



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FY 2012 Pennsylvania CHIP
Payment Error Rate Measurement (PERM) Cycle 1 Summary Report

December 20, 2013



Pennsylvania - PERM Findings FY 2012

Data Analysis for CHIP Corrective Action Plan

This report provides an overview of the FY 2012 Payment Error Rate Measurement (PERM) findings at the national level and presents data analyses of payment errors found in the Pennsylvania PERM CHIP sample, including projected dollars in error, to support the State during the corrective action process. The PERM corrective action process supports the identification and implementation of cost-effective approaches to reduce payment errors. PERM identifies and classifies types of errors but States must conduct root cause analysis to identify why the errors occur, a necessary precursor to effective corrective action. Thus, your participation is critical during the corrective action phase of the PERM cycle.

The Centers for Medicare & Medicaid Services (CMS) and its contractors reviewed the CHIP claims for fee-for-service (FFS) and managed care. States reviewed eligibility cases. The first two sections of this report include the estimated national and State error rates based on the results of the reviewed samples. The remaining sections include sample payments in error along with the projected payments in error at the State level broken out by FFS, managed care, and eligibility. For FFS and managed care, we have also included analysis of the Pennsylvania CHIP PERM review from the perspective of the Review Contractor that addresses FFS medical record and data processing errors as well as managed care data processing errors.

A. PERM National CHIP Findings

In FY 2012 the overall national CHIP estimated error rate is **6.8%**. Fifteen States measured had a CHIP FFS program, and 14 had a CHIP managed care program. The review findings include:

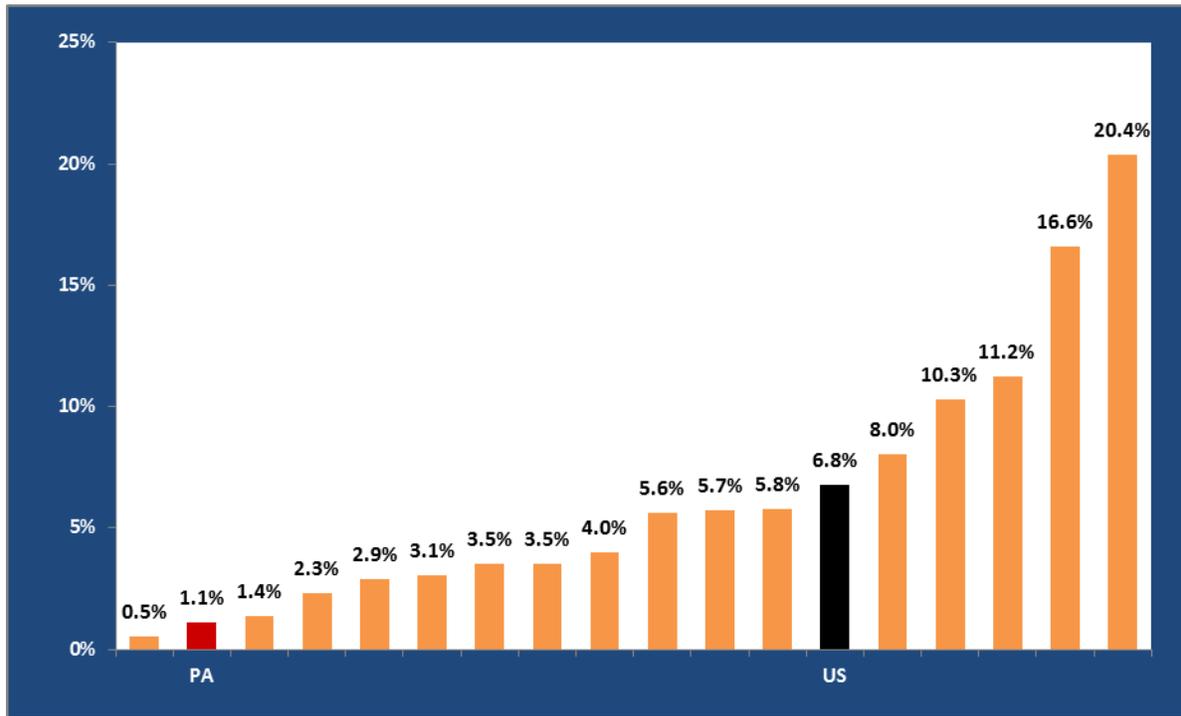
- **The national CHIP FFS estimated error rate is 6.1%.**
 - For CHIP FFS medical record reviews, the largest sources of projected dollars in error are due to Policy Violation and Insufficient Documentation.
 - For CHIP FFS, projections show the most costly errors by service type are for Prescribed Drugs.
 - For CHIP FFS data processing reviews, the largest sources of projected dollars in error are due to Non-covered Service and FFS Claim for Managed Care Service.
- **The national CHIP managed care estimated error rate is 0.5%.**
 - The largest source of projected dollars in error is due to Non-covered Service.
- **The national CHIP eligibility component estimated error rate is 4.4%.**
 - The largest source of projected dollars in error is for Not Eligible.

- The largest source of projected dollars in error by Eligibility Category is Medicaid expansion.
- The largest source of projected dollars in error by Cause of Error is State Procedure: CHIP Case not Properly Screened for Medicaid Eligibility.

B. Pennsylvania’s CHIP Findings

In FY 2012 Pennsylvania’s CHIP estimated error rate is **1.1%**. Figure 1 displays Pennsylvania’s error rate compared to the national and other FY 2012 States’ error rates.

Figure 1: State Error Rate Relative to Other States and the National Error Rate

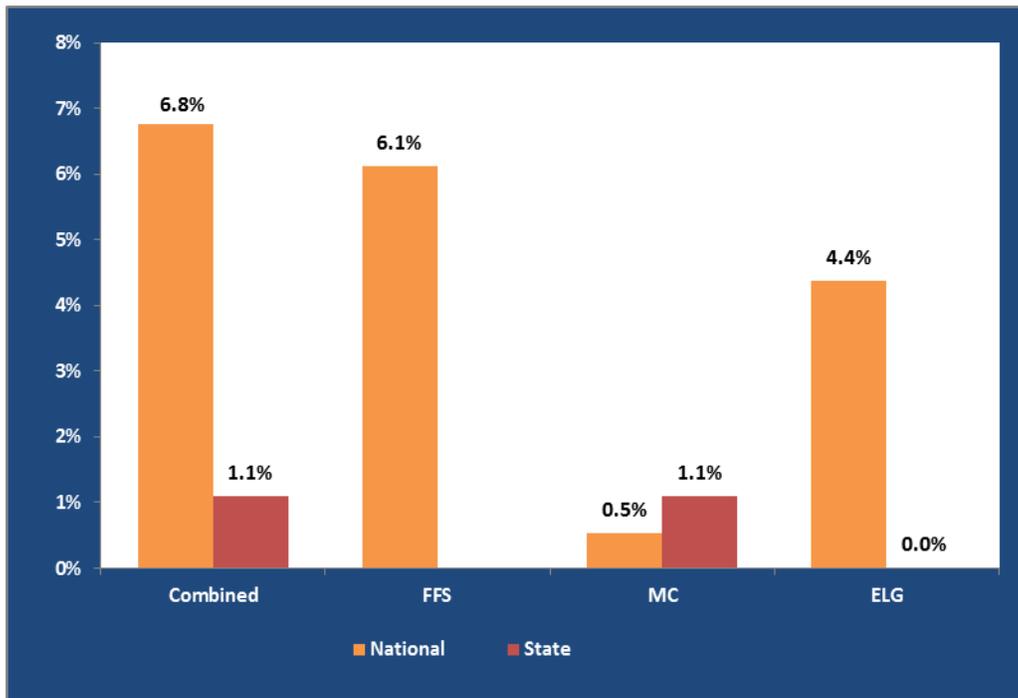


Pennsylvania’s sample review findings include:

- **Pennsylvania’s CHIP managed care estimated error rate is 1.1%.**
 - The sole source of CHIP managed care projected dollars in error is due to Non-covered Service.
- **Pennsylvania’s CHIP eligibility component estimated error rate is 0.0%.**
 - For CHIP eligibility, improper payments were not identified in the sample.

Figure 2 compares the nation and Pennsylvania on the combined error rate and the component error rates.

Figure 2: National and State Combined and Component Error Rates



C. Sample CHIP Findings and Projected Dollars in Error

The analyses in this section are for sample errors and projected dollars in error. The sample dollars in error are the improper payments found through data processing and medical record review for the PERM claims component. Only FFS claims are eligible for medical record review. Also included in the findings are the sample dollars in error found through the State-conducted PERM eligibility reviews. The projected dollars in error are the claim-weighted error amounts that are used to form the numerators for each State’s component error rates. The weights for each sampled claim are based on the universe size from which the sample was selected (i.e., universe of FFS claims, universe of managed care payments, universe of active eligibility cases, universe of negative eligibility cases). Table 1 summarizes the number of errors and associated dollars for Pennsylvania and nationally by component of PERM. Please note that because each of the component samples is weighted, the proportion of sample dollars in error will be different than the proportion of the projected payments in error.

Table 1: CHIP Program Component by State and National Sample Error Payments

CHIP Program Component	State				National			
	Sample # of Errors	Sample Dollars in Error	Projected Dollars in Error	% of Total Projected Dollars in Error	Sample # of Errors	Sample Dollars in Error	Projected Dollars in Error (\$Millions)	% of Total Projected Dollars in Error
CHIP FFS	N/A	N/A	N/A	N/A	417	\$176,764	\$280	31.4%
CHIP Managed Care	3	\$559	\$4,582,412	100.0%	8	\$2,864	\$44	5.0%
CHIP Eligibility	0	\$0	\$0	0.0%	560	\$63,913	\$566	63.6%

Table 2 compares Pennsylvania’s number of errors, sample dollars in error, and projected dollars in error to those found in the 17 Cycle 1 States by error type for FFS, managed care, and eligibility.

Table 2: National and State Number of Errors and Dollars in Error by Type of Error

	Number of Errors in Sample		Sample Dollars in Error		Projected Dollars in Error	
	State	National	State	National	State	National (\$Millions)
Medical Review Errors						
Policy Violation	0	76	\$0	\$13,466	\$0	\$142
Insufficient Documentation	0	96	\$0	\$7,237	\$0	\$55
Admin/Other	0	19	\$0	\$1,325	\$0	\$12
Diagnosis Coding Error	0	7	\$0	\$30,959	\$0	\$11
Number of Unit(s) Error	0	14	\$0	\$6,313	\$0	\$6
Procedure Coding Error	0	17	\$0	\$693	\$0	\$6
No Documentation	0	19	\$0	\$2,989	\$0	\$3
Medically Unnecessary	0	0	\$0	\$0	\$0	\$0
Unbundling	0	0	\$0	\$0	\$0	\$0
Total	0	248	\$0	\$62,982	\$0	\$235
Data Processing Errors						
Non-covered Service	3	58	\$559	\$25,059	\$4,582,412	\$73
FFS Claim for Managed Care Service	0	21	\$0	\$74,318	\$0	\$26
Third-party Liability	0	14	\$0	\$1,261	\$0	\$1
Logic Edit	0	17	\$0	\$753	\$0	\$1
Pricing Error	0	73	\$0	\$14,281	\$0	\$0
Duplicate Item	0	4	\$0	\$1,440	\$0	\$0
Managed Care Payment Error	0	1	\$0	\$14	\$0	\$0
Admin/Other	0	0	\$0	\$0	\$0	\$0

Pennsylvania - PERM CHIP FY 2012 Findings

	Number of Errors in Sample		Sample Dollars in Error		Projected Dollars in Error	
	State	National	State	National	State	National (\$Millions)
Data Entry Error	0	0	\$0	\$0	\$0	\$0
Rate Cell Error	0	0	\$0	\$0	\$0	\$0
Total	3	188	\$559	\$117,125	\$4,582,412	\$100
Deficiencies						
Data Processing Deficiencies	0	34	N/A	N/A	N/A	N/A
Medical Review Deficiencies	0	33	N/A	N/A	N/A	N/A
Total	0	67	N/A	N/A	N/A	N/A
Eligibility Errors (Active Cases)						
Not Eligible	0	401	\$0	\$53,142	\$0	\$528
Undetermined	0	67	\$0	\$7,546	\$0	\$18
Liability Understated	0	59	\$0	\$1,877	\$0	\$14
Eligible with Ineligible Services	0	8	\$0	\$742	\$0	\$3
Liability Overstated	0	20	\$0	\$449	\$0	\$2
Managed Care Error, Eligible for Managed Care but Improperly Enrolled	0	5	\$0	\$157	\$0	\$1
Managed Care Error, Ineligible for Managed Care	0	0	\$0	\$0	\$0	\$0
Total	0	560	\$0	\$63,913	\$0	\$566
Eligibility Errors (Negative Cases)						
Improper Termination	0	76	N/A	N/A	N/A	N/A
Improper Denial	0	49	N/A	N/A	N/A	N/A
Total	0	125	N/A	N/A	N/A	N/A

CHIP FFS Data Analyses

There is no FFS program in Pennsylvania.

CHIP Managed Care Data Analyses

Table 3 shows the number of CHIP managed care errors and dollars in error by overpayments, underpayments, and percentage of total managed care errors. The projected dollars in error can be attributed to Non-covered Service.

Table 3: CHIP Managed Care Data Processing Review Error Type by Overpayments, Underpayments, and Percentage of Data Processing Errors

Error Type	Overpayments			Underpayments			Percentage of Total FFS Data Processing Review Errors		
	# of Errors	Sample Dollars in Error	Projected Dollars in Error	# of Errors	Sample Dollars in Error	Projected Dollars in Error	% of Total # of Errors	% of Total Sample Dollars in Error	% of Total Projected Dollars in Error
Non-covered Service	3	\$559	\$4,582,412	0	\$0	\$0	100.0%	100.0%	100.0%
Total	3	\$559	\$4,582,412	0	\$0	\$0	100.0%	100.0%	100.0%

CHIP Managed Care Data Processing Error and Trends by Error Type

Common Causes Identified:

Non-covered Service

- Recipient not eligible for applicable program on date of service

There are three managed care data processing review errors with one trend to report:

- 1) There are three overpayment errors totaling \$559 for non-covered services. CHIP capitation payments were made after the recipients were found to be Medicaid eligible. Per federal regulation, Medicaid eligible children may not be eligible for CHIP during the same period of time.

CHIP Eligibility Data Analyses

There were no active case or negative case errors found in the sample, therefore there is no data analysis.

D. Deficiencies

Deficiencies are identified when there is a discrepancy found in either the review of the claim or review of the medical record, but the discrepancy does not result in a payment error.

There were no deficiencies identified for the State of Pennsylvania.

E. Types of Payment Errors

The PERM Final Rule allows for classifying data processing errors and eligibility review errors as State errors and medical review errors as provider errors. This section analyzes Pennsylvania payment errors for FY 2012 in light of this classification. Table 4 shows how the errors aggregate into these two types of payment errors.

Table 4: CHIP Types of Payment Errors

Error Type	State or Provider Error	# of Errors	% of Total # of Errors	Sample Amount in Error	% of Sample Dollars in Error	Projected Dollars in Error	% of Projected Dollars in Error
Data Processing Errors	State	3	100.0%	\$559	100.0%	\$4,582,412	100.0%

Since Pennsylvania does not have medical review errors, all errors are classified as State errors.

F. Recoveries

When a sampled unit is identified as an overpayment error, CMS recovers funds from the State for the federal share. Monthly Final Errors for Recoveries Reports (FEFR) are posted on the designated CMS Review Contractor’s State Medicaid Error Rate Findings (SMERF) website, which lists all claims with an overpayment error and is the official notice sent to the States of recoveries due. Attached to the report notice sent to the States is an official letter of notification from CMS.

States have up to one year from the date of discovery of an overpayment (which is the date of the monthly FEFR report) for Medicaid and CHIP to recover, or to attempt to recover the overpayment before refunding the federal share. There are exceptions, please reference the State Medicaid Directors Letter (SMDL# 10-014) dated July 13, 2010 at www.cms.gov for more details.

CMS PERM Recoveries are being reported to the Department of Health & Human Services and Congress. States must return the federal share for overpayments identified in Medicaid and CHIP FFS and managed care. States can find a comprehensive list of these overpayments in the FY 2012 End of Cycle Final Errors for Recoveries Report.

States are to work with their designated CMS Regional Office PERM Recoveries contact to ensure the appropriate federal share is returned timely. Your CMS Central Office PERM Recoveries contact is Felicia Lane who can be reached at 410-786-5787 or Felicia.Lane@cms.hhs.gov.

G. Next Steps

The corrective action process begins by establishing a corrective action panel consisting of persons within the organization who have decision-making responsibilities that affect policy and procedural change. This panel should review your State’s FY 2012 PERM findings, identify programmatic causes of the errors, determine the root causes for the errors, and develop a corrective action plan to address the major causes of these errors.

The corrective action plan should include an implementation schedule that identifies major tasks required to implement the corrective action, and timelines including target implementation dates

and milestones. Monitoring and evaluation of the corrective action is also essential, to ensure that the corrective action is meeting targets and goals and is achieving the desired results.

Detailed information and instructions for submitting a corrective action plan can be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/PERM/Corrective-Action-Plan-CAP-Process.html>.

CMS appreciates the cooperation extended by Pennsylvania during the FY 2012 measurement and their commitment to safeguarding taxpayers' dollars by ensuring that CHIP services are rendered and reimbursed accurately. CMS looks forward to continuing our partnership with Pennsylvania during the CAP process. Our aim is to work closely with Pennsylvania to ensure timely submission and implementation of your State's corrective action plan. If you have any questions or concerns do not hesitate to contact Wendy Chesser from the PERM CAP Team at 410-786-8519 or Wendy.Chesser@cms.hhs.gov.