Using the Partial Hospitalization Program (PHP) PEPPER to Support Auditing and Monitoring Efforts: Session 1

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Agenda

- Session 1:
  - History and basics of PEPPER
  - PHP PEPPER target areas
  - Percents and percentiles
  - Comparison groups

- Session 2: PEPPER Demonstration

- Session 3:
  - How to use and obtain PEPPER
  - Helpful resources
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?

- Program for Evaluating Payment Patterns Electronic Report (PEPPER) summarizes Medicare claims data statistics for one PHP in areas (“target areas”) that may be at risk for improper Medicare payments.
- PEPPER compares a PHP’s Medicare claims data statistics with aggregate Medicare data for the nation, MAC jurisdiction and state.
- PEPPER cannot identify improper Medicare payments!
What is PEPPER?

- PEPPER was originally developed in 2003 for short-term acute care PPS hospitals; it was made available through the Quality Improvement Organizations in support of efforts to identify and prevent improper Medicare payments through 2008.

- 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 in 2015 for home health agencies (HHAs).
Why are PHPs 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 or CMS-1450)
  - PHP final action claims
    - ST acute care hospital, IPF, community mental health center (CMHC), LT acute care hospital, children’s hospital
  - Services provided during the respective fiscal year
  - Medicare claim payment amount > $0 (includes Medicare secondary payer claims)
    - Exclude HMO claims
    - Exclude canceled claims

- See pages 4-5 of PHP PEPPER User’s Guide for data specifications
PEPPER Data

- Organized in three 12-month time periods based on federal fiscal year (FY).

<table>
<thead>
<tr>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
</table>

Due to CMS data restrictions, the PEPPER will not display statistics when the numerator or denominator count is less than 11 for a target area in any time period.

- Some providers may not see any data for some target areas or time periods.
- Some providers will not have a PEPPER available.
PHP Improper Payment Risks

- **PEPPER does not** identify improper payments.
- PHPs are reimbursed on a per-diem basis through the Outpatient Prospective Payment System (OPPS) for four separate Ambulatory Payment Classifications (APCs):
  - Level 1: Three services per day (CMHC, hospital-based PHPs)
  - Level 2: Four or more services per day (CMHC, hospital-based PHPs)
- PHPs can be at risk for improper Medicare payments.
- Target areas were identified based on review of the PHP reimbursement methodology, analysis of claims data and coordination with CMS subject matter experts.
Office of Inspector General Report

- “Questionable Billing by Community Mental Health Centers”, August 2012, OEI-04-11-00100

- Identified nine questionable billing characteristics for CMHC PHP services

Target Area

- Area identified as potentially at risk for improper Medicare payments.

- Constructed as a ratio:
  - Numerator = episodes of care identified as potentially problematic
  - Denominator = larger reference group that contains the numerator
# What are the PHP PEPPER target areas?

<table>
<thead>
<tr>
<th>Target Area</th>
<th>Target Area Definition</th>
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</thead>
</table>
| Days of Service with 4 Units Billed              | \( N \): count of episodes of care (EOC) ending in the report period with only days of service with exactly 4 units billed  
\( D \): count of all EOC ending in the report period                                                                                       |
| Group Therapy                                    | \( N \): count of EOC ending in the report period with only group therapy (revenue code 0915) billed  
\( D \): count of all EOC ending in the report period                                                                                     |
| No Individual Psychotherapy                      | \( N \): count of EOC ending in the report period with no units of individual psychotherapy (revenue code 0914) or psychiatric testing (revenue codes 0900 or 0918)  
\( D \): count of all EOC ending in the report period                                                                                      |
What are the PHP PEPPER target areas? (cont.)

<table>
<thead>
<tr>
<th>Target Area</th>
<th>Target Area Definition</th>
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</table>
| 60+ Days of Service       | $N$: count of EOC ending in the report period with greater than or equal to 60 days of service provided by the PHP  
$D$: count of all EOC ending in the report period |
| 30-Day Readmissions       | $N$: count of all index (first) EOC ending in the report period for which a resumption of care occurred within 30 days to the same or to another PHP  
$D$: count of all EOC ending in the report period |
What is an “Episode of Care”?

- An episode of care (EOC) represents an episode of treatment for a beneficiary.
- All claims submitted by a PHP for a beneficiary are sorted from the earliest “claim from” date to the latest.
- Difference between “through date” of one claim and the “from date” of the next claim is less than or equal to 7 days (if 8+ days then a new EOC begins).
- EOC is counted in the time period (fiscal year) in which it ends.
<table>
<thead>
<tr>
<th>Bene</th>
<th>Claim Number</th>
<th>From Date</th>
<th>Through Date</th>
<th>Days Btwn Claims</th>
<th>Episode of Care</th>
<th>Episode LOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bene A</td>
<td>1</td>
<td>10/26/12</td>
<td>10/29/12</td>
<td>n/a</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>2</td>
<td>11/1/12</td>
<td>11/30/12</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>3</td>
<td>12/1/12</td>
<td>12/30/12</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>4</td>
<td>1/3/13</td>
<td>1/20/13</td>
<td>4</td>
<td>1</td>
<td>86</td>
</tr>
<tr>
<td>Bene A</td>
<td>5</td>
<td>4/25/13</td>
<td>4/30/13</td>
<td>95</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>6</td>
<td>5/2/13</td>
<td>5/30/13</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>7</td>
<td>6/1/13</td>
<td>6/30/13</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>8</td>
<td>7/1/13</td>
<td>7/15/13</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>9</td>
<td>7/16/13</td>
<td>7/31/13</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>10</td>
<td>8/1/13</td>
<td>8/15/13</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Bene A</td>
<td>11</td>
<td>8/17/13</td>
<td>8/26/13</td>
<td>2</td>
<td>2</td>
<td>123</td>
</tr>
</tbody>
</table>
Three Basic Statistics

- Count of episodes (numerator and denominator)
- Payments (sum and average)
- Average length of stay
Percents and Percentiles

- Percents and percentiles are at the heart of PEPPER.

- It is easy to confuse these terms.

- The following slides clarify the definitions and how they relate to each other in PEPPER.
Target Area Statistics

- **Numerator** – number of episodes of care meeting the numerator definition; will not display if <11
- **Denominator** – number of episodes of care meeting the 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 PHP for each time period, then multiplying by 100.

- Example: 60+ Days of Service:

  13 episodes with 60+ days of service at the PHP

  \[ \frac{13}{25} \times 100 = 52\% \]
Percentiles

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

Example:

– If 40% of the PHPs’ target area percents were lower than PHP A, then PHP A would be at the 40th percentile.
Percentile Calculation Example

The top two PHPs’ percents are at or above the 80th percentile.
Comparisons in PEPPER

- PEPPER provides state, MAC jurisdiction and national comparisons.
About the MAC Jurisdiction

- The MAC jurisdiction in PEPPER closely corresponds to current CMS MAC jurisdictions (see next slide).
- These jurisdictions have evolved as the transition from legacy Part A FIs to the MACs completed and as MACs consolidate.
MAC Jurisdictions

Consolidated A/B MAC Jurisdictions
Review: How does PEPPER identify Providers at Risk?

- A provider’s target area percent is compared to other providers’ percents in the nation, MAC jurisdiction and state.

- If the provider’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.
PHP Top Diagnoses Report

- Lists the top ICD-9-CM diagnosis codes at the PHP for the most recent fiscal year.
  - Principal diagnosis code used on the first claim for the episode of care that ends in the fiscal year.
- For each diagnosis code, the report includes the number of episodes of care, proportion of all episodes of care and the PHP’s ALOS for the episodes of care.
National Top Diagnoses Report

- Lists the top ICD-9-CM diagnosis codes by volume of episodes of care for all PHPs in the nation for the most recent fiscal year.
- Includes same data elements as the PHP-specific report, as well as the national ALOS for the top diagnoses.