

MDS Alert

Reimbursement: PEPPER Reports: Clear Up Your Confusion Over Percent Vs. Percentile

You don't want to be above the 80th percentile or below the 20th.

If you're a little confused at times as you pour over your skilled nursing facility's (SNF's) Program for Evaluating Payment Patterns Electronic Report (PEPPER), you are certainly not alone. But interpreting your PEPPER report is much easier if you understand the key terms.

"There are two terms at the heart of PEPPER: Percents and Percentiles," said Kimberly Hrehor, MHA, RHIA, CHC, project director at Austin, TX-based TMF Health Quality Institute, in a recent presentation. "It is easy to confuse these terms."

What 'Target Area Percent' Really Means

Percent refers to the "target area percent," which essentially lets you know your facility's billing patterns, Hrehor stated. The target area is the "area identified as potentially at risk for improper Medicare payments."

According to the Middleburg Heights, OH-based Therapy Partners, the Centers for Medicare & Medicaid Services (CMS) identifies six target areas:

1. Therapy RUGs with High ADLs
2. Non-Therapy RUGs with High ADLs
3. Change of Therapy Assessment
4. Ultrahigh Therapy RUGs
5. Therapy RUGs
6. 90+ Day Episode of Care

"Target area percents are calculated by dividing the number of target discharges/episodes of care by the number of denominator discharges/episodes of care for each provider for each time period, then multiplying by 100," Hrehor explained.

Example: Say your numerator count is 20 and your denominator count is 100, Hrehor illustrated. Dividing the numerator by the denominator would give you 0.20. Then you would multiply 0.20 by 100, which would give you the target area percent of 20 percent.

Why Percentiles Are So Important

A "percentile" is the percentage of providers with a lower target area percent, Hrehor explained. "The percentiles give context by helping a provider understand how it compares to other providers."

And to calculate percentiles, you would factor in all providers in a comparison group, such as nationwide, in a certain jurisdiction, or in your state, Hrehor said. "The target area percents are sorted from largest to smallest for each time period."

Example: So if 40 percent of your target area percents were lower than your facility's percent, then your facility would be at the 40th percentile, Hrehor noted.

And if your facility's "percent is at or above the 80th percentile, it is considered an outlier" (at risk for improper billing) and means that 80 percent of providers had a lower percent than your facility, Hrehor explained. If your percent is at or

below the 20th percentile, this is also considered an outlier and means that 20 percent of providers had a lower percent than your facility.

You don't want your facility to have a target area percent at or above the 80th percentile or at or below the 20th percentile, because your SNF will be "identified as at risk for improper Medicare payments," Hrehor warned.

Color coding: Being at or above the national 80th percentile for the target area is signified in red bold print □ this means you're at risk for overbilling Medicare. If your facility is at or below the 20th percentile, this is signified by green italic print and means these areas are at risk for undercoding only.

Put Your SNF's Percentiles into Perspective

"The reports specify that the greater the percentile value, in particular the national and/or jurisdiction percentile, the greater consideration should be given to that target area," explained Sheila Capitosti, VP of clinical and compliance services for Functional Pathways in Knoxville, TN, in a Nov. 12 blog posting.

But all this does not mean that you can rest easy if your facility scores below the 80th percentile. "In today's environment of heightened scrutiny on therapy services, we always must be on guard," Capitosti warned.

So if your facility's statistics are higher or lower than most other SNFs, investigate why, Hrehor urged. You need to consider your patient population and external factors that may impact your percentiles, but you should also review documentation to determine whether it supports the MDS and RUG assignment.

Bottom line: "There is more than one way to look at facility data," Capitosti said. "And the key to supporting therapy RUG utilization lies in the documentation of medical necessity, which should always be considered a key component of a facility's quality assurance and performance improvement program."

Resource: For more information on understanding PEPPER reports, go to www.PEPPERresources.org.