

Program for Evaluating Payment Patterns Electronic Report (PEPPER) What Does Your PEPPER Reveal?

White Paper
Prepared by Horizon Health Behavioral Health Services



CLINICAL EXCELLENCE IN BEHAVIORAL HEALTH

What is PEPPER?

The Program for Evaluating Payment Patterns Electronic Report (PEPPER) is a comparative analysis that summarizes a provider's Medicare claims data statistics in areas identified as at risk for improper Medicare payments. These reports are developed and distributed by TMF Health Quality Institute under contract with the Centers for Medicare and Medicaid Services (CMS). TMF prepares PEPPERS annually for various provider types, including Inpatient Psychiatric Facilities (IPFs) that are defined as hospital-based inpatient psychiatric units and freestanding inpatient psychiatric facilities reimbursed under the IPF Prospective Payment System (IPF PPS) methodology. As of April 2016, TMF released its sixth round of free, IPF-specific comparative reports for all hospital-based and freestanding IPFs nationwide.

Why Does It Matter to Your Psychiatric Program?

For IPFs, the ultimate goal is to receive accurate and appropriate reimbursement for medically-necessary care provided in the correct setting at the proper level of care. The provision of PEPPER supports CMS program integrity activities toward the Medicare program's determination of accurate reimbursement. While PEPPER does not identify specific improper payments, specific payment errors, or the presence of specific payment errors, CMS will review the results to determine if there is a potential pattern of these types of errors. Documentation and interpretation of PEPPER findings are left to IPFs and CMS. In addition, TMF has included jurisdictional and national data related to principal diagnoses and average lengths of stay that IPFs can effectively use as valuable management tools.

What Are the IPF PEPPER Target Areas?

Each IPF PEPPER contains Medicare statistics from the most recent three Federal fiscal years ending September 30. Within various target areas, an IPF is compared to other IPFs within their state, Medicare Administrative Contractor (MAC) / Fiscal Intermediary (FI) jurisdiction, and nationwide. PEPPER draws attention to any findings that are at or above the 80th percentile or below the 20th percentile when compared to other IPFs.

Target areas are identified as issues that could cause discharges to be at high risk for improper payment due to documentation, billing/coding, and/or medical necessity issues. In general, target areas are constructed as ratios and expressed as percents, with the numerators representing the number of potentially problematic discharges. Within PEPPER, target area findings are displayed in both tabular and graphic form. IPF PEPPER target areas are explained below.

Comorbidities: IPFs potentially receive higher reimbursement based on qualifying secondary medical diagnoses or comorbid conditions. When IPFs have an extremely high or low percentage of patients with qualifying comorbidities, this may be an indication of potential over-coding or under-coding due to issues with clinical documentation or billing/coding department competency.

No Secondary Diagnoses: IPF claims without secondary diagnoses could indicate that comorbid conditions are not being coded. Medical records should be reviewed to ensure that all secondary and/or comorbid conditions are substantiated by documentation and are correctly coded and included on the claim. The use of a physician query may also be used to substantiate a secondary/comorbid condition.

Outliers: IPFs potentially receive additional outlier reimbursement for IPF stays that have extraordinarily high costs or long stays. High percentage of outliers may indicate that IPFs are submitting claims for treatment that is not medically necessary.

3-5 Day Readmissions: If patients are discharged from an IPF and readmitted to the same or another IPF before midnight of the third consecutive day following discharge, the readmission is considered to be an interrupted stay and is treated as one discharge for the purposes of IPF PPS payment. High percentages in this category may indicate that IPFs are discharging patients prematurely or that IPFs are readmitting patients to inappropriately qualify for two separate IPF PPS payments.

30 Day Readmissions: High percentages of patients discharged from an IPF and readmitted to the same or another IPF within 30 days may indicate that IPFs are discharging patients prematurely, potentially indicating incomplete care or discharge planning that was less than adequate.

One-day stays: Multiple occurrences of one-day stays could indicate unnecessary admissions. A sample of claims reflecting one-day stays should be reviewed to determine if the inpatient admission was necessary or if care could have been provided more efficiently in an outpatient setting.

No Ancillary Charges: IPF claims without ancillary charges could indicate that ancillary services are being provided outside of the IPF at a separate cost to the Medicare program. The IPF should review claims that have no ancillary charges submitted. The IPF should ensure that claims include ancillary charges as appropriate.

Will CMS Ignore PEPPER Findings?

Not likely. CMS is focusing upon individual areas that are perceived to be vulnerable to arbitrary increases by IPFs.

Don't Panic

If your IPF is identified as a high or low outlier, it does not necessarily mean that the program has compliance issues. To determine the cause:

- Review sample claims from Federal fiscal year 2015 and earlier using same claims inclusion criteria as PEPPER.
- Review documentation in medical records to see if they appropriately detail the necessity of stays.
- Review claims to determine if they were coded and billed appropriately based on documentation in the medical records.
- Even if your IPF is not deemed a high or low outlier, you will nonetheless want to ensure that the IPF is following best practices in target areas.

The Horizon Solution

Horizon Health Behavioral Health Services is a psychiatric contract management organization with a demonstrated record of assisting hospitals in achieving billing and coding, and clinical compliance within their psychiatric programs. Horizon currently has nearly 100 hospital partners in 35 different states. Our client hospitals also benefit from Horizon's financial and marketing guidance that results in programs with positive fiscal performance that are positioned as leaders in the delivery of behavioral health services in their communities.

Horizon believes that you can learn a lot about a psychiatric program just by reviewing and interpreting its PEPPER findings. Using PEPPER results, Horizon has helped IPFs to identify practice pattern vulnerabilities, billing errors, documentation weaknesses, and process breakdowns within individual facilities. Early identification of these issues helps IPFs ensure that they are reimbursed appropriately for appropriate patient care. To discover more about why PEPPER matters to your program and best practices for documentation, reach out to an organization with a demonstrated record of providing clinically exceptional psychiatric programs.

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