

# The PEPPER Report

Program for Evaluating Payment Patterns Electronic Report

## Under HH PDGM

Latest Release: July 2021

Prepared by John H. Reisinger, CPA of IPS for Home Health  
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### The PEPPER Report

- ▶ CMS not only administers the Medicare Program nationally, but it is also entrusted to protect the program from waste, fraud and abuse
- ▶ Many of those ways are sub-contracted out by CMS (MACs, RACs, UPICs, etc...)
- ▶ The PEPPER was first created for Short-Term Acute Care Hospitals back in 2002 by the TMF Health Quality Institute
- ▶ The 1<sup>st</sup> HH specific PEPPER's were in 2015

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### The PEPPER Report

- ▶ The HH PEPPER are updated annually
- ▶ The current HH-PEPPER update has been available since 7/09/21
- ▶ The PEPPER is considered an educational tool to assist providers in assessing their risk of generating/receiving improper Medicare payments
- ▶ The PEPPER identifies "**Target Areas**" that tend to indicate the potential of an agency receiving improper Medicare payments

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**The PEPPER Report**

- ▶ There is a three-year rolling comparison, currently:
  - ▶ CY2018
  - ▶ CY2019 &
  - ▶ CY2020
- ▶ Something to keep in mind:
  - ▶ CYs 2018 & 2019 are pre-PDGM
  - ▶ Therefore, sometimes blank

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**The PEPPER Report**

- ▶ The PEPPER presents the information in both percent's (%) and percentiles
- ▶ A Percent is a concept that most everyone is familiar with: *x out of 100 (so 85% would be 85 out of 100)*
- ▶ Percentile is not as commonly understood - an issue
  - ▶ The Meriam-Webster definition of Percentile is:
    - ▶ *“a value on a scale of 100 that indicates the percent of a distribution that is equal to or below it”*

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**The PEPPER Report**

- ▶ Therefore, the X<sup>th</sup> Percentile means that X% of the items measured, were less than or equal to the value identified @ the X<sup>th</sup> Percentile, or
- ▶ In other words, being at the 80<sup>th</sup> Percentile means that 20% of the measured items were greater
  - ▶ The key difference between percentage and percentile is that a percentage is a *‘mathematical value presented out of 100’* and a percentile is *‘the per cent of values equal to or below a specific value’*
  - ▶ The percentage is a means of comparing quantities.
  - ▶ A percentile is used to display position or rank.

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### Percentile vs Percentages

- ▶ Again, Percent means “per 100”
  - ▶ So, 80% would equate to 80 out of 100
- ▶ Percentile is a ranking of order
  - ▶ So, being at the 80<sup>th</sup> percentile would mean that the target measured is  $\geq$  80% of the population of items measured
  - ▶ Or, in the top 20% of the population of items being measured

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### The PEPPER Report

- ▶ The PEPPER has subjectively identified the 80<sup>th</sup> Percentile Nationally for each of the Target Areas as the “Outlier” threshold,
  - ▶ Meaning at higher risk for causing the HHA to receive improper Medicare payments
- ▶ We’ll look at the Target Areas shortly, when we look at the various schedules that make up the HH-specific PEPPER
- ▶ But first, let’s get a big picture overview of the PEPPER

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### Comparison Groupings

- ▶ The logic behind the groupings:
  - ▶ National - program wide
  - ▶ State - just within your state
  - ▶ Jurisdiction is a little less straightforward, as it is dependent on your MAC
    - ▶ Jurisdiction includes all HHAs within the MAC’s coverage area
    - ▶ See map → → → →

Only 37% downloaded – and it’s free!

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**The PEPPER Report**

- ▶ The PEPPER was created to help agencies identify potential areas of vulnerability for improper pmts
- ▶ There is no requirement to use and/or take any actions based on your PEPPER statistics
- ▶ But it is a free, easily-accessible resource to view your statistics (and the programs) for the various Target Areas included in the report
- ▶ As previously noted, the current national download rate is only 37% (a missed opportunity?)

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**The PEPPER Report**

- ▶ The PEPPER is an excel file that can be downloaded by any/all HHAs
- ▶ They are generally available for two years after their release
- ▶ The link to download your PEPPER can be found at the PEPPER home page:
  - ▶ Link: <https://pepper.cbrpepper.org/>

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**The PEPPER Report**

- ▶ The PEPPER is ONLY available to the individual agency
- ▶ It is not available to:
  - ▶ The general public
  - ▶ Consultants, or
  - ▶ Any unauthorized recipients
- ▶ PEPPERS are not sent to:
  - ▶ RACs or MACs
  - ▶ None the less, a database that has the PEPPER statistics for agencies in their jurisdiction is shared with MACs & RACs

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## The PEPPER User's Guide

# PEPPER

### Home Health Agency Program for Evaluating Payment Patterns Electronic Report User's Guide Sixth Edition

▶ Link: <https://pepper.cbrpepper.org/Portals/0/Documents/PEPPER/HHA/HHA-PEPPERUsersGuide-Edition6-508.pdf>

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## The PEPPER Report - tabs 1, 2 & 3

- ▶ The HH-specific report is made up of 13 schedules
- ▶ The first 3 slides of the report are introductory, with
  - ▶ The first two being:
    - ▶ **Purpose** - just an overview of the premise for the PEPPER
    - ▶ **Definitions** - identifying the calculations for the 8 Target Areas, and
  - ▶ The third being:
    - ▶ **Compare** - like an Executive Summary of the 8 Target Area's results
    - ▶ We'll briefly look at the **Compare** schedule on the following slides (2x)

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## Compare

▶ Following is the snippet of the Compare slide for the PEPPER report for the sample HHA for Q4 CY2020:

Note: the %s/Rates identified in column 3 thru 6 will be presented again at the germane Target Area pgs throughout this PEPPER report. The %iles in Col 4-6 represent the HHAs ranking in each group

Target	Numerator Count/ Amount	Percent/ Rate	Home Health Agency National %ile	Home Health Agency Jurisdiction %ile	Home Health Agency State %ile	Sum of Payments
Low Comorbidity	6,628	66.6%	87.1	87.9	85.6	\$13,372,387
High Comorbidity	2,764	15.0%	77.0	75.8	69.5	\$5,652,233
Average Case Mix	13,050	1.24	93.7	88.8	95.3	Not Calculated
Average Number of Periods	15,268	1.87	11.7	21.0	9.1	330,251,616
Periods with Low Visits	281	1.8%	66.4	69.3	38.0	\$757,134
MainLHA Payments	10,568	68.8%	40.0	26.1	60.7	\$23,262,873
Outlier Payments	\$261,377	0.9%	29.9	26.2	33.7	Not Calculated
Admission Source	7,109	48.9%	91.5	80.2	99.3	\$17,892,300

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### PEPPER Target Areas

- ▶ Following, I am going to present a snippet of each of the 8 PEPPER Target Areas from a sample PEPPER Report
  - ▶ The report may or may not show values for CYs 2018 & 2019, but will always show values for CY 2020
    - ▶ Remember, CY2020 is under PDGM and CYs 2018 & 2019 are pre-PDGM
  - ▶ The top portion of the report (YOUR HOME HEALTH AGENCY) are your HHA's calculated results for the applicable time periods
  - ▶ Underneath (COMPARATIVE DATA) are the State, Jurisdiction & National results at the 80<sup>th</sup> & sometimes the 20<sup>th</sup> Percentile
  - ▶ When your agency's rate is >= the 80<sup>th</sup> Percentile nationally, it is deemed something that you should review for appropriateness

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### PEPPER Target Areas

- ▶ For Home Health under PDGM, there are 8 Target Areas:
  - 1) Low Comorbidity\* (4<sup>th</sup> character of HIPPS Code = 2)
  - 2) High Comorbidity\* (4<sup>th</sup> character of HIPPS Code = 3)
  - 3) Average # of Periods (like LOS)
  - 4) Average Case-Mix (Weight) (this is the avg CMW of all pmt periods)
  - 5) Periods w/Low Visits\* (% of periods at LUPA threshold or 1 add'l visit)
  - 6) Non-LUPA Payments (% of periods not receiving a LUPA pmt)
  - 7) Outlier Payment (Outlier Pmts as a % of Total Medicare pmts)
  - 8) Admission Source\* (% of periods w/Institutional as the admission source)

\* - new for CY2020 (PDGM)

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### ① - Low Comorbidity

- ▶ To the right is the top-half of the tab for Low Comorbidity (4<sup>th</sup> char of HIPPS Code = 2)
- ▶ This HHA has 44.4% of its 30-day periods as having Low-Comorbidity
- ▶ Compared to the 80<sup>th</sup> Percentile Nationally w/a rate of 42.3%
- ▶ Therefore, this is highlighted (red) as the HHA's rate is greater than the National Rate at the 80<sup>th</sup> Percentile.

Home Health Agency PEPPER  
009899, Provider M09899  
Table 3 Your Statistics for Low Comorbidity (new as of Q4CY20 release)

YOUR HOME HEALTH AGENCY	CY 2018	CY 2019	CY 2020
Outlier Status	No data	No data	High Outlier
Target Area Percent			44.4%
Target Count			6,828
Denominator Count			15,360
Target (Numerator) Average Length of Stay			23.0
Denominator Average Length of Stay			23.5
Target (Numerator) Average Payment			\$1,908
Target (Numerator) Sum of Payments			\$13,372,387

No data: Target or Denominator count is less than 11 and is suppressed due to confidentiality requirements.

Table 4 Comparative Data for Low Comorbidity

COMPARATIVE DATA	CY 2018	CY 2019	CY 2020
National 80th Percentile	0.0%	0.0%	42.2%
Jurisdiction 80th Percentile	0.0%	0.0%	42.3%
State 80th Percentile	0.0%	0.0%	42.6%
National 20th Percentile	0.0%	0.0%	28.0%
Jurisdiction 20th Percentile	0.0%	0.0%	30.7%
State 20th Percentile	0.0%	0.0%	28.1%

Note: State and/or jurisdiction percentiles are zero if there are fewer than 11 providers with reportable data for the target area in the state and/or jurisdiction.  
Note: CMS does not consider data to be final until June of the subsequent year. Claims for this report were obtained in May, therefore, the most current year's statistics should be considered preliminary.

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### ① - Low Comorbidity

- ▶ This is the bottom-half of this schedule
- ▶ It shows the agency results (blue bar), and the other comparative metrics as the various lines, dots, dashes, etc..., in this graph
- ▶ The takeaway here is that the agency's results exceed all the other comparative metrics, particularly the National 80<sup>th</sup> Percentile
  - ▶ A higher concern of over-coding of secondary diagnoses exists here!
- ▶ Note: **Suggested Interventions**
- ▶ All the Target Areas have this graph presentation, but I am only including this & the next graph for today's review

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### ② - High Comorbidity

- ▶ This HHA has 18.0% of its 30-day periods as having High-Comorbidity  
(4<sup>th</sup> character of HIPPS Code = 3)
- ▶ Compared to the 80<sup>th</sup> Percentile Nationally w/a rate of 18.7%
- ▶ As the HHA's rate of 18.0% is less than the 80<sup>th</sup> Percentile rate Nationally (18.7%), this would not be an area of concern requiring further review by the HHA

Home Health Agency PEPPER  
0000500, Provider 1000559  
Table 5 Your Statistics for High Comorbidity (new as of Q4CY20 release)

YOUR HOME HEALTH AGENCY	CY 2018	CY 2019	CY 2020
Outlier Status	No data	No data	Not an outlier
Target Area Percent			18.0%
Target Count			2,764
Denominator Count			15,366
Target (Numerator) Average Length of Stay			25.4
Denominator Average Length of Stay			23.5
Target (Numerator) Average Payment			\$2,034
Target (Numerator) Sum of Payments			\$5,622,073

No data: Target or Denominator count is less than 11 and is suppressed due to confidentiality requirements.  
Table 6 Comparative Data for High Comorbidity

COMPARATIVE DATA	CY 2018	CY 2019	CY 2020
National 80th Percentile	18.0%	0.0%	18.7%
Jurisdiction 80th Percentile	0.0%	0.0%	19.2%
State 80th Percentile	0.0%	0.0%	20.4%
National 20th Percentile	0.0%	0.0%	8.9%
Jurisdiction 20th Percentile	0.0%	0.0%	10.9%
State 20th Percentile	0.0%	0.0%	7.9%

Note: State and/or jurisdiction percentiles are zero if there are fewer than 11 providers with reportable data for the target area in the state and/or jurisdiction.  
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### ② - High Comorbidity

- ▶ This is the bottom-half of this schedule
- ▶ It shows the agency results (blue bar), and the other comparative metrics as the various lines, dots, dashes, etc..., in this graph
- ▶ The takeaway here is that the agency's results are less than the National 80<sup>th</sup> Percentile (the Nat'l 80<sup>th</sup> Percentile line exceeds the top of the HHA's blue bar)
  - ▶ A low concern of over-coding of secondary diagnoses
- ▶ Note: **Suggested Interventions**
- ▶ Last graph presented

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