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PEPPER Adds ED Evaluation and Management Services March 6; CPT 99285 Is the Focus

By Nina Youngstrom

On March 6, short-term acute-care hospitals will find out whether CMS data shows they are outliers in their billing for resource use in the emergency department (ED) in either direction—upcoding or downcoding.

The Program for Evaluating Payment Patterns Electronic Report (PEPPER), which is a free comparative report on billing rates in certain medical necessity and coding target areas, has added one for ED evaluation and management (E/M) visits (RMC 12/11/17, p. 3)—and it will be in the next release. The compliance monitoring data is for hospital facility fees, which is tricky because there are no CMS-approved standards for selecting ED facility E/M levels of service. CMS instructed hospitals in 2000 to develop their own coding systems, and as long as hospitals apply them consistently, they should be safe. But the audits have come and gone, and now ED E/M visits are facing Targeted Probe and Educate (TPE), CMS's medical review strategy (RMC 11/20/17, p. 1).

Kim Hrehor, project director of the TMF Health Quality Institute, which generates PEPPERs for CMS, says the E/M program integrity high beams have mostly been aimed at physicians, and adding ED E/Ms to PEPPER is a good way to bring more attention to the hospital side. She says the data bear her out.

"When we looked at the data at the hospital level, we saw a wide distribution of utilization for the highest level code. The distribution was skewed to the right, with a long tail at the high end," she tells *RMC*. "This can be a concern for hospitals as well, and there is an opportunity for upcoding and undercoding."

PEPPERs are provided quarterly to all short-term acute-care hospitals and annually to other entities, including critical-care hospitals. The data is specific to each hospital, comparing the hospital's billing statistics for target areas to other hospitals in the nation, Medicare administrative contractor (MAC) jurisdiction and state. It's a red flag when a hospital's billing in a risk area is at or above the 80th national percentile, which means it bills a higher percentage for that target area than 80% of all hospitals nationally. That doesn't necessarily mean there was an error, but it's up to the hospitals to determine whether there's a compliance issue or some reasonable explanation. The purpose of PEPPERs is to help hospitals point their compliance monitoring in more productive directions. Because the ED E/M target area is a coding issue, a hospital would also be identified as a low outlier if they are at or below the 20th percentile.