



# Payment Error Rate Measurement (PERM)



*PERM Overview for Providers*

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## ***PERM Overview for Medicaid and Children's Health Insurance Program (CHIP) Providers***

- **Provider Education**

The PERM program is designed to measure improper payments in the Medicaid and CHIP programs. During each PERM Cycle, CMS hosts multiple provider education sessions which are presented on webinar/conference call platforms.

- **Purpose**

The purpose is to provide opportunities for the providers of the Medicaid and Children's Health Insurance Program (CHIP) communities to enhance their understanding of specific Provider responsibilities during the PERM.

You will have the opportunity to ask questions live during the Q&A portion of the conference calls, via the webinar, and through the dedicated PERM Provider email address at; [PERMProviders@cms.hhs.gov](mailto:PERMProviders@cms.hhs.gov) .

# ***PERM Background***

The Improper Payments Information Act (IPIA) of 2002, amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires the heads of federal agencies to annually review programs that they administer to...

# *PERM Background*

- Conduct annual reviews of programs they administer
- identify those that may be susceptible to significant improper payments,
- estimate the amount of improper payments,
- submit those estimates to Congress, and
- submit a report on actions the agency is taking to reduce the improper payments.

# ***PERM Background continued;***

The Office of Management and Budget (OMB) has identified Medicaid and the Children's Health Insurance Program (CHIP) as programs at risk for significant improper payments. As a result, CMS developed the Payment Error Rate Measurement (PERM) program to comply with the IPIA , IPERA, IPERIA and related guidance issued by OMB.

The PERM program measures improper payments in Medicaid and CHIP and produces error rates for each program. The error rates are based on reviews of the fee-for-service (FFS), managed care, and eligibility components of Medicaid and CHIP in the fiscal year (FY) under review. It is important to note that the error rate is not a “fraud rate” but simply a measurement of payments made that did not meet statutory, regulatory or administrative requirements. CMS and HHS report improper payments annually in the Agency Financial Report (AFR) <http://www.hhs.gov/afr/>.

# *How is the PERM performed?*

CMS uses a 17-state rotation for PERM. Each state is reviewed once every three years.

The measurement cycles are:

- **Cycle 1** - Arkansas, Connecticut, Delaware, Idaho, Illinois, Kansas, Michigan, Minnesota, Missouri, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Virginia, Wisconsin, Wyoming.
- **Cycle 2** - Alabama, California, Colorado, Georgia, Kentucky, Maryland, Massachusetts, Nebraska, New Hampshire, New Jersey, North Carolina, Rhode Island, South Carolina, Tennessee, Utah, Vermont, West Virginia.
- **Cycle 3** - Alaska, Arizona, District of Columbia, Florida, Hawaii, Indiana, Iowa, Louisiana, Maine, Mississippi, Montana, Nevada, New York, Oregon, South Dakota, Texas, Washington.

## ***How is the PERM performed? Continued...***

CMS conducts a medical record review of FFS payments to determine the appropriateness of the payment.

Not every provider will be contacted to provide medical documentation; only those providers that provided services for the random sample of FFS claims selected.

Medical records are requested from the provider by the PERM Review Contractor for all fee for service claims in the sample.

A+ Government Solutions is the PERM Review Contractor.

# ***The Medical Record/Documentation Requests***

- Customer Service Representatives (CSRs) will call all providers in the sample to explain the purpose of the call, the authority for CMS to collect medical records for audit purposes, and identify the appropriate point of contact for each provider.
- CSRs will identify which patient's record is needed for review for a specific date of service that matches the provider's claim.
- After confirming that the correct provider has been reached and the location of the medical record needed, a written request will be faxed or mailed to the provider's office.



# ***The Medical Record/Documentation Requests, continued...***

The request will specify the type of documents needed for each claim type and will provide instructions for how to submit records to the PERM Review Contractor by fax (please number pages), mail, a password protected CD , or the electronic submission of Medical Documentation (esMD).

For information about esMD, visit; <http://www.cms.gov/esMD/>

## ***Initial Request Letter:***

<http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicaid-and-CHIP-Compliance/PERM/Downloads/InitialRequestLetter.pdf>

## ***Claim Category Documentation Guide:***

<http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicaid-and-CHIP-Compliance/PERM/Downloads/2014ClaimCategoryMatrix.pdf>

## *Timeframes (Initial)*

- Medical record requests for the current PERM Cycle begin in October of the fiscal year in review and continue through the middle of the following year (e.g., October, 2014 through July, 2015).
- Providers will have 75 calendar days from the date of the request letter to submit the record.
- During this 75 calendar day period, we will conduct reminder phone calls and send written requests to providers if we have not received your records.
- Once we receive the records, this 75 day timeframe will expire.

## ***Timeframes (Additional information requests)***

- If documentation in the record submitted is insufficient to support the claim, we will request additional documentation before the review is completed. Providers will then have 14 calendar days from the date of the request letter to submit this documentation.
- Your state contact is notified when documentation is submitted or has not been received timely.

# *Importance of submitting complete patient records*

**Errors:** All claims with no documentation or insufficient documentation from the provider will be determined to be paid in error.

**Sanctions:** If a claim is determined an error, State Medicaid Agencies may pursue recovery of payment for this claim.

**Appeals:** The normal state appeal rights apply to each claim.

# *Frequent Mistakes in submitting medical records*

- Not responding within required timeframes
- Submitting records for the wrong patient
- Submitting records for the right patient but for the wrong date of service requested
- Not submitting readable records – e.g., colored backgrounds on faxed documents
- Not copying both sides of two sided pages
- Marking/highlighting, obscures important facts when copied

## ***Importance of provider documentation***

- Accurate PERM measurements cannot be produced without provider cooperation in submitting documentation.
- A correct finding of proper payment cannot be made without the medical record from the provider.
- All records are equally important even those for low dollar claims.

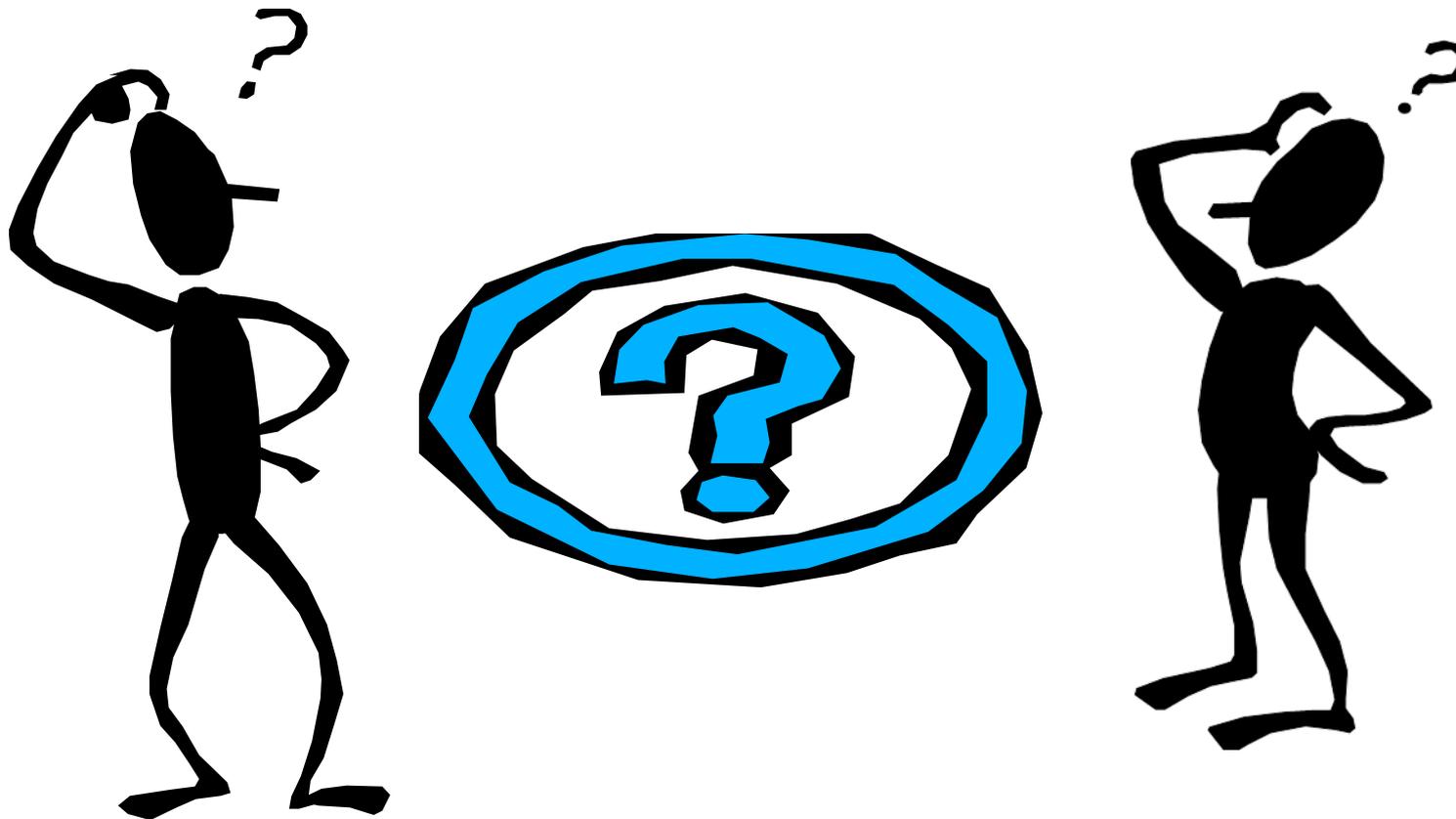
# ***Provider Best Practices***

- Providers should:
- Be knowledgeable about state Medicaid policies for their provider type.
- Monitor their state's Medicaid website for policy updates and maintains documentation required by states' policies.
- Designate a point of contact to handle record requests.
- Make the request a priority and begin to process it when received.
- Read the request thoroughly, paying close attention to the dates of service requested.
- Research thoroughly with appropriate departments if unable to locate recipient or date of service requested.
- Cross reference name changes, including newborns.

## ***Provider Best Practices, continued...***

- Assure that recipient's name on record is the same as on the claim sampled.
- View the record for document/image readability quality and monitor photocopy service turnaround.
- Understand that sending billing information is not sufficient proof that services were provided.
- Understand the importance of submitting records requested no matter how small the amount of the payment.
- Maintain a copy of documentation for services performed elsewhere that supports the claim.
- Understand that if it wasn't documented, it was not done.

# Any Questions



# Contact Information for PERM Providers

## **CMS PERM Website;**

<http://www.cms.gov/PERM>

The “providers” page helps to better understand the PERM process and what you may be required to do during a review. Select “**Providers**” from the menu on the left side of the page.

## **List of PERM State Liaisons**

<http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicaid-and-CHIP-Compliance/PERM/Downloads/CMS12014PERMStateContactList.pdf>

## **PERM Provider Email Address:**

[PERMProviders@cms.hhs.gov](mailto:PERMProviders@cms.hhs.gov)