Industry Trends

Quality Departments Improve Care by Supporting the Initiative to Reduce Improper Medicare Payments

Cindy Hunter, MEd CCM HACP CPHQ, Program Specialist II, TMF Health Quality Institute, Austin, TX

Perspective

As a result of federal laws and regulations, healthcare employees are provided annual training on corporate compliance and on fraud, waste, and abuse issues. A primary emphasis has been to promote integrity in all healthcare activities, specifically the provision of care and the reimbursement of care. Maintaining the solvency of the Medicare trust fund for future generations is a high priority. In June 2015, a MedPAC report ("A Data Book") noted that Medicare was the largest healthcare payer in the United States in 2013, with annual expenditures of $551 billion.

Quality improvement/performance improvement (QA/PI) professionals in healthcare organizations play key roles in coordinating federal compliance initiatives, including reviews of the provider-specific report known as the Program for Evaluating Payment Patterns Electronic Report (PEPPER). PEPPER supports the initiative of the Office of the Inspector General (OIG) and Centers for Medicare and Medicaid Services (CMS) to reduce the likelihood of improper Medicare payments, and it also assists organizations with reviewing resource utilization and ensuring the delivery of medically necessary care.

PEPPER

TMF Health Quality Institute has contracted with CMS to develop, produce, and distribute PEPPERs (comparative data reports based on Medicare claims statistics) as free educational
tools. In PEPPER, a provider’s billing statistics in areas that have been identified as at risk for improper Medicare payments (“target areas”) are compared to aggregate statistics for the nation, the Medicare Administrative Contractor’s jurisdiction, and the state. The statistics in PEPPER cannot identify the presence of improper Medicare payments; however, they can help a provider determine when its statistics differ from those of most providers.

PEPPERs are available to short-term and long-term acute care hospitals, critical access hospitals, inpatient psychiatric facilities, inpatient rehabilitation facilities, partial hospitalization programs, skilled nursing facilities, hospices, and home health agencies. Each type of PEPPER includes comparative statistics, with the target areas customized for each provider type.

PEPPER facilitates the use of trended data in decision making and in quality improvement efforts. Committee review of the data is essential, as well as the results of any case-specific audits.

**How Is PEPPER Used?**

PEPPER assists organizations with focused reviews on key target areas based on CMS and OIG (national) priorities. PEPPER summarizes 3 years of claims data statistics. A compliance committee or PI team that reviews PEPPER may include staff from QA/PI, health information management and coding, utilization review, finance, administration, and the medical staff. A review of aggregate data might indicate target areas in which the organization differs from the norm.

Review of PEPPER statistics may prompt a provider to conduct focused audits of medical records. The goal of the review is to ensure that the patient’s condition was documented clearly in the medical record, that the patient care delivered was necessary, and that the diagnoses, procedures, and services were correctly documented and billed.

**Target Area Example**

PEPPER presents statistics in both tabular and graphical formats. Below is a sample graph for the “Septicemia” target area, found in the PEPPER for short-term acute care hospitals. This target area can help the hospital evaluate whether it is an outlier in terms of the percent of patients with septicemia or severe sepsis.
In this example, the organization was at or above the 80th percentile for all comparison groups in several of the less recent time periods, with the target area percent decreasing somewhat over several quarters. The hospital may wish to review a sample of medical records for the diagnosis-related groups related to septicemia or severe sepsis to determine whether the documentation supports the principal diagnosis.

**Provider Survey Results**

TMF employs a feedback form to gather feedback and input from organizations on how they use the PEPPER. More than 88% of respondents indicate that PEPPER is “very helpful” or “somewhat helpful.” Furthermore, providers indicate they use PEPPER to support a variety of internal activities:

- 71% indicate that PEPPER assists in guiding auditing processes.
- 45% indicate that PEPPER assists facilities in improving the quality of clinical documentation.
- 47% indicate that PEPPER assists facilities in reviewing their coding processes.
- 31% indicate that PEPPER assists facilities in assessing case management procedures.
- 33% indicate that PEPPER assists in educating staff about coding guidelines.
- 35% utilize PEPPER to support education of medical staff.
- 27% utilize PEPPER to assess previous efforts to change billing patterns.

**Resources**

PEPPERS are distributed through two processes, depending on whether an organization has access to QualityNet. Providers that do not have access to QualityNet obtain their PEPPER via the PEPPER Resources Portal. The [PEPPERresources.org](http://PEPPERresources.org) website includes information to help providers access their PEPPER, as well as recorded PEPPER training sessions (webinars), PEPPER users’ guides, and sample reports. Users may submit questions about accessing or utilizing PEPPER through the Help Desk.
QA/PI professionals who are interested in fraud, waste, and abuse issues should review the OIG Annual Work Plans. QA/PI professionals who are interested in legislative priorities concerning Medicare should review the MedPAC website and the Federal Register for pertinent rules and regulations.

**The Future**

QA/PI professionals’ roles encompass elements of quality improvement, risk management, and compliance. QA/PI professionals are employed in a variety of healthcare settings and have well-rounded knowledge about healthcare regulations. Because of their versatility and ability to lead teams, they are increasingly called upon to review PEPPERs and to coordinate compliance efforts that support the OIG and CMS initiative to reduce the likelihood of improper Medicare payments.