

## MDS Alert

### PEPPER: How To Use Your PEPPER Data To Shield Your SNF From The Feds' Crosshairs

**Find out what COT problems could expose you to MAC or RAC audits.**

Your skilled nursing facility's (SNF's) Program for Evaluating Payment Patterns Electronic Report (PEPPER) provides a unique view at detailed, facility-specific Medicare claims data for target areas. But what does your PEPPER data really mean, and what can you do if your report contains red flags?

In April 2016, the **Centers for Medicare & Medicaid Services (CMS)** released the latest PEPPER, which summarizes statistics for three fiscal years: 2013, 2014, and 2015, according to a recent update by **Kimberly Hrehor** with **TMF Health Quality Institute**, posted on [www.pepperresources.org](http://www.pepperresources.org). The oldest fiscal year rolls off as the new one is added, and statistics for all time periods are refreshed for each PEPPER release.

#### **Know the PEPPER 'Target Areas'**

Although CMS kindly calls them "target areas," they're really the "risk areas" that your PEPPER highlights for each skilled nursing facility (SNF). A target area is one that CMS has identified "as at-risk for improper payments which may be related to coding or billing errors, unnecessary admissions, or improper care," Hrehor noted.

PEPPERs specifically identify whether your percentages in each target area are either in line or outliers with other SNFs. The core target areas for SNFs are:

- Therapy RUGs with High ADLs
- Non-therapy RUGs with High ADLs
- Change of Therapy (COT) Assessment
- Ultra High RUGs
- Therapy RUGs
- 90+ Day Episodes of Care

**Change:** But now, PEPPER has discontinued the use of the Therapy RUGs target area, which simply looks at the percentage of RUG days for Therapy RUGs versus all RUG days, Hrehor reported. The reason this was discontinued was because the vast majority [ 92 percent ] of the RUG days that SNFs billed are for Therapy RUGs.

The Ultra High Therapy RUG will remain in the PEPPER, because this looks at the proportion of Ultra High Therapy RUG days versus all therapy RUG days.

#### **Identify Each Area's Percentile Ranking**

In your PEPPER, you may see percentages for items in black, bold red, and/or green italics. The percentages in black show target areas for which your SNF is not an outlier.

The figures in bold red are those at or above the national 80th percentile for a target area, says **Kris Mastrangelo, OTR/L, LNHA, MBA**, president and CEO of **Harmony Healthcare International Inc.** CMS identifies expenses above the 80th percentile (the 20-percent highest expenses) as outliers, which could suggest over-coding.

If the percent is at or below the national 20th percentile for a target area, this figure is printed in green italics. CMS identifies the bottom 20th percentile (the bottom 20 percent) as outliers that may indicate under-coding and possible evidence of poor quality of care, Mastrangelo notes.

So what should you do if you see lots of figures on your PEPPER that are red bold and/or green italics? Thankfully, you can employ certain interventions:

### **Watch for Over-/Under-Coding ADLs**

If you see any target areas with percentages in bold red (at or above the 80th percentile) for therapy or non-therapy RUGs with high ADLs, this could indicate a risk of potential over-coding of beneficiaries' ADL status, Mastrangelo warns.

But if your percentages are in green italics (at or below the 20th percentile), for therapy or non-therapy RUGs with high ADLs, this could indicate a risk of potential under-coding of residents' ADL status.

**What to do:** For both situations, determine whether the amount of assistance that residents need with ADLs as reported on the MDS is supported by and consistent with the medical record documentation, Mastrangelo advises.

### **COT Problems? You Could Face a MAC or RAC Audit**

For the COT target area that's above the 80th percentile, this could indicate that your SNF is experiencing challenges with delivering services to the resident as anticipated, according to Mastrangelo. You should look into factors that lead to the need for the COT assessment. For instance, can you improve care planning? Are there issues with completing therapy as scheduled?

**Watch out:** If the COT target area is at or below the 20th percentile, however, CMS may think your SNF is using the COT assessment infrequently or not at all, Mastrangelo says. This could cause your SNF to become the target of Medicare Administrative Contractors (MACs) or Recovery Audit Contractors (RACs) for review to establish whether you're completing therapy assessments as required.

### **Ultra High RUGs: Watch for Improper Billing**

Although the Ultra High and Therapy RUGs as well as the 90+ Day Episodes of Care target areas are prime for scrutiny when they appear above the 80th percentile, they aren't applicable for being at or below the 20th percentile.

**Red flag:** If your Ultra High and Therapy RUGs are in bold red, this could indicate that your SNF is improperly billing for therapy services. Determine whether the therapy provided was reasonable and medically necessary, and that the documentation in the medical record supports the amount of therapy reported on the MDS, Mastrangelo recommends.

### **90+ Day LOS Requires Care Plan Review**

And CMS may see the percent for 90+ Day Episodes of Care above the 80th percentile as a sign that your SNF is continuing treatment beyond the point where those services are necessary, Mastrangelo says. You should review the documentation for the beneficiary episodes of care with a length of stay (LOS) of 90+ days to ensure that the continued care is appropriate and that the beneficiaries received a skilled level of care. Review your care plans and discharge plans for appropriateness as well.

**Best bet:** If you see outliers in your PEPPER, don't panic, Hrehor said. Your outlier status doesn't necessarily mean that compliance issues exist. But you still should determine why your percentages are outliers. Figure out whether the statistics reflect your operations, patient population, referral sources, and healthcare environment.

"If you're not feeling quite right about something in your PEPPER, you can sample some records, review the documentation, review the claim to make sure that it was coded and billed properly, and documentation within the medical records supports the treatment that the beneficiary received, and so on," Hrehor recommended. "The most important thing is just to make sure that you're following the best practices, even if you're not an outlier."

**Resource:** For more information on your PEPPER, go to [www.pepperresources.org](http://www.pepperresources.org). For information on the most recent PEPPER update, visit [www.pepperresources.org/Training-Resources/Skilled-Nursing-Facilities/May-2016-Update](http://www.pepperresources.org/Training-Resources/Skilled-Nursing-Facilities/May-2016-Update).