



**OKLAHOMA HOSPICE &
PALLIATIVE CARE ASSOCIATION**

The Direct Correlation between Hospice PEPPER Reports and Payment-Related Scrutiny: Strategies to Mitigate Risk if a Hospice Has Problematic PEPPER Data

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Principal

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Learning Objectives

Upon completion, the learner will be able to:

- Describe all the elements of a Hospice PEPPER Report and how each Target Area percent and percentile is calculated.
- Discuss methods to identify potentially problematic PEPPER data.
- Explain the direct correlation between PEPPER Reports and payment-related scrutiny.
- Detail current CMS Contractor audits based on aberrant PEPPER data.
- List 3 compliance-related steps to mitigate payment-related scrutiny secondary to problematic PEPPER data or trends.

Program for Evaluating
Payment Patterns
Electronic Report
(PEPPER)



Data Analysis – PEPPER

- PEPPER for Hospice began in 2012
- **Program for Evaluating Payment Patterns Electronic Report** – PEPPER is created by TMF Quality Institute and is distributed each year in April
- “PEPPER does not identify the presence of improper payments, but it can be used as a guide for auditing and monitoring efforts”



PEPPER Report

- TMF Health Quality Institute is a CMS contractor through the Center for Program Integrity (CPI) provider compliance group
 - The CPI's audit efforts are primarily focused on fraud detection and deterrence
- PEPPER is an “educational tool” for providers to use proactively to prevent improper payments
 - As an “educational tool”, CMS expects providers to retrieve their PEPPER and take action, if necessary

How to Use the PEPPER

- A hospice is expected to use its PEPPER Report to compare its claims data over time to:
 1. Identify areas of potential concern; and/or
 2. Identify changes and/or vulnerabilities in billing practices



Where Does PEPPER Data Come From?

- PEPPER data is collected, compiled, and distributed by TMF Health Quality Institute
- PEPPER data is obtained from a hospice's paid Medicare UB-04 claims for the 3 most recent fiscal years
- Hospices are analyzed in 3 comparison groups:
 - State
 - Nation
 - Jurisdiction / Medicare Administrative Contractor (MAC) – For Oklahoma, MAC is Palmetto GBA

PEPPER Retrieval

- The PEPPER is only available electronically via the PEPPER Resources Portal (no mailing):
 - Website for PEPPER Portal:
<https://securefile.tmf.org>
 - Available to the CEO, Compliance Officer, etc.
 - Requires the hospice's 6-digit Provider Number
 - Requires a Validation Code (Patient Control Number or Medical Record Number)
 - The FY2020 PEPPER Reports were released on April 5, 2021
 - The FY2021 Reports are slated to be released in April 2022

PEPPER Resources Portal

Please complete the following fields to access your PEPPER. A provider's PEPPER is only available to that individual provider's Chief Executive Officer, President, Administrator, Compliance Officer, or Quality Assurance/Performance Improvement Officer.

The PEPPER Team is committed to ensuring and maintaining the confidentiality of each provider's PEPPER. Likewise, all recipients of PEPPER are expected to maintain and safeguard the confidentiality of privileged data or information.

I certify that I am the:

☐ CEO ☐ President ☐ Administrator ☐ Compliance Officer ☐ Quality Assurance/Performance Improvement Officer

of this health care provider and further certify that I have the actual authority to receive PEPPER and all other confidential information concerning this health care provider. If a provider does not have a management position with any of these titles, the person who has the authority to make decisions on behalf of the organization should check the box for the title that best describes their position.

First Name

Last Name

Provider Name

Email

Provider City

Provider State / Territory

Confirm Email

Provider Type

CMS certification number (also referred to as Provider Number or PTAN)

Validation code (Patient Control Number or Medical Record Number)

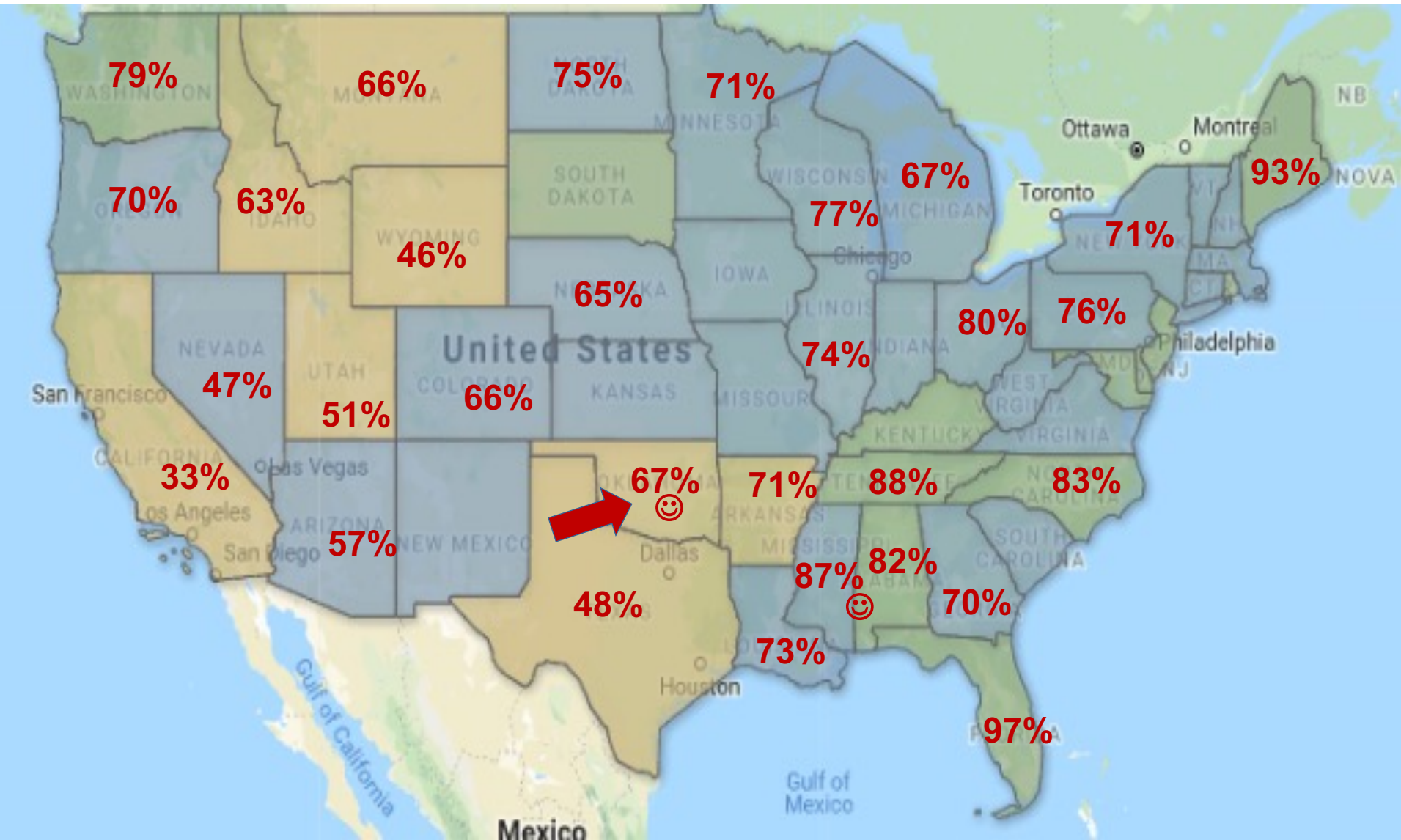
SUBMIT

PEPPER Retrieval, cont'd

- As of March 1, 2022, TMF reported retrieval of the FY2020 PEPPER, as follows:
 - National Retrieval rate is **63%** 😞
 - Oklahoma's Retrieval Rate = **67%** 😞
 - 118 PEPPER Reports
 - 80 Retrieved

Failure to retrieve the PEPPER could negatively impact a hospice provider!

PEPPER Retrieval (FY 2020) on 03/01/22



Who Gets the PEPPER?

- Each hospice receives its own PEPPER Report
- TMF does not provide PEPPER to other contractors, however...
 - TMF provides an Access database (the First-look AnalYSIS Tool for Hospital Outlier Monitoring (FATHOM) to Medicare Administrative Contractors (MACs) and Recovery Auditors (RAs)



BEWARE

PEPPER Time Period

- Three 12-month time periods based on PEPPER Fiscal Year (FY)
- Each PEPPER FY runs Oct 1st through Sept 30th
- PEPPER FY Statistics for all time periods are refreshed with each annual PEPPER release
- The oldest fiscal year rolls off as the new one is added



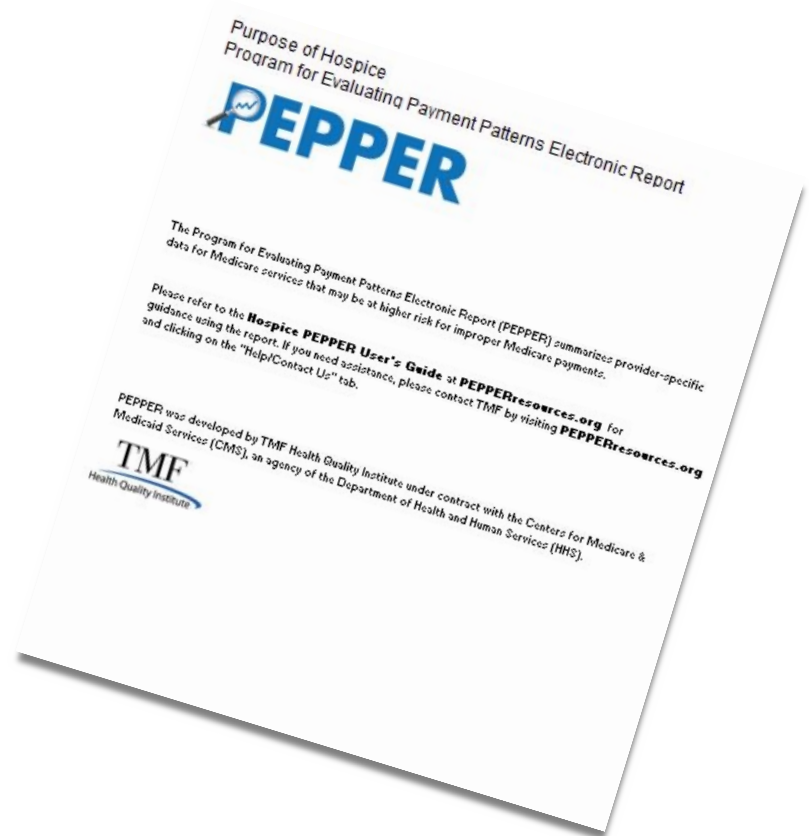
FY2020 PEPPER Report



- The PEPPER is organized in 3 consecutive Federal fiscal years (FYs)
- FY2020 PEPPER Reports contain statistics for hospice episodes of service/claims for October 1, 20178 through September 30, 2020 (FYs 2018, 2019, and 2020)

Data Restriction and Report

- **CMS data restriction:** Reports do not display any statistics when the numerator or denominator count is <11.
- The EXCEL Report contains:
 - Cover Page
 - Definitions Page
 - Compare Report
 - 12 Target Area Reports
 - Top Terminal Conditions
 - Live Discharge by Type



PEPPER – Definitions Page

Target Area	Target Area Definition
Live Disch	<p>N: count of beneficiary episodes who were discharged alive by the hospice (patient discharge status code not equal to 40 [expired at home], 41 [expired in a medical facility], or 42 [expired place unknown]), excluding:</p> <ul style="list-style-type: none"> • beneficiary transfers (patient discharge status code 50 or 51) • beneficiary revocations (occurrence code 42) • beneficiaries discharged for cause (condition code H2) • beneficiaries who moved out of the service area (condition code 52)
Live Disch Rev	<p>N: count of beneficiary episodes who were discharged alive by the hospice (patient discharge status code not equal to 40 [expired at home], 41 [expired in a medical facility], or 42 [expired place unknown]), with occurrence code 42</p> <p>D: count of all beneficiary episodes discharged (by death or alive) by the hospice during the report period (obtained by considering all claims billed for a beneficiary by that hospice)</p>
Live Disch LOS 61-179	<p>N: count of beneficiary episodes who were discharged alive by the hospice (patient discharge status code not equal to 40 [expired at home], 41 [expired in a medical facility], or 42 [expired place unknown]), with a length of stay (LOS) of 61 – 179 days</p> <p>D: count of all beneficiary episodes discharged alive by the hospice during the report period (obtained by considering all claims billed for a beneficiary by that hospice)</p>
Long LOS	<p>N: count of beneficiary episodes discharged (by death or alive) by the hospice during the report period whose combined days of service at the hospice is greater than 180 days (obtained by considering all claims billed for a beneficiary by that hospice)</p> <p>D: count of all beneficiary episodes discharged (by death or alive) by the hospice during the report period (obtained by considering all claims billed for a beneficiary by that hospice)</p>

PEPPER Target Areas

- Live Discharges Not Terminally Ill
- Live Discharges – Revocations
- Live Discharges LOS 61-179 Days
- Long Length of Stay
- Claims with a Single Diagnosis Coded
- Episodes with no GIP or CHC



PEPPER Target Areas, cont'd

- Long GIP Stays
- Average Part D Claims (NEW FY 2020)
- CHC in Assisted Living Facility
- RHC in Assisted Living Facility
- RHC in Nursing Facility
- RHC in Skilled Nursing Facility



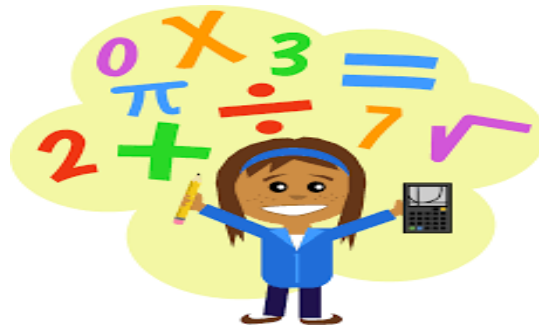
PEPPER – Sum of Payment Data

- The Sum of Payment data is calculated for the Target Areas based on episodes, as follows:
 - Live Discharges – Not Terminally Ill
 - Live Discharges – Revocation
 - Live Discharges – LOS 61-179 days
 - Long Length of Stay (LOS)
 - No GIP or CHC



Percent and Percentile

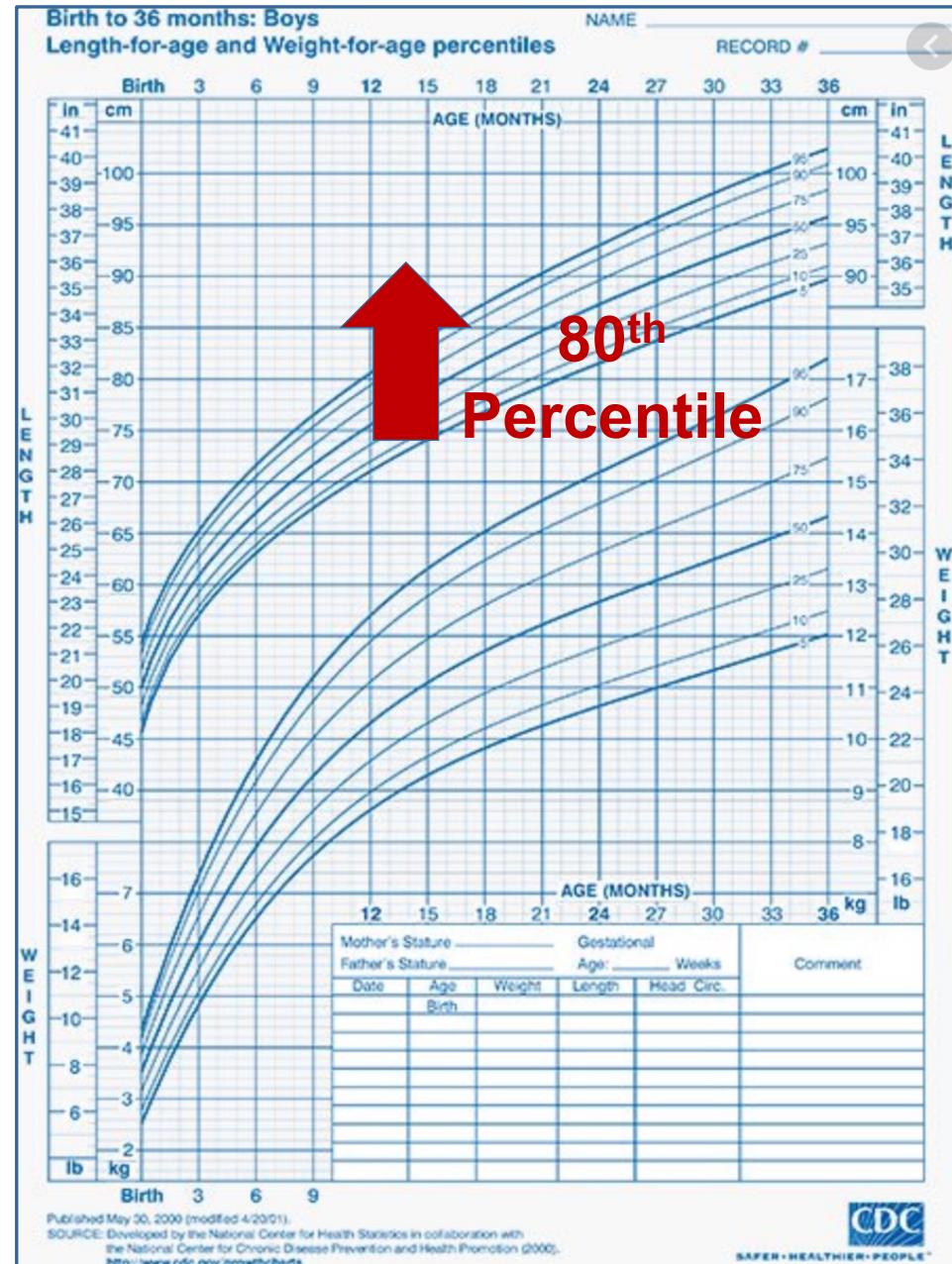
- There are 2 terms at the heart of PEPPER:
Percent and Percentile
- The Target Area Percent details the provider's actual provision of services and billing data
- The Percentile data allows a hospice provider to compare its provision of services/billing data to other hospice providers in 3 comparison groups: national, jurisdictional (MAC), and state



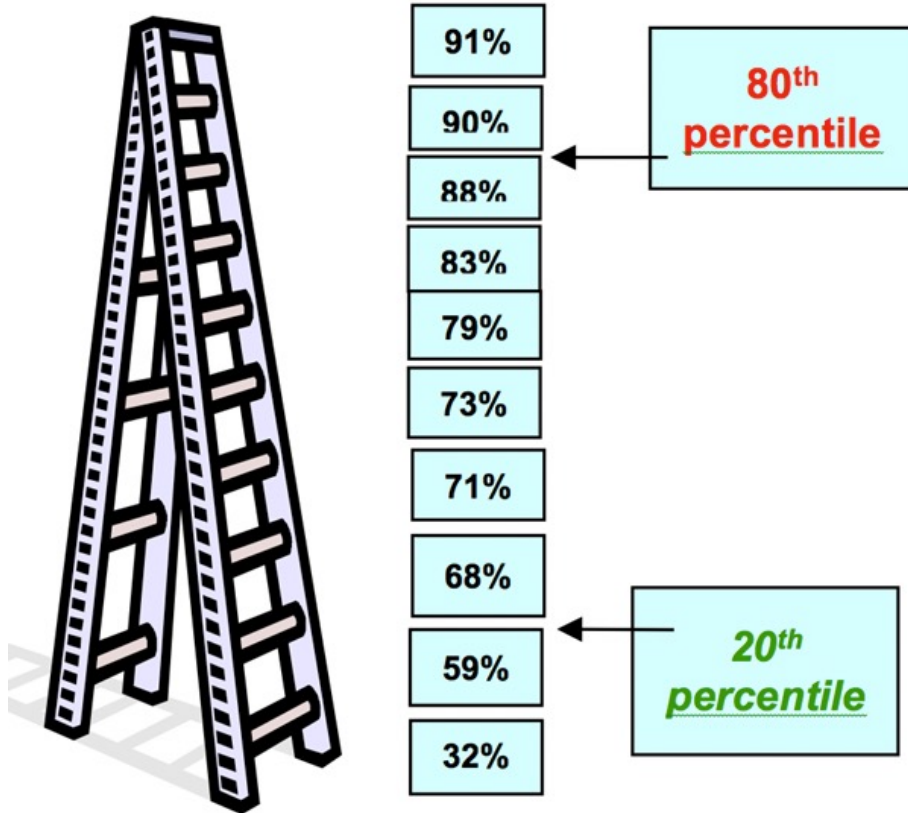
Percent and Percentile, cont'd

- To calculate the Percentile for a provider in a comparison group (nation, jurisdiction, or state), the target area percent values are *sorted from largest to smallest* for each time period; then, the 80th (Xth) percentile line is established
- If a hospice's percentile is at or above the 80% for the national comparison group, the Target Area data is printed in **red bold** font on the PEPPER

Think of the Chubby Baby...



Percent and Percentile, cont'd



- Percentile tells us the percentage of hospices that have a lower target area percent.
- Target area percent at/above the 80th percentile are “outliers” in PEPPER

PEPPER Percent vs Percentile

Percent = Real data from the hospice based on specific numerator and denominator details (as described in the “Definitions” section of PEPPER)

Percentile = a number where a certain percentage of scores fall below that number = “Percenti**LESS**”

Example: If your hospice’s Target Area score is at the 86th percentile nationally, then 86% of hospices in the U.S. have a score **LESS THAN** (better than) your hospice’s Target Area score

Target Area Report – RHC in an ALF

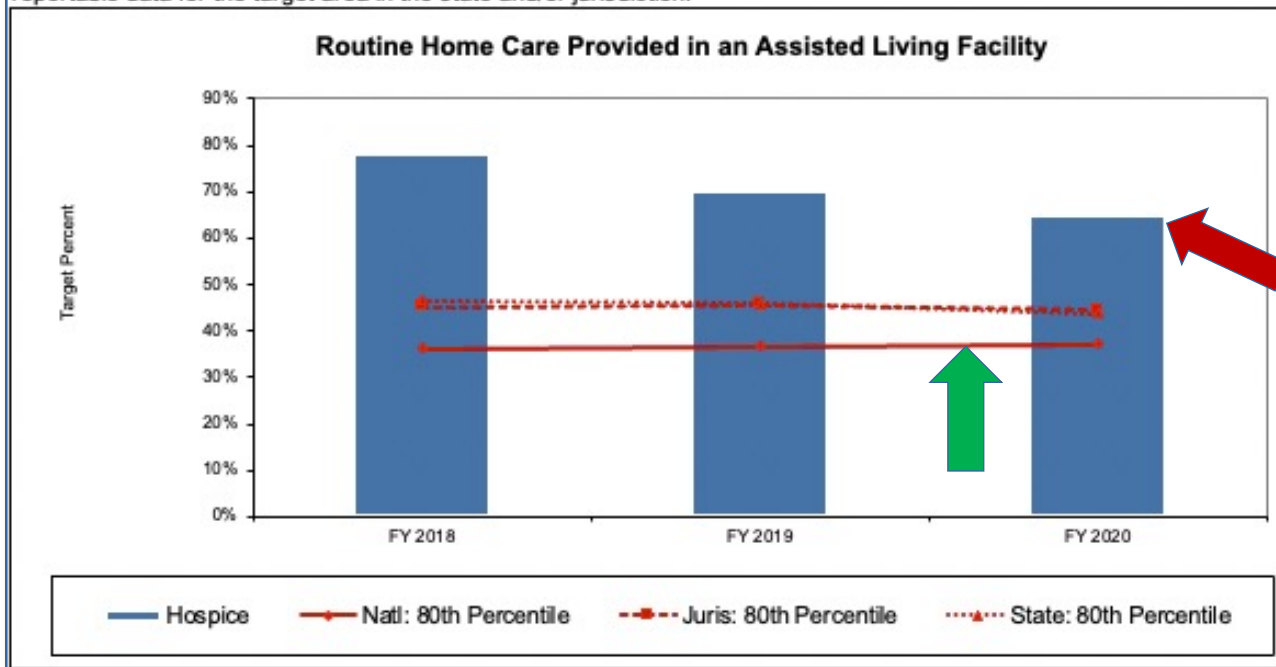
YOUR HOSPICE	FY 2018	FY 2019	FY 2020
Outlier Status	High Outlier	High Outlier	High Outlier
Target Area Percent	77.9%	69.9%	65.0%
Target Count	63,698	72,327	76,734
Denominator Count	81,742	103,493	117,976
Target (Numerator) Average Length of Stay	Not Calculated	Not Calculated	Not Calculated
Denominator Average Length of Stay	Not Calculated	Not Calculated	Not Calculated
Target (Numerator) Average Payment	Not Calculated	Not Calculated	Not Calculated
Target (Numerator) Sum of Payments	Not Calculated	Not Calculated	Not Calculated

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

Table 14 Comparative Data for Routine Home Care Provided in Assisted Living Facilities

COMPARATIVE DATA	FY 2018	FY 2019	FY 2020
National 80th Percentile	36.1%	36.7%	37.1%
Jurisdiction 80th Percentile	45.1%	45.8%	44.4%
State 80th Percentile	46.6%	46.0%	43.7%

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.



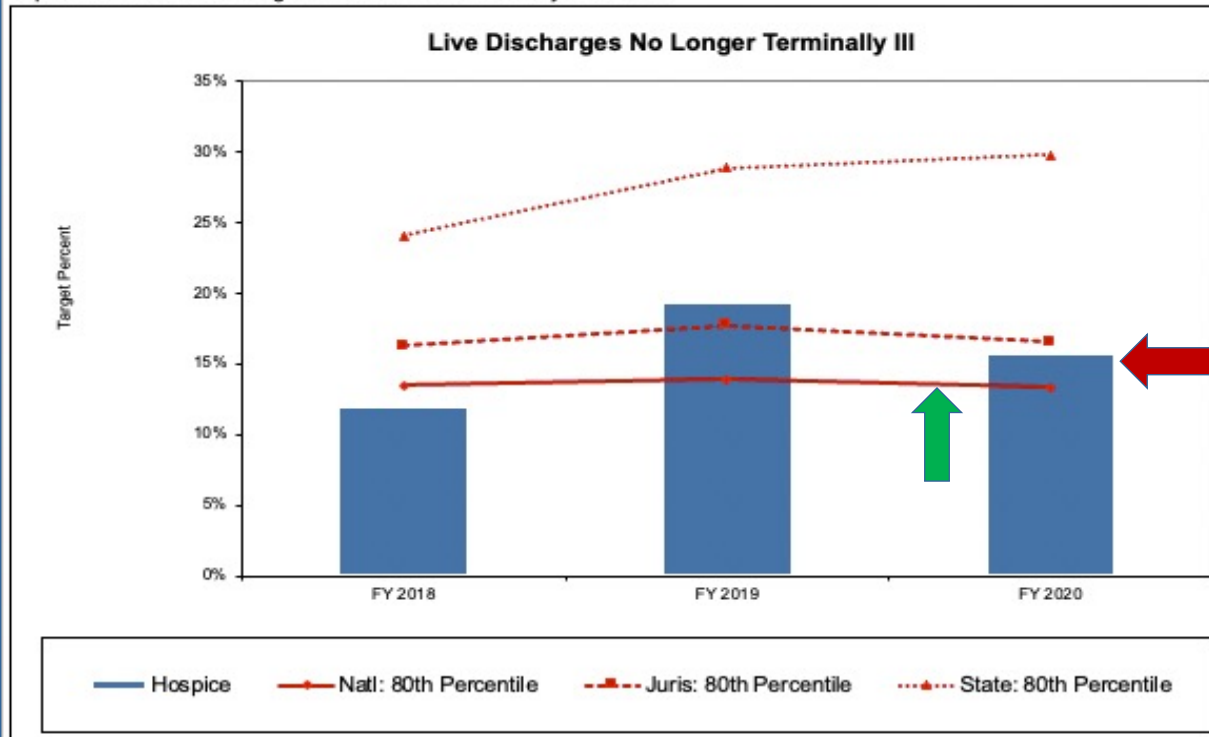
Target Area Report – Live D/C

YOUR HOSPICE	FY 2018	FY 2019	FY 2020
Outlier Status	Not an outlier	High Outlier	High Outlier
Target Area Percent	12.0%	19.3%	15.7%
Target Count	74	165	187
Denominator Count	616	853	1,191
Target (Numerator) Average Length of Stay	296.0	240.8	192.0
Denominator Average Length of Stay	111.4	123.2	95.7
Target (Numerator) Average Payment	\$70,199	\$58,305	\$48,408
Target (Numerator) Sum of Payments	\$5,194,691	\$9,620,268	\$9,052,282

No data: Target or Denominator count is less than 11 and is suppressed due to confidentiality requirements.
Table 4 Comparative Data for Live Discharges No Longer Terminally Ill

COMPARATIVE DATA	FY 2018	FY 2019	FY 2020
National 80th Percentile	13.5%	13.9%	13.4%
Jurisdiction 80th Percentile	16.2%	17.8%	16.5%
State 80th Percentile	24.1%	28.8%	29.8%

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.



Target Area Report – Long LOS

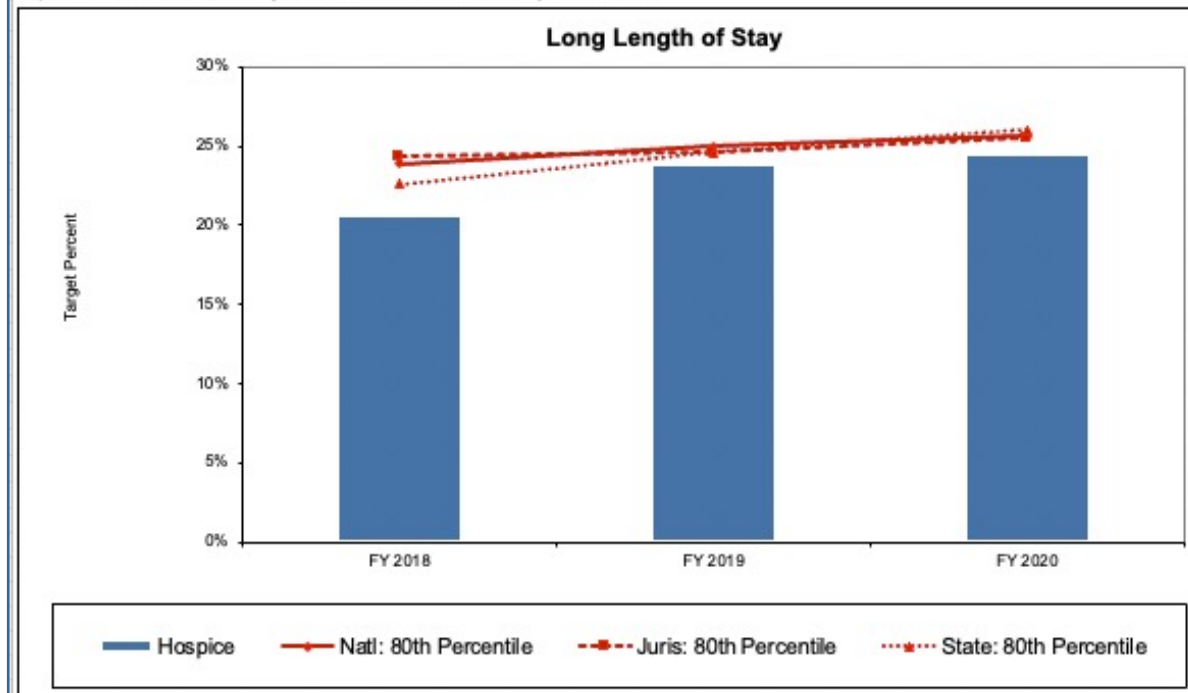
YOUR HOSPICE	FY 2018	FY 2019	FY 2020
Outlier Status	Not an outlier	Not an outlier	Not an outlier
Target Area Percent	20.7%	23.8%	24.5%
Target Count	66	67	56
Denominator Count	319	281	229
Target (Numerator) Average Length of Stay	456.7	505.9	608.2
Denominator Average Length of Stay	125.0	151.4	175.8
Target (Numerator) Average Payment	\$59,221	\$65,901	\$80,629
Target (Numerator) Sum of Payments	\$3,908,603	\$4,415,355	\$4,515,242

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

Table 10 Comparative Data for Long Length of Stay

COMPARATIVE DATA	FY 2018	FY 2019	FY 2020
National 80th Percentile	23.9%	25.0%	25.6%
Jurisdiction 80th Percentile	24.4%	24.6%	25.5%
State 80th Percentile	22.6%	24.6%	26.0%

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.



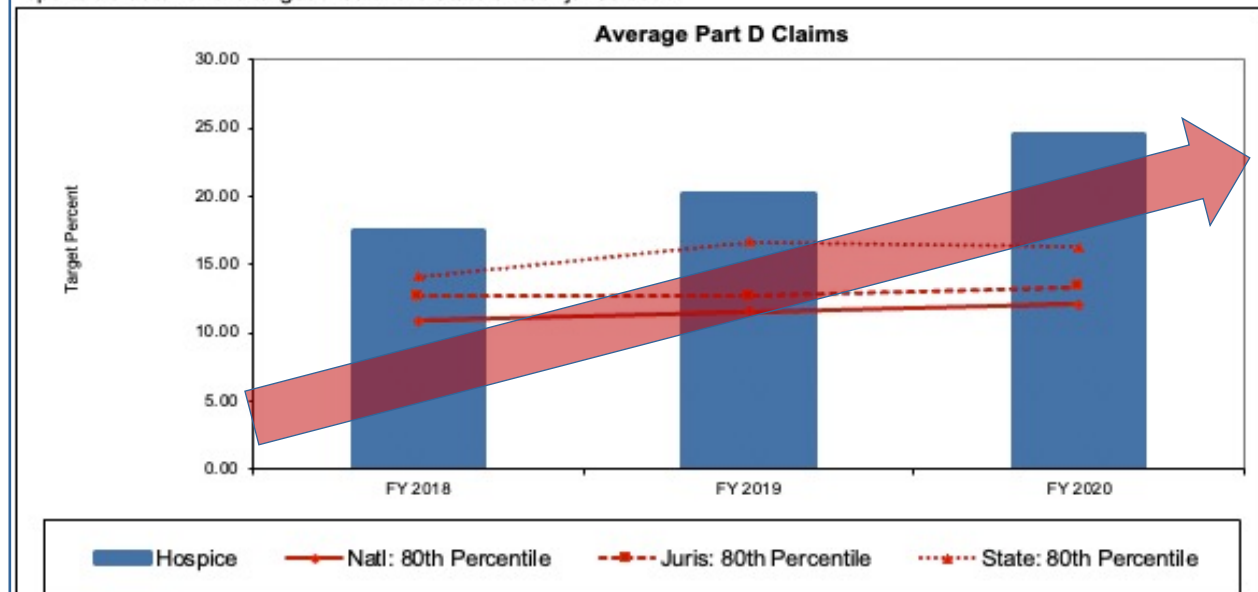
Target Area Report – Average Part D Claims (NEW FY2020)

YOUR HOSPICE	FY 2018	FY 2019	FY 2020
Outlier Status	High Outlier	High Outlier	High Outlier
Target Area Rate	17.50	20.28	24.52
Target Count	5,371	5,395	5,320
Denominator Count	307	266	217
Target (Numerator) Average Length of Stay	171.9	205.2	263.2
Denominator Average Length of Stay	129.8	159.9	185.5
Target (Numerator) Average Payment	Not Calculated	Not Calculated	Not Calculated
Target (Numerator) Sum of Payments	Not Calculated	Not Calculated	Not Calculated

No data: Target or Denominator count is less than 11 and is suppressed due to confidentiality requirements.
Table 26 Comparative Data for Average Part D Claims

COMPARATIVE DATA	FY 2018	FY 2019	FY 2020
National 80th Percentile	10.88	11.54	12.10
Jurisdiction 80th Percentile	12.65	12.65	13.39
State 80th Percentile	14.13	16.67	16.32

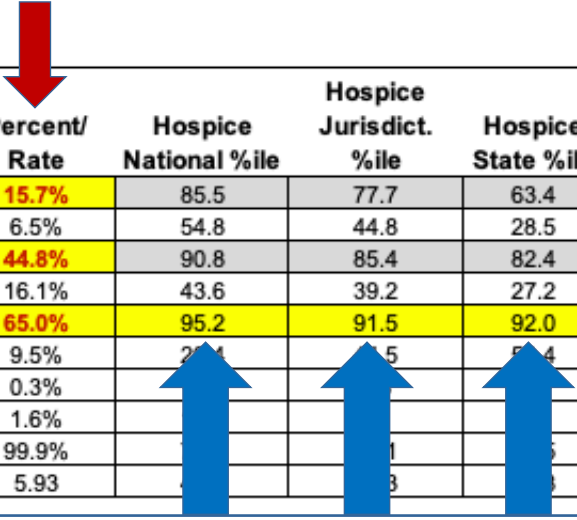
Note: State and/or jurisdiction percentiles are zero if there are fewer than 11 providers with reportable data for the target area in the state and/or jurisdiction.



Compare Report Example





The Compare Targets Report displays statistics for target areas that have reportable data (11+ target discharges) in the most recent time period. Percentiles indicate how a hospice's target area percent compares to the target percents for all hospices in the respective comparison group. For example, if a hospice's jurisdiction (see below) is 80.0, 80% of the hospices in the Medicare Administrative Contractor (MAC) comparison group have a lower percent value than that hospice. The hospice's state percentile (if displayed) and the hospice national percentile values should be interpreted in the same manner. Percentiles at or above the 80th percentile for any target areas or at or below the 20th percentile for coding-focused target areas indicate that the hospice may be at a higher risk for improper Medicare payments (outlier status). The greater the percent value, particularly the national and/or jurisdiction percentile, the greater the consideration should be given to that target area.

Table 2 Compare Targets Report







Target	Number of Target Dischs	Percent/Rate	Hospice National %ile	Hospice Jurisdict. %ile	Hospice State %ile	Sum of Payments
Live Discharges Not Terminally Ill	187	15.7%	85.5	77.7	63.4	\$9,052,282
Live Discharges Revocations	78	6.5%	54.8	44.8	28.5	\$1,892,756
Live Discharges LOS 61-179	130	44.8%	90.8	85.4	82.4	\$4,514,021
Long LOS	192	16.1%	43.6	39.2	27.2	\$15,489,964
Routine Home Care in Assisted Living Facility	76,734	65.0%	95.2	91.5	92.0	Not Calculated
Routine Home Care in Nursing Facility	11,259	9.5%	20.4	15	5.4	Not Calculated
Routine Home Care in Skilled Nursing Facility	379	0.3%				Not Calculated
Claims w/ Single Diagnosis Coded	82	1.6%				Not Calculated
No GIP or CHC	1,190	99.9%		1	6	\$29,425,567
Average Part D Claims	6,794	5.93		3	3	Not Calculated

Top Terminal Diagnoses – Provider Most Recent Fiscal Year

Clinical Classification Software (CCS) Diagnosis Category	Total Decedents for Each Category	Proportion of Decedents for Each Category to Total Decedents	Hospice Average Length of Stay for Category
Dementia 	47	20.3%	 219.6
Circulatory or heart disease	42	18.1%	81.4
Stroke	30	12.9%	164.7
Cancer 	29	12.5%	29.7
Respiratory disease	26	11.2%	 175.7
Top Terminal CCS Categories	174	75.0%	138.6
All CCS Categories	232	100.0%	132.3








Top Terminal Diagnosis – MAC Compare

Most Recent Fiscal Year

Clinical Classification Software (CCS) Diagnosis Category	Total Decedents for Each Category	Proportion of Decedents for Each Category to Total Decedents	Jurisdct. Average Length of Stay for Category	National Average Length of Stay for Category
Cancer 	157,200	28.4%	45.5	45.7
Circulatory or heart disease	98,387	17.8%	77.3	74.2
Dementia 	86,149	15.6%	122.7	 111.8
Respiratory disease	65,453	11.8%	66.2	 66.1
Stroke	56,510	10.2%	83.8	76.9
Top CCS Categories Jurisdiction-Wide	463,699	83.9%	74.2	70.6
All CCS Categories Jurisdiction-Wide	552,702	100.0%	71.4	68.1

Live Discharge by Type (Provider)

Three Fiscal Years

Type of Live Discharge	Total Episodes	Proportion of Live Discharge Episodes	Hospice Average Length of Stay
Revocation 	151 	74.8%	 107.0
Beneficiary transfer	39 	19.3%	135.7
No longer terminally ill 	12 	5.9%	 209.1
All Live Discharges	202	33.6%*	118.6




Note: Live discharges are identified as discharges where the patient discharge status code is not equal to 40 (expired at home), 41 (expired in a medical facility), or 42 (expired place unknown). Average length of stay is calculated by dividing the total number of days beneficiaries received services from the hospice by the total number of that type of live discharge.

*Proportion of all episodes ending by death or alive

Note: Categories will display if they had at least 11 episodes in the most recent three fiscal years.

Live Discharge by Type (MAC Compare)

Three Fiscal Years

Type of Live Discharge	Total Episodes	Proportion of Live Discharge Episodes	Jurisdictional Average Length of Stay	National Average Length of Stay
No longer terminally ill 	78,886	42.3%	233.1	 229.8
Revocation 	62,796	33.6%	106.9	111.2
Beneficiary transfer	25,716	13.8%	125.5	134.9
Moved out of service area	15,957	8.5%	107.9	116.1
Discharged for cause	3,345	1.8%	169.3	159.5
All Live Discharges Jurisdiction-Wide	186,700	15.7%*	164.0	167.3

Note: Live discharges are identified as discharges where the patient discharge status code is not equal to 40 (expired at home), 41 (expired in a medical facility), or 42 (expired place unknown). Average length of stay is calculated by dividing the total number of days beneficiaries received services from the hospice by the total number of that type of live discharge.

*Proportion of all episodes ending by death or alive

Utilizing PEPPER Data to Mitigate Risk

PEPPER
The Hot Report
You're Not Using

PEPPER and Hospice Liability

Access to your Hospice's
PEPPER means...



The hospice either knew or should
have known of its potentially improper
payment issues!

PEPPER and Next Steps

- If your hospice has not been retrieving its yearly PEPPER:
 - Retrieve the FY2020 PEPPER right away!
 - Define, in writing, your hospice's annual PEPPER retrieval plan for the future, including:
 - Calendar reminder for yearly retrieval (April)
 - Person(s) to retrieve
 - Distribution of PEPPER to hospice leaders
 - Distribution of PEPPER to Governing Board
 - PEPPER Review/Analysis Plan

PEPPER and Next Steps, cont'd

- If your hospice retrieves its yearly PEPPER, assess the following:
 - Any knowledge gaps related to interpreting PEPPER and/or knowing what to do with it?
 - Is your hospice's annual PEPPER retrieval plan captured in writing to include:
 - Calendar reminder for yearly retrieval (April)
 - Person(s) to retrieve
 - Distribution of PEPPER to hospice leaders
 - Distribution of PEPPER to Governing Board
 - PEPPER Review/Analysis Plan

PEPPER Analysis

- Weatherbee encourages clients to establish a PEPPER Review/Analysis committee that includes the following:
 - Executive leadership team members, including:
 - ✓ CEO / Executive Director
 - ✓ Compliance Officer
 - ✓ Medical Director
 - ✓ CFO
 - ✓ Chief Nursing Officer
 - ✓ Sales/Marketing Director
 - Governing Board member(s)
 - Outside expert (if needed)

PEPPER Analysis

Note: The biggest mistake hospice providers make with PEPPER is looking for the presence of that **bold red** font or “High Outlier” (new for FY2019); if it doesn’t exist, the PEPPER Analysis is complete! Easy peasy, right? 😊

- PEPPER is a one-stop-shop for the most comprehensive payment-related risk-mitigation data. Think of PEPPER as a State of the Union report for your Hospice!
- **PEPPER Problems = Upcoming Audits!**

PEPPER Review Process

1. Definitions refresh (every year!)
2. Review and take detailed notes for each of the 12 Target Area Reports and other data:
 - Target Area Percent, Target Count (numerator and denominator)
 - Length of Stay Data (if applicable)
 - Sum of Payment and Average Payment Data (if episodic in nature)
 - Trending (up or down – both matter!)
 - Comparative Data Analysis (state, jurisdiction, national)

PEPPER Review Process, cont'd

3. Review Top Terminal Diagnoses and Jurisdictional Comparative Data
4. Review Hospice Live Discharge by Type and Jurisdictional Comparative Data
5. Once all 12 Target Areas and other data are reviewed, make note of any interrelatedness observations (these will be helpful during the Analysis phase)

Once PEPPER Review is complete, move forward with PEPPER Analysis (next slide)



PEPPER Analysis

1. Identify all PEPPER Problem Areas
2. Rank / Prioritize all PEPPER Problem Areas according to organizational risk. Ranking / Prioritization should focus on the following:
 - High-volume areas (e.g., Top Terminal Diagnoses, Levels of Care by locations, etc.)
 - Problem-prone area (e.g., Live Discharge by Type, Length of Stay)
 - High-dollar errors (e.g., LLOS, GIP, CHC)
 - Interrelatedness of Target Areas and/or other Data (e.g., Top Terminal Diagnoses, Length of Stay, and Sum of Payments)

PEPPER Plan

- Once all PEPPER Problems are ranked / prioritized, Weatherbee recommends creating a “PEPPER Plan” to address and mitigate all areas of concern.
- A PEPPER Plan is exactly like a Plan of Correction, but focuses only on PEPPER:
 - Action Items / Risk Mitigation Needs
 - Interventions
 - Responsible Person(s)
 - Due Date
 - Ongoing Monitoring / Auditing for Remediation
 - Concurrent PEPPER Data Monitoring

Target Areas and Interventions, cont'd

Long Length of Stay

This could indicate that beneficiaries are being enrolled in the Medicare Hospice Benefit who do not meet the hospice eligibility criteria. The hospice should review Medicare hospice eligibility criteria and admissions procedures to ensure that beneficiaries are enrolled in the hospice benefit when they meet eligibility criteria. Medical record documentation should be reviewed for a sample of beneficiaries with long lengths of stay to determine if enrollment in the hospice benefit was appropriate and in accordance with Medicare policy.

Continuous Home Care Provided in an Assisted Living Facility

This could indicate that beneficiaries who reside in an ALF are being enrolled in the Medicare Hospice Benefit when they may not meet hospice eligibility criteria, or that the hospice is providing a higher level of hospice service than is necessary to beneficiaries who reside in an ALF. The hospice should review documentation to ensure that beneficiaries are enrolled in the hospice benefit appropriately, that the level of hospice service is appropriate and in accordance with Medicare policy, and that the number of hours of CHC billed are supported by documentation in the medical record.

Routine Home Care Provided in an Assisted Living Facility

This could indicate that beneficiaries who reside in an ALF are being enrolled in the Medicare Hospice Benefit when they may not meet hospice eligibility criteria. The hospice should review Medicare hospice eligibility criteria and admissions procedures to ensure that beneficiaries are enrolled in the hospice benefit appropriately. Medical record documentation should be reviewed to determine if enrollment in the hospice benefit and services provided are appropriate and in accordance with Medicare policy.

References

- PEPPER Resources:

<https://www.pepperresources.org>

- TMF Health Quality Institute. Program for Evaluating Payment Patterns Electronic Report (PEPPER). *User's Guide 10th Edition*.

https://pepper.cbrpepper.org/Portals/0/Documents/PEPPER/HOSPICE/HospicePEPPERUsersGuide_Edition10_508.pdf

Questions / Answers



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