
PERM Eligibility Policy Clarification: August 28th, 2011

PERM Eligibility Policy Issue 1:

My State is not stratifying the eligibility active case universe and instead is sampling from an active case universe of all active and negative cases. My reviewers have encountered cases where the last action was more than 12 months prior to the sample month because of an early 12 month redetermination and the verification is also more than 12 months old. The redetermination was timely in accordance with our State policy, but this scenario conflicts with the current eligibility review guidance at **Section 5.1—Review Month** that says that the last action must not be more than 12 months old.

CMS PERM Policy Clarification:

CMS understands that by dropping the stratification requirements, and the decision date vs. effective date rule that was in previous guidance, States may find cases like these. The main objective for CMS is to not only have States review cases consistently, but also in accordance with applicable State policies and procedures for how they administer Medicaid.

With that in mind, please use the **true** Review Month, even if that month is more than 12 months prior to the sample month. This, however, is clearly different from a case that didn't have a timely redetermination. If a case was not redetermined timely and therefore the last action was more than 12 months old, the review month must be the sample month, in accordance with **Section 5.1** of the eligibility review guidance and new PERM verification must be obtained.

PERM Eligibility Policy Issue 2:

The eligibility review guidance at **Section 6.1, Step 3** for conducting **Medicaid and CHIP Payment Reviews** says: *“The payment review may include determining the beneficiary met his/her liability amount or cost of institutional care...”* How would we determine this for nursing home cases?

CMS PERM Policy Clarification:

The PERM reviewer may not have to determine the correct cost share amount for nursing home and institutional care if a review of the case record documentation shows that the Medicaid resident's countable income is calculated correctly. Many States have automatic updates for Cost of Living updates, or COLAs, and as long as the resident's circumstances don't change, the income, and therefore cost share should be correct. Please note that PERM does not require a look behind to determine if the resident **paid** the cost share because it is not the Medicaid agency's responsibility to pay this amount. PERM reviewers should only look to see that the eligibility worker documented all countable income, applied necessary deductions and calculated the correct cost share (liability) amount.