Using Data Analysis in Your Compliance Program

HCCA Philadelphia
June 1, 2018
Robert F. Bacon, MHA
VP & Billing Compliance Officer

Disclaimer

• Opinions expressed are my own and do not represent any guarantees,
warranties or endorsements by the University of Pennsylvania or its Trustees

Penn Medicine

• Penn Medicine offers comprehensive clinical services throughout the greater Philadelphia region
• Practice Plans
  – Clinical Practices of the University of Pennsylvania
  – Clinical Care Associates
• Hospitals
  – Chester County Hospital
  – Hospital of the University of Pennsylvania (the nation’s first teaching hospital)
  – PENN Presbyterian Medical Center
  – Pennsylvania Hospital (the nation’s first hospital)
  – Lancaster General Health
  – Princeton Health Care System
• Home Care & Hospice Services
  – PENN Care at Home / PENN Home Infusion Therapy
  – Wissahickon Hospice
Learning Objectives

- Identify industry benchmarking tools
  - Publicly available data
  - Entity specific
  - MedPar
- Utilize data analytics & data sources to identify risk areas & manage scarce resources

Partial Listing of Benchmarking Data

- American Hospital Directory (ahd.com)
- Inpatient and outpatient hospital statistics
- Program for Evaluating Payment Patterns Electronic Report (PEPPER)
- MGMA productivity analysis
- Vizient – AAMC Faculty Practice Solutions Center (FPSC)

American Hospital Directory (ahd.com)

- Readily available public information
- Data includes but not limited to:
  - Total patient revenue, discharges & patient days
  - Number of Medicare inpatients by specialty with corresponding ALOS & average charges
  - Outpatient utilization statistics with highest paid APCs
PEPPER

- Program for Evaluating Payment Patterns Electronic Report

- Summarizes Medicare claims data statistics in target areas that may be at risk for improper Medicare payments
- Compares hospitals claims data statistics
  - Aggregate data for the nation, MAC jurisdiction & state
Penn Medicine

PEPPER Distribution Dates

<table>
<thead>
<tr>
<th>Provider Type</th>
<th>Distribution Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Acute Care Hospitals</td>
<td>Quarterly 12/4/17, 3/6/18, 6/4/18, 8/31/18</td>
</tr>
<tr>
<td>Critical Access Hospitals</td>
<td>Annually 4/13/18</td>
</tr>
<tr>
<td>Home Health Agencies</td>
<td>Annually 7/16/18</td>
</tr>
<tr>
<td>Hospices</td>
<td>Annually 4/16/18</td>
</tr>
<tr>
<td>Inpatient Psychiatric Facilities</td>
<td>Annually 4/13/18</td>
</tr>
<tr>
<td>Inpatient Rehabilitation Facilities</td>
<td>Annually 4/16/18</td>
</tr>
<tr>
<td>Long-term Acute Care Hospitals</td>
<td>Annually 4/16/18</td>
</tr>
<tr>
<td>Partial Hospitalization Programs</td>
<td>Annually 7/16/18</td>
</tr>
<tr>
<td>Skilled Nursing Facilities</td>
<td>Annually 4/16/18/18</td>
</tr>
</tbody>
</table>

Identify Coding Pattern

- Educational tool intended to assist providers to assess risk for improper Medicare payments
- Support auditing and monitoring activities
- Support CDI initiatives
PEPPER Data

- Paid Medicare claims (UB-04)
- Summarizes data for 12 quarters according to the discharge date on the claim
- **Federal** fiscal year
  - Q1 = October 1 to December 31
  - Q2 = January 1 to March 31
  - Q3 = April 1 to June 30
  - Q4 = July 1 to September 30
- Distributed quarterly for acute hospitals

---

Due to CMS data restrictions PEPPER will not display statistics when the numerator or denominator count is less than 11 for a target area in any time period.

---

What is PEPPER?
- Excel workbook containing providers Medicare claims data statistics for **Target Areas** identified as at risk for payment errors
- Compares providers data with aggregate data to identify targeted outlier(s)
- Provides providers with tool to proactively identify & prevent payment errors
• Providers are compared in three groups:
  – State
  – MAC jurisdiction
  – National
• Outliers are identified compared to jurisdiction
• Outlier limits
  – Upper boundary set at 80th percentile for all target areas
  – Coding focus targets lower boundary set at 20th percentile
    • Admission-focused target areas do not have a lower boundary as this does not indicate potential problems related to admission necessity

PEPPER provides national, state and MAC jurisdiction comparisons

Core Reports
• Identify high risk areas based upon outlier status
  – Compare
  – Outlier Rank
• Prioritize areas for review
• Note from the trenches: government audits likely in all areas of PEPPER regardless of outlier status
Penn Medicine

Hospital Admission-focused Target Areas
- Transient Ischemic Attack
- Defibrillator implant
- PTCA with Stent
- Medical back problems
- 30-day readmissions to the same hospital or elsewhere
- One & Two-day stays excluding transfers
- 3 day SNF - qualifying admissions
- 30 day readmission

Penn Medicine

Coding-focused Target Areas:
- Stroke/intracranial hemorrhage
- Respiratory infections
- Simple pneumonia
- Sepsis
- Unrelated OR
- Ventilator support
- Medical MS-DRGs with a CC or MCC

Penn Medicine

How to Prioritize PEPPER Findings
- Start with the Compare Targets Report
- Hospital target area percent compared to other providers’ in the nation, MAC jurisdiction & state
- Identify Outliers
  - Target area percent at or above national 80th percentile
  - At or below the national 20th percentile
PEPPER Adds ED E&M Visits
New target area added with 4Q 2017 (3/18)

- Evaluates percentage of hospital ED E&M visits (CPT codes 99281-99285) that were coded to the highest level (CPT 99285)
- Reports notes in part “Refer to the current CPT coding book and to CPT Assistant, which is the official source for CPT coding guidance.”
- CMS never issued facility fee coding guidelines
- Hospitals required to develop guidelines and present to auditors upon request

Sample PEPPER Report
Penn Medicine

Home Health Care Target Areas

- Average Case Mix
- Average Number of Episodes
- Episodes with 5-6 Visits
- Non-LUPA Payments
- High Therapy Utilization Episodes
- Outlier Payments

Penn Medicine

Home Health Care Retrieval Rates

<table>
<thead>
<tr>
<th>State</th>
<th># PEPPERs Available</th>
<th># PEPPERs Retrieved</th>
<th>Retrieval Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Dakota</td>
<td>30</td>
<td>11</td>
<td>36.67%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>190</td>
<td>43</td>
<td>22.65%</td>
</tr>
<tr>
<td>Montana</td>
<td>27</td>
<td>6</td>
<td>22.22%</td>
</tr>
<tr>
<td>Maryland</td>
<td>51</td>
<td>9</td>
<td>17.65%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>45</td>
<td>6</td>
<td>13.33%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>128</td>
<td>17</td>
<td>13.26%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>73</td>
<td>9</td>
<td>12.33%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>25</td>
<td>3</td>
<td>12.00%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>295</td>
<td>28</td>
<td>9.49%</td>
</tr>
<tr>
<td>Florida</td>
<td>956</td>
<td>89</td>
<td>9.31%</td>
</tr>
</tbody>
</table>

National Retrieval Rate: 6.6%

Penn Medicine

Benchmarking

Community Family Medicine Practice

- Analysis of new patient visits
- Potential implications of risk & practice valuation

Practice Compared to FPSC

- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%
- 0%
Penn Medicine

CMS Improper Payment Report

- Medicare national home health care audit activity

<table>
<thead>
<tr>
<th>Risk Area</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected improper payments</td>
<td>$7.7 billion</td>
</tr>
<tr>
<td>Insufficient documentation</td>
<td>$7.4 billion</td>
</tr>
<tr>
<td>Medical necessity</td>
<td>$200 million</td>
</tr>
<tr>
<td>Projected improper payment rate</td>
<td>42%</td>
</tr>
<tr>
<td>Insufficient documentation</td>
<td>96%</td>
</tr>
<tr>
<td>Medical necessity</td>
<td>2%</td>
</tr>
</tbody>
</table>


Penn Medicine

2016 Improper Payments by State

- For home health and hospice areas only (*Pennsylvania ranks 3rd for improper payment rate*)

<table>
<thead>
<tr>
<th>State</th>
<th>Projected Improper Payments</th>
<th>Improper Payment Rate</th>
<th>Claim Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC</td>
<td>$ 360.2</td>
<td>30%</td>
<td>61</td>
</tr>
<tr>
<td>OK</td>
<td>$ 257.4</td>
<td>32%</td>
<td>46</td>
</tr>
<tr>
<td>LA</td>
<td>$ 547.8</td>
<td>44%</td>
<td>86</td>
</tr>
<tr>
<td>TX</td>
<td>$ 1,662.4</td>
<td>47%</td>
<td>206</td>
</tr>
<tr>
<td>NY</td>
<td>$ 767.0</td>
<td>46%</td>
<td>105</td>
</tr>
<tr>
<td>CA</td>
<td>$ 697.6</td>
<td>47%</td>
<td>76</td>
</tr>
<tr>
<td>VA</td>
<td>$ 332.3</td>
<td>52%</td>
<td>37</td>
</tr>
<tr>
<td>MD</td>
<td>$ 538.2</td>
<td>36%</td>
<td>77</td>
</tr>
<tr>
<td>CO</td>
<td>$ 1,135.3</td>
<td>35%</td>
<td>153</td>
</tr>
<tr>
<td>PA</td>
<td>$ 697.6</td>
<td>47%</td>
<td>76</td>
</tr>
<tr>
<td>WI</td>
<td>$ 234.1</td>
<td>47%</td>
<td>32</td>
</tr>
<tr>
<td>FL</td>
<td>$ 703.0</td>
<td>46%</td>
<td>105</td>
</tr>
<tr>
<td>IL</td>
<td>$ 547.8</td>
<td>44%</td>
<td>86</td>
</tr>
<tr>
<td>MI</td>
<td>$ 224.1</td>
<td>47%</td>
<td>32</td>
</tr>
<tr>
<td>WA</td>
<td>$ 697.6</td>
<td>47%</td>
<td>76</td>
</tr>
<tr>
<td>OH</td>
<td>$ 332.3</td>
<td>52%</td>
<td>37</td>
</tr>
<tr>
<td>IA</td>
<td>$ 538.2</td>
<td>36%</td>
<td>77</td>
</tr>
<tr>
<td>CO</td>
<td>$ 1,135.3</td>
<td>35%</td>
<td>153</td>
</tr>
<tr>
<td>NC</td>
<td>$ 360.2</td>
<td>30%</td>
<td>61</td>
</tr>
</tbody>
</table>

(dollars in millions)

Penn Medicine

Using Benchmark Data

- Share internally with others on your team
  - Compliance, finance, health information management, coding, utilization review, quality improvement, clinical, case management, documentation improvement, administration, etc.
- Look for increases or decreases, identify possible root causes
- Review medical records (if indicated)
Operational Considerations

- What external resources are employed/utilized by your entity?
  - Think about home health care national retrieval rate
- What is the distribution list?
- What committees review reports?
  - Compliance?
  - Utilization review?

Targeted Probe and Educate

- New audit process includes 3 rounds of a prepayment probe review with education
- If there are continued high denials after the first 3 rounds, provider will be referred to CMS
- CMS will determine additional action, which may include:
  - Extrapolation
  - Referral to the Zone Program Integrity Contractor (ZPIC)
  - Referral to the Unified Program Integrity Contractor (UPIC)
  - Referral to the Recovery Auditor (RA)
Summary

• Benchmarking techniques are used by the government and Recovery Audit Contractors
  – Common Work File
• Powerful tool to manage scarce resources concentrating efforts in identified risk areas
• Potential revenue opportunities in addition to risk

Medical Humor

1. The patient lives at home with his mother, father, and pet turtle, who is presently enrolled in a daycare three times a week
2. The lab test indicated abnormal liver function
3. The patient left the hospital feeling much better except for her original complaints
4. I was going to have cosmetic surgery until I noticed that the doctor's office was full of portraits by Picasso

6. The patient's past medical history has been remarkably insignificant with only a 40 pound weight gain in the past three days
7. Patient was seen in consultation by Dr Jones, who felt that we should sit on the abdomen and I agree
8. The skin was moist and dry
8. Healthy appearing, decrepit 69 year old male, mentally alert but forgetful
10. Therapy dogs are now required to write progress notes.