0	0	0	0
Medical DRGs with CC or MCC	0	0	0	0	0	0	0	0	0	0	0	0	0
Surgical DRGs with CC or MCC	0	0	0	0	0	0	0	0	0	0	0	0	0
Single CC or MCC	0	0	0	0	0	0	0	0	0	0	0	0	0
Excisional Debridement			0	0								0	0
Ventilator Support													0
Emergency Dept E and M Visits	0	1	1	0	0	1	1	0	0	0	0	0	4
Transient Ischemic Attack	0	0	0	0	0			0	0		0	0	0
COPD	0	0	0	0	0	0	0	0	0	0	0	0	COPD
Percutaneous Cardiovascular Proced	0	0	0	0	0	0	0	0	0	0	0	0	0
Syncope	0	0	0	0	0			0		0	0	0	0
Other Circulatory System Diagnoses	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Digestive System Diagnoses	0	0	0	0	0	0	0	0	0	0	0	0	0
Medical Back Problems	0	0	0	0	0	0	0	0	0	0	0	0	0
Spinal Fusion	0	0	0	0	0	0	0	0	0	0	0	0	0
3-day SNF-qualifying Admissions	0	0	0	0	0	0	0	0	0	0	0	0	0
30-day Readm to Same or Elsewhere	0	0	0	0	0	0	0	0	0	0	0	0	0
30-day Readm to Same Hospital	0	0	0	0	0	0	0	0	0	0	0	0	0
2DS Medical DRGs	0	0	0	0	0	0	0	0	0	0	0	0	0
2DS Surgical DRGs	0	0	0	0	0	0	0	0	0	0	0	0	0
1DS Medical DRGs	0	0	0	0	0	0	0	0	0	0	0	0	0
1DS Surgical DRGs	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**1**	**1**	**0**	**0**	**1**	**2**	**0**	**0**	**0**	**0**	**0**	**5**

High Outlier Ranking Report

This report focuses on high outliers and does not consider low outlier status for the coding-focused target areas.

I use this report at my monthly UR Committee meetings to:

- **Provide a high level overview to my leadership**
- **Compare each of the 12 quarters for high outlier status per target area**
- **Focused assessment on target areas that the committee identifies**

Top Surgical DRGs for Same and 1-day stay discharges

Red= jurisdiction data

DRG	Description	Same and 1-day Stay Count	Total DC for DRG	Proportion of Same/1-day stay to total DC for DRG	Hospital Average LOS for DRG
470	Major joint replacement or reattachment of lower extremity w/o MCC	120 (8,000)	250 (37,000)	42% (24%) ⬆	2.0 (2.2) ⬇
247	Perc cardiovasc proc w/ drug eluting stent w/o MCC	50 (1,100)	110 (5,000)	38% (23%) ⬆	2.0 (1.8) ⬆
039	Extracranial procedures w/o CC/MCC	20 (1,200)	30 (1,500)	75% (76%) ⬇	1.4 (1.5) ⬇
483	Major joint/limb reattachment procedure of upper extremities	20 (3,000)	30 (5,000)	54% (57%) ⬇	2.2 (2.5) ⬇

Data is only for example purposes

Questions??