

Program for Evaluating Payment Patterns Electronic Reports (PEPPERS) Have Changed for FY 2008

Effective October 1, 2007, Medicare severity (MS) diagnosis related groups (DRGs) replaced CMS DRGs. The target areas included in PEPPER have been revised to reflect the new MS-DRGs, and, where possible, have been constructed to be analogous with the CMS DRG target areas so that data can be trended over time.

Please note these additional revisions, and refer to the PEPPER User's Guides (available at www.hpmpresources.org in the PEPPER section) for more information:

- The short-term acute care prospective payment system hospital PEPPER (ST PEPPER) readmission target area has been revised
- A new target area (renal failure) has been added to the ST PEPPER
- The long-term prospective payment system hospital (LT PEPPER) short stays target area has been revised

ST PEPPER Changes

The ST PEPPER target areas have been revised as follows:

1. Beginning with fiscal year 2008 data, the target areas reflect the respective Medicare Severity DRGs that were effective October 1, 2007.
2. The "seven-day readmit to same facility or elsewhere" target area in ST PEPPER has been revised to reflect readmissions to the same facility or elsewhere within 30 days. This change is retroactive to all previous fiscal years.
3. A new target area has been added to the ST PEPPER for one-day stays for renal failure. In the FY 2006 national payment error surveillance sample, there were 82 errors for renal failure resulting in a gross error amount of \$327,570. Seventeen of the 60 one-day stay claims for DRG 316 sampled contained errors. The goal of this target area is to reduce unnecessary inpatient admissions for renal dialysis. This target area is defined as follows:

Numerator: count of discharges for MS-DRGs 682 (renal failure with MCC), 683 (renal failure with CC), 684 (renal failure without CC/MCC) with length of stay less than or equal to one day excluding patient status 02 (discharged/transferred to a short-term general hospital for inpatient care), 07 (left against medical advice or discontinued care), or 20 (expired), and excluding one-day stays that have prior observation (revenue code 760 or 762) of greater than 24 hours

Denominator: count of discharges for MS-DRGs 682, 683, 684

LT PEPPER Changes

The LT PEPPER target areas have been revised as follows:

1. Beginning with fiscal year 2008 data, the target areas reflect the respective Medicare Severity DRGs that were effective October 1, 2007.
2. The Short Stay target area in the LT FATHOM area has been revised. MS-DRGs 291 (heart failure and shock with MCC), 292 (heart failure and shock with CC), 293 (heart failure and shock without CC/MCC) have been removed as there was only one admission

denial for CMS DRG 127 (heart failure and shock) in the FY 2006 long term care surveillance sample. MS-DRGs 193 (simple pneumonia and pleurisy with MCC) and 194 (simple pneumonia and pleurisy with CC) have been added to this target area as there were five admission denials with a length of stay less than 26 days for CMS DRG 089 (simple pneumonia and pleurisy age > 17 with CC) in FY 2006. This target area is defined as follows:

Numerator: count of discharges for MS-DRGs 056 (degenerative nervous system disorders with MCC), 057 (degenerative nervous system disorders without MCC), 190 (chronic obstructive pulmonary disease with MCC), 191 (chronic obstructive pulmonary disease with CC), 192 (chronic obstructive pulmonary disease without CC/MCC), 193, 194, 559 (aftercare, musculoskeletal system and connective tissue with MCC), 560 (aftercare, musculoskeletal system and connective tissue with CC), 561 (aftercare, musculoskeletal system and connective tissue without CC/MCC), 945 (rehabilitation with CC/MCC), 946 (rehabilitation without CC/MCC), 949 (aftercare with CC/MCC), 950 (aftercare without CC/MCC) with a length of stay of less than 26 days

Denominator: count of all discharges for MS-DRGs 056, 057, 190, 191, 192, 193, 194, 559, 560, 561, 945, 946, 949, 950