

Using the New Home Health Agency (HHA) PEPPER to Support Auditing and Monitoring Efforts

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Agenda

- ▶ History and basics of PEPPER
- ▶ HHA PEPPER target areas
- ▶ Percents, rates and percentiles
- ▶ Comparison groups
- ▶ PEPPER demonstration
- ▶ How to use and obtain PEPPER
- ▶ Resources and assistance

Objective:

- ▶ To help you understand PEPPER so that you can use this tool, provided at no cost by the Centers for Medicare & Medicaid Services (CMS), to support auditing and monitoring efforts with the goal of ensuring compliance with Medicare regulations and preventing improper Medicare payments.

What is PEPPER?

- ▶ **P**rogram for **E**valuating **P**ayment **P**atterns **E**lectronic **R**eport (PEPPER) summarizes Medicare claims data statistics for one HHA in areas (“target areas”) that may be at risk for improper Medicare payments.
- ▶ PEPPER compares an HHA’s Medicare claims data statistics with aggregate Medicare data for the nation, MAC jurisdiction and state.

History of PEPPER

- ▶ PEPPER was originally developed in 2003 for short-term acute care PPS hospitals; it was made available through 2008 by Quality Improvement Organizations in support of efforts to identify and prevent improper Medicare payments.
- ▶ PEPPER is also available for long-term (LT) acute care PPS hospitals, critical access hospitals (CAHs), inpatient psychiatric facilities (IPFs), inpatient rehabilitation facilities (IRFs), partial hospitalization programs (PHPs), hospices, skilled nursing facilities (SNFs) and Home Health Agencies (HHAs).

Why are HHAs 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)
 - HHA final action claims
 - Services provided during the 12-month period
 - Medicare claim payment amount > \$0 (note: includes Medicare secondary payer claims)
 - Exclude HMO claims
 - Exclude canceled claims

PEPPER Data

- ▶ Organized in three 12-month time periods based on calendar year (CY).

CY 2012	CY 2013	CY 2014
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- ▶ Q4CY14 release summarizes statistics for claims/episodes that end between Jan. 1, 2011 through Dec. 31, 2014 (calendar years 2012, 2013 and 2014).

PEPPER Target Area Statistics

- ▶ PEPPER summarizes services provided by an HHA for claims/episodes that end during the respective calendar year.

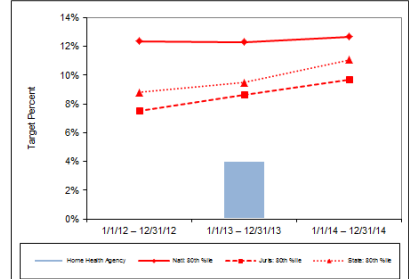
PEPPER Data Restriction

- ▶ Due to CMS data restrictions, the HHA PEPPER will not display statistics when the numerator or denominator count is less than 11 for a target area in any time period.
 - Some HHAs may not see any data for some target areas or time periods.
 - About 450 HHAs will not have a PEPPER available.

High Therapy Utilization Episodes

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



YOUR HOME HEALTH AGENCY	1/1/12 - 12/31/12	1/1/13 - 12/31/13	1/1/14 - 12/31/14
Target Area Percent			4.1%
Target Count (Numerator: count of episodes with 20+ therapy visits paid to the HHA during the report period (first digit of HHRG equal to '5'))		12	
Denominator Count (Denominator: count of episodes paid to the HHA during the report period)		295	
Target (Numerator) Average Length of Stay		51.8	
Denominator Average Length of Stay		35.3	
Target (Numerator) Average Payment		\$7,263	
Target (Numerator) Sum of Payments		\$87,156	

*Data not available when numerator count less than 11

Outlier Payments

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



YOUR HOME HEALTH AGENCY	1/1/12 - 12/31/12	1/1/13 - 12/31/13	1/1/14 - 12/31/14
Target Area Percent			
Target Count (Numerator: sum of dollar amount of outlier payments (identified by the amount where Value Code equal to '17') for episodes paid to the HHA during the report period)			
Denominator Count (Denominator: sum of dollar amount of total payments for episodes paid to the HHA during the report period)			
Target (Numerator) Average Length of Stay			
Denominator Average Length of Stay			

*Data not available when numerator count less than 11

HHA Improper Payment Risks

- ▶ PEPPER does not identify improper payments.
- ▶ HHAs are reimbursed through the Medicare HHA prospective payment system (PPS).
- ▶ HHAs can be at risk for improper payments.
- ▶ Target areas were identified based on review of the HHA PPS, review of studies related to improper payments, analysis of claims data and coordination with CMS subject matter experts.

Office of Inspector General Report

- ▶ “Inappropriate and Questionable Billing by Medicare Home Health Agencies”, August 2012, OEI-04-11-00240
- ▶ Available at <http://oig.hhs.gov/oei/reports/oei-04-11-00240.pdf>

Target Area

- ▶ Area identified as potentially at risk for improper Medicare payments.
- ▶ Calculated using a numerator and a denominator.
- ▶ Reported as either:
 - Percent
 - Rate

HHA Target Areas

Target Area	Target Area Definition
Average Case Mix	<p><i>Numerator (N)</i>: sum of case mix weight for all episodes paid to the HHA during the report period, excluding LUPAs (identified by Part A NCH HHA LUPA code) and PEPs (identified as patient discharge status code equal to '06')</p> <p><i>Denominator (D)</i>: count of episodes paid to the HHA during the report period, excluding LUPAs and PEPs</p> <p>Note: reported as a rate, not a percent</p>
Average Number of Episodes	<p><i>N</i>: count of episodes paid to the HHA</p> <p><i>D</i>: count of unique beneficiaries served by the HHA</p> <p>Note: reported as a rate, not a percent</p>

HHA Target Areas, continued

Target Area	Target Area Definition
Episodes with 5 or 6 Visits	<p><i>N</i>: count of episodes with 5 or 6 visits paid to the HHA</p> <p><i>D</i>: count of episodes paid to the HHA</p>
Non-LUPA Payments	<p><i>N</i>: count of episodes paid to the HHA that did not have a LUPA payment</p> <p><i>D</i>: count of episodes paid to the HHA</p>
High Therapy Utilization Episodes	<p><i>N</i>: count of episodes with 20+ therapy visits paid to the HHA (first digit of HHRG equal to '5')</p> <p><i>D</i>: count of episodes paid to the HHA</p>

HHA Target Areas, continued 2

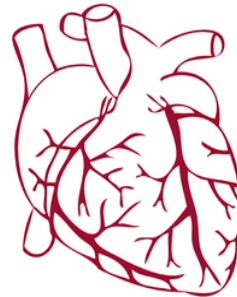
Target Area	Target Area Definition
Outlier Payments	<p><i>N</i>: dollar amount of outlier payments (identified by the amount where Value Code equal to '17') for episodes paid to the HHA</p> <p><i>D</i>: dollar amount of total payments for episodes paid to the HHA</p>

Three Basic Statistics

- ▶ Numerator and denominator counts: episodes, beneficiaries, reimbursement, case mix weight, etc.
- ▶ Payments (sum and average of numerator)
 - Not available for Average Case Mix, Outlier Payments
- ▶ Average length of stay (numerator and denominator)
 - Not available for Average Case Mix numerator, Average Number of Episodes denominator

Percentiles

- ▶ Percentiles are at the heart of PEPPER.



- ▶ It is easy to confuse percents and percentiles.
- ▶ Let's clarify the definitions and how they relate to each other in PEPPER.

Target Area Statistics

- ▶ Numerator – number of episodes/sum of dollars/case mix weight as in numerator definition; will not display if <11
- ▶ Denominator – number of episodes/sum of dollars/beneficiaries as in denominator definition; will not display if <11

Target Area Percents

- ▶ Target area percents are calculated by dividing the numerator count by the denominator count for each HHA for each time period, then multiplying by 100.
- ▶ Example: Episodes with 5 or 6 Visits:

16 episodes with 5 or 6 visits	
<hr/>	X 100 = 16%
98 total episodes	

Target Area Rates

- ▶ Target area rates are calculated by dividing the numerator value by the denominator value.
- ▶ Example: Average Number of Episodes:

97 episodes paid to the HHA

84 count of unique beneficiaries served by the HHA

= rate of 1.2

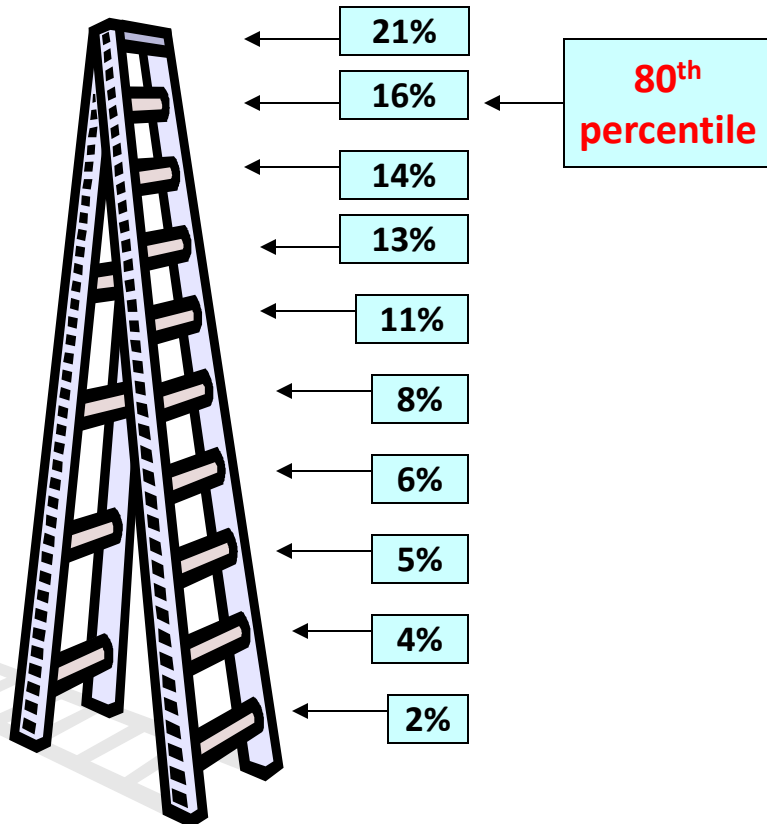
Percents or rate

- ▶ The target area percent or rate lets the HHA know its billing patterns.
- ▶ More useful information comes from knowing how it compares to other HHAs, which is why we calculate percentiles.
- ▶ Definition of a percentile:
 - The percentage of HHAs with a lower target area percent or rate.

Percents or rate, continued

- ▶ To calculate percentiles for all HHAs in a comparison group (nation, jurisdiction or state), the target area percents/rates are sorted from largest to smallest for each time period.
- ▶ Example:
 - If 40% of the HHAs' target area percents/rates were lower than HHA A, then HHA A would be at the 40th percentile.

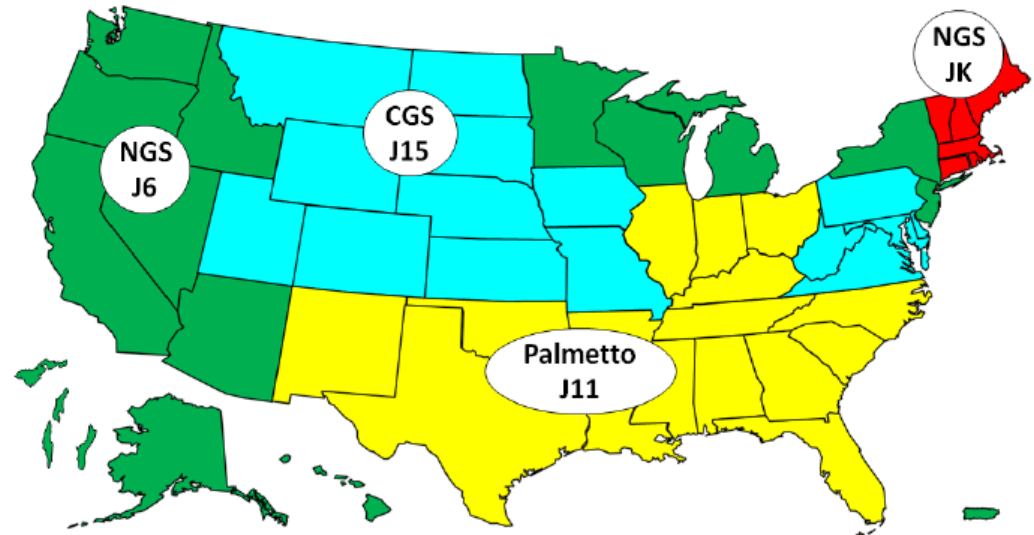
Percentile Calculation Example



- ▶ The top two HHAs' percents/rates are at or above the 80th percentile.

Comparisons in PEPPER

- ▶ PEPPER provides national, MAC jurisdiction and state comparisons.



About the MAC Jurisdiction

- ▶ The MAC jurisdictions in PEPPER correspond to current CMS Home Health/HHA MAC jurisdictions:
 - Jurisdiction K National Government Services
 - Jurisdiction 15 CGS
 - Jurisdiction 11 Palmetto
 - Jurisdiction 6 National Government Services
- ▶ Map available at:
<http://www.cms.gov/Medicare/Medicare-Contracting/Medicare-Administrative-Contractors/Downloads/HHH-Jurisdiction-Map-April-2015.pdf>

How Does PEPPER Identify Outliers?

- ▶ An HHA's target area percent/rate is compared to other HHAs' percents/rates in the nation, MAC jurisdiction and state.
- ▶ If the HHA's target area percent/rate is at/above the national 80th 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.

HHA Top Diagnoses Report

- ▶ Lists the top diagnosis categories for episodes ending in the most recent calendar year by total number of episodes.
- ▶ Also reports the proportion of episodes to total episodes, number of visits and average number of visits for each category.
- ▶ Clinical Classification Software is used to collapse the principal ICD-9 diagnosis codes for episodes ending in the CY into general categories.
- ▶ The PEPPER includes two reports: One for the HHA, another for all HHAs in the MAC jurisdiction.

HHA Top Therapy Report

- ▶ For episodes ending in the most recent CY, lists the top five diagnosis categories for five episode categories:
 - Early episodes, 0-13 therapy visits
 - Early episodes, 14-19 therapy visits
 - Late episodes, 0-13 therapy visits
 - Late episodes, 14-19 therapy visits
 - Early or late episodes, 20+ therapy visits

HHA Top Therapy Report, cont.

- ▶ Reports the number and average number of episodes, number and average number of therapy visits.
- ▶ The PEPPER includes two reports: One for the HHA, another for all HHAs in the MAC jurisdiction.



PEPPER Demonstration



How to Use and Obtain PEPPER and Helpful Resources

Review: How Does PEPPER Identify Outliers?

- ▶ An HHA 's target area percent/rate is compared to other HHAs' percents/rates in the nation, MAC jurisdiction and state.
- ▶ If the HHA's target area percent is at/above the national 80th 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.

How to Prioritize PEPPER Findings

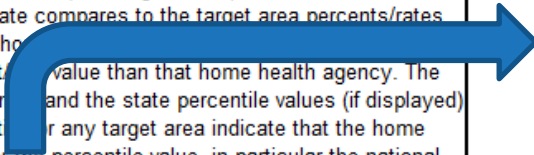
- ▶ Use the Compare Report.
- ▶ Consider risk status (percentiles) as compared to:
 1. Nation
 2. Jurisdiction
 3. State
- ▶ Consider “Target Count” and “Sum of Payments” (where applicable).
- ▶ Use Top Diagnoses and Therapy reports to supplement analysis.

Sample Compare Targets Report

Compare Targets Report, Four Quarters Ending Q4 CY 2014

001212, Hospital B01212

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



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

Target	Description	Target Count/ Amount	Percent/ Rate	Home Health Agency National %ile	Home Health Agency Jurisdict. %ile	Home Health Agency State %ile	Sum of Payments
Average Case Mix	Proportion of the sum of case mix weight for all episodes paid to the HHA during the report period, excluding LUPAs and PEPs, to the count of episodes paid to the HHA during the report period, excluding LUPAs and PEPs	325	1.28	91.0	96.3	98.8	Not Calculated
Average Number of Episodes	Proportion of the count of episodes paid to the HHA during the report period, to the count of unique beneficiaries served by the HHA during the report period	271	1.40	24.8	24.8	29.3	\$1,068,003
Episodes with 5 or 6 Visits	Proportion of the count of episodes with 5 or 6 visits paid to the HHA during the report period, to the count of episodes paid to the HHA during the report period	12	4.4%	17.1	10.6	23.3	\$19,522
Non-LUPA Payments	Proportion of the count of episodes paid to the HHA that did not have a LUPA payment during the report period, to the count of episodes paid to the HHA during the report period	257	94.8%	57.7	76.4	79.3	\$1,062,395
High Therapy Utilization Episodes	Proportion of the count of episodes with 20+ therapy visits paid to the HHA during the report period (first digit of HHRG equal to '5'), to the count of episodes paid to the HHA during the report period	50	18.5%	91.5	96.4	98.0	\$313,168

HHA PEPPER User's Guide

- ▶ Documentation of episodes eligible for inclusion.
- ▶ Target area numerator and denominator definitions.
- ▶ Guidance on how to use PEPPER and how to interpret PEPPER findings.
- ▶ Available at PEPPERresources.org in the "HHA" section

Using PEPPER

- ▶ Compliance – can guide audits for areas at risk.
 - Audit results used to develop specific action plans for ensuring compliant documentation, providing education regarding necessity of services and improving documentation, coding accuracy.
- ▶ Preparation for Recovery Auditors

National-level Data

- ▶ National-level data for all HHAs in the nation for the target areas are available at PEPPERresources.org on the “Data” page; they are updated annually, following each release.

National-level Data Reports

[Short-term Acute Care Hospitals](#)

[Critical Access Hospitals](#)

[Home Health Agencies](#)

[Hospices](#)

[Inpatient Psychiatric Facilities](#)

[Inpatient Rehabilitation Facilities](#)

[Long-term Acute Care Hospitals](#)

[Partial Hospitalization Programs](#)

[Skilled Nursing Facilities](#)

[Target Area Analysis – Home Health Agencies](#)

(XLSX, updated 07-20-2015)

Provides national-level statistics for areas identified as at-risk for improper payments in home health agencies for the most recent three calendar years. The data include, for each target area, the numerator and denominator counts, proportion/rate, average length of stay (where calculated) and the average and total Medicare payment (where calculated) for all HHAs in the nation. For more information on the areas identified as at risk for improper payments, please see the HHA PEPPER User's guide. [Home Health PEPPER User's Guide](#) (PDF, 1st Edition).

[Top 20 Diagnoses Report](#)

(XLSX, updated 07-20-2015)

Provides a listing of the top 20 clinical classification software (CCS) diagnoses by volume of episodes for all HHAs in the nation for the most recent calendar year. The data are aggregated at the national level and include the number of episodes per CCS category, proportion of episodes for each CCS to total episodes and the number of visits and average number of visits for each CCS category. For more information on the top 20 diagnoses report, please see the [Home Health PEPPER User's Guide](#) (PDF, 1st Edition).

[Top Therapy Report](#)

(XLSX, updated 07-20-2015)

Provides the top CCS diagnosis categories (up to five) for five groups of episodes: Early 0-13 therapy visits episodes, Early 14-19 therapy visits episodes, Late 0-13 therapy visits episodes, Late 14-19 therapy visits episodes and All 20+ therapy visits episodes for all HHAs in the nation for the most recent calendar year. For each therapy group the report includes the number of episodes, the proportion of all episodes, the total number of therapy visits and the average number of therapy visits for all HHAs in the nation for the most recent calendar year. The top diagnosis categories (up to five) for each therapy group are listed, along with the number of episodes for the diagnosis category, the proportion of episodes for the diagnosis category within each therapy group, the number of therapy visits and the average number of therapy visits.

How to obtain your PEPPER

- ▶ PEPPER will be distributed annually in electronic format.
- ▶ PEPPER Resources Portal
 - Visit PEPPERresources.org
 - Click on the “PEPPER Distribution – Get Your PEPPER” link
 - Review instructions and access portal
- ▶ Each release of PEPPER will be available for approximately two years from the original release date.
- ▶ PEPPER cannot be sent via email.

Required Information to access PEPPER via the PEPPER Resources Portal

- ▶ 6-digit CMS Certification Number (also referred to as the provider number or PTAN)
 - Not the same as the tax ID or NPI number
- ▶ For verification purposes: 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 December 2014.

Now what?

- ▶ Refer to the User's Guides.
- ▶ Share internally.
- ▶ Guide auditing and monitoring.
- ▶ Look for unusual increases/decreases.
- ▶ Identify root causes of concerning changes.
- ▶ Review medical records.
- ▶ Be proactive and preventive.

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.
 - Consider patient population, external factors.
- ▶ Ensure following best practices, even if not an outlier

How does PEPPER apply to Providers?

- ▶ PEPPER is a roadmap to help you identify potentially vulnerable or improper payments.
- ▶ Providers are not required to use PEPPER or to take any action in response to their PEPPER statistics.
- ▶ But: Why not take advantage of this free comparative report provided by CMS?

Who has Access to PEPPER?

- ▶ PEPPER is only available to the individual HHA.
- ▶ 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 HHAs in their jurisdiction/region.

For assistance with PEPPER:

- ▶ View the PEPPER User's Guides at PEPPERresources.org.
- ▶ If you 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.
- ▶ Please do **not** contact your QIO or any other organization for assistance with PEPPER.

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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

- [User's Guide \(PDF, 17th Edition\)](#)
- [Training & Resources](#)
- [PEPPER Distribution - Get Your PEPPER](#)

CRITICAL ACCESS HOSPITALS

- [User's Guide \(PDF, 4th Edition\)](#)
- [Training & Resources](#)
- [PEPPER Distribution - Get Your PEPPER](#)

HOME HEALTH AGENCIES

- [User's Guide \(PDF, 1st Edition\)](#)
- [Training & Resources](#)
- [PEPPER Distribution - Get Your PEPPER](#)

HOSPICES

- [User's Guide \(PDF, 4th Edition\)](#)
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INPATIENT PSYCHIATRIC FACILITIES

- [User's Guide \(PDF, 5th Edition\)](#)
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- [PEPPER Distribution - Get Your PEPPER](#)

INPATIENT REHABILITATION FACILITIES

- [User's Guide \(PDF, 5th Edition\)](#)
- [Training & Resources](#)
- [PEPPER Distribution - Get Your PEPPER](#)

LONG-TERM ACUTE CARE HOSPITALS

- [User's Guide \(PDF, 9th Edition\)](#)
- [Training & Resources](#)
- [PEPPER Distribution - Get Your PEPPER](#)

PARTIAL HOSPITALIZATION PROGRAMS

- [User's Guide \(PDF, 4th Edition\)](#)
- [Training & Resources](#)
- [PEPPER Distribution - Get Your PEPPER](#)

SKILLED NURSING FACILITIES

- [User's Guide \(PDF, 3rd Edition\)](#)
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Program for Evaluating Payment Patterns Electronic Report



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*Together, we can
make a difference!*

