The Great Eight: A Deep Dive Into PEPPER
Wouldn’t You Like to See Your PEPPER too?

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Harmony Healthcare International, Inc. (HHI)
We C.A.R.E. About Care
Kris Mastrangelo, OTR/L, LNHA, MBA


- 14,000 Medical records reviewed per year
- Core Business Patient Centered

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Disclosures: The planners and presenters of this educational activity have no relationship with commercial entities or conflicts of interest to disclose.

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Learning Objectives

• State the five target areas assessed on the PEPPER for the long-term care setting
• Discuss the thresholds of PEPPER percentile ranking
• Define the calculations leading to PEPPER Target Areas
• Communicate a summary of their PEPPER data to key staff
• Identify their facility-specific risk factors for Medicare reviews
• Develop a facility-specific action plan in response to PEPPER Data
The Great Eight
“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.” ~Darwin
The Great Eight

1. IMPACT Act
2. Value-Based Purchasing
3. 5-Star Analysis
4. Proposed Rule
   a. Pharmacy Proposed Regulations
   b. Drug Regimen Review
   c. QAPI
5. Compliance
6. PEPPER
7. Bundled Payments
   a. CJR
8. Antibiotic Stewardship
The Great Eight

PEPPER
Program for Evaluating Proper Payment Electronic Report
Target Areas

- Therapy RUGs with High ADLs
- Non-therapy RUGs with High ADLs
- Change of Therapy Assessment
- Ultra High RUGs
- Therapy RUGs
- 90+ Day Episodes of Care
Compare SNF Data: HHI Comparative Data

National Comparative Data (Actual Percentages)

Target Areas

- Therapy RUG Days
- Ultra High RUG Days
- Therapy High ADL Days
- Non-Therapy High ADL Days
- 90+ Day Episode of Care
- Change of Therapy Assessments

Percent

- 80th Percentile
- Actual SNF
- 20th Percentile

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<table>
<thead>
<tr>
<th>Target Areas</th>
<th>Target Count</th>
<th>Percent</th>
<th>Jurisdiction (MAC)</th>
<th>State</th>
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<tr>
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<td>64.60</td>
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<td>25.90</td>
<td>36.90</td>
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<tr>
<td>Actual SNF</td>
<td>Target Area</td>
<td>20th Percentile</td>
<td>50th Percentile</td>
<td>80th Percentile</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------</td>
<td>-----------------</td>
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<tr>
<td>72.8%</td>
<td>Therapy RUG Days</td>
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<td>93.2%</td>
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<td>Change of Therapy Assessments</td>
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PEPPER Targeted areas were derived from two Office of Inspector General (OIG) Reports:

- “Inappropriate Payments to Skilled Nursing Facilities Cost Medicare than a Billion Dollars in 2009” (November 2012)
- “Questionable Billing by Skilled Nursing Facilities” (December 2010)
Who is the OIG?

- The **Office of Audit Services** (OAS) provides auditing services for HHS, either by conducting audits with its own resources or by overseeing audit work done by others.

- The **Office of Evaluation & Inspections** (OEI) conducts national evaluation to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues.

- The **Office of Investigation** (OI) conducts criminal, civil, and administrative investigation of fraud and misconduct related to HHS programs, operations, and beneficiaries.

- The **Office of Counsel to the Inspector General** (OCIG) provides general legal service to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG’s internal operations.
Medicare Part A Billing
Skilled Nursing Facilities

• Changes in billing practices
  – Therapy Services billed at highest level even though beneficiary characteristics remain unchanged
  – As of 2009, 25% of all claims billed erroneously ($1.5 billion)
PEPPER
Program for Evaluating Payment Patterns
Electronic Report

Welcome to PEPPER Resources

PEPPER Resources 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.
• Contains detailed facility specific Medicare claims data
• 6 specific targeted areas
• Compares the SNF to other SNFs nationally
• Skilled Nursing Facilities (SNFs) MUST sign up to receive email notification that the PEPPER is available
• PEPPERResources.org from the PEPPER HELP Desk
• (http://pepperresources.org/HelpContactUs.aspx)
Accessing Your SNF PEPPER

• Access to the PEPPER will be restricted to the provider’s Chief Executive Officer, President or Administrator

• Corporate offices and/or facility management companies will need to obtain PEPPERs from each individual provider in their organization
• **Provider-specific** Medicare data statistics for services vulnerable to improper payments
• Compares to all other SNFs across the state, nation or Medicare Audit Contractors (MAC) jurisdiction
• Shared with both Medicare Audit Contractors (MACs) and the Medicare Recovery Auditor Contractors (RACs)
PEPPER Outliers

- CMS sees high Medicare expenses as suggestive of over coding
- CMS asserts 20% highest expenses are questionable
- CMS identifies expenses above the 80th percentile as outliers
- CMS asserts that the bottom 20% of outliers are under coding
- The bottom 20th percentile as outliers could be perceived as evidence of poor quality of care
Identify Percentile Ranking

- When the SNF’s percent is at or above the national 80th percentile for a target area, the SNF’s percent is printed in red bold
- When the SNF’s percent is at or below the national 20th percentile for a target area the SNF percent is printed in green italics
- When the SNF is not an outlier, the SNF’s percent is printed in black
- Blank if Less than 11 SNFs or episodes in group
Suggested interventions if at/above 80th percentile

- **ADLs**
  - This could indicate a risk of potential overcoding of beneficiaries’ activities of daily living (ADL) status
  - The SNF should determine whether the amount of assistance beneficiaries need with ADL as reported on the MDS is supported and consistent with medical record documentation

- **Change of Therapy**
  - This could indicate that the SNF is experiencing challenges with delivering services to the beneficiary as anticipated
  - The SNF may look into factors that lead to the need for the COT assessment (e.g., can care planning be improved? Are there issues with completing therapy as scheduled?)
**Suggested interventions if at/above 80th percentile**

- Ultra High and Therapy RUGs
  - This could indicate that the **SNF is improperly billing** for therapy services.
  - The SNF should determine whether therapy provided was **reasonable and medically necessary**, and that the amount of therapy reported on the MDS is **supported by documentation** in the medical record.
• Suggested interventions if at/above 80th percentile
• 90+ Day Episodes of Care
  – This could indicate that the SNF is continuing treatment beyond the point where those services are necessary. The SNF should review documentation for beneficiary episodes of care with a length of stay of 90+ days to ensure that beneficiaries’ continued care is appropriate and that they received a skilled level of care. The SNF should review plans of care for appropriateness and assess appropriateness of discharge plans.
• Suggested interventions if at/below 20th percentile

  - ADLs

    • This could indicate a risk of potential undercoding of beneficiaries’ ADL status

    • The SNF should determine whether the amount of assistance beneficiaries need with ADL as reported on the MDS is supported and consistent with medical record documentation
• **Suggested interventions if at/below 20\(^{th}\) percentile**
  
  – Change of Therapy

  • SNFs that are using the COT assessment infrequently or not at all, may be targeted by MACs or RACs for review to establish whether therapy assessments are being completed as required

  • See [https://oig.hhs.gov/oei/reports/oei-02-09-00200.asp](https://oig.hhs.gov/oei/reports/oei-02-09-00200.asp) page 15
• Suggested interventions if at/below 20th percentile
  – Ultra High and Therapy RUGs
    • Not Applicable
  – 90+ Day Episodes of Care
    • Not Applicable
How do Providers use PEPPER?

• According to a PEPPERresources.org survey:
  – Allows an entity to be proactive in determining if any issues exist and take necessary corrective actions
  – Guide to auditing process to focus on areas of potential vulnerability
  – Improve the quality of clinical documentation
  – Educate clinical staff
How do Providers use PEPPER?

- Assess case management procedures
- Educate staff regarding coding guidelines
- Assess previous efforts to change billing patterns
Who should review PEPPER?

• Owners/Operators
• Utilization Review
• Case Management
• Quality Improvement
• Compliance
• Finance
• Facility Management
What to Review?

- Type of services offered
- Patient Case Mix/population
- Reimbursement policy/regulatory change
- Protocols for ensuring billed claims are supported by the medical record documentation
Closing Thoughts

• There is no “Good” or “Bad” PEPPER
• Compliance chart auditing at regular intervals for outlier areas
• Analyze PEPPER data
• Develop a Compliance Program
Key References

- PEPPERResources.org
We C.A.R.E. About Care

Compliance • Audits/Analysis • Reimbursement/Regulatory • Education/Efficiency

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Free PEPPER Analysis

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