

U.S. House and Senate Notification
Monday, August 23, 2010

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Subject: CMS Releases Guidance on Operational Changes to the Payment Error Rate Measurement (PERM) Program

Friday, August 20, 2010, the Centers for Medicare & Medicaid Services (CMS) released two letters regarding operational changes to the PERM program.

The first letter is a State Health Official (SHO) letter that provides information on an operational change to the PERM program that is being made as a result of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA, P.L. 111-3). Under Section 601 of CHIPRA, States measured for Fiscal Years (FYs) 2007 or 2008 may elect to accept any CHIP PERM error rate determined in whole or in part for the State on the basis of data for the FY for which they were measured (FY 2007 or FY 2008) as their base year, or may elect instead to consider its CHIP PERM measurement conducted for FY 2010 or FY 2011 as the first FY for which PERM applies to the State. Additional detail about implementation of Section 601 of CHIPRA was published in a Final Rule in the *Federal Register* on August 11, 2010 (75 FR 48816). The regulation can be accessed at: <http://www.gpo.gov/fdsys/pkg/FR-2010-08-11/pdf/2010-18582.pdf>

The second letter is a State Medicaid Director (SMD) letter that provides operational guidance addressing two of five findings from the Department of Health and Human Services Office of the Inspector General (OIG) Medicaid PERM audits for FYs 2006 and 2007. The two audit findings from OIG address: (1) information security requirements; and (2) re-pricing claims. The letter also provides guidance regarding a third finding related to reconciliation of State universe data to CMS' financial report. This reconciliation process is also addressed in the PERM final regulation.

All SHO letter may be found on the CMS website at <http://www.cms.gov/SMDL/SHO/list.asp#TopOfPage>

All SMD letter may be found on the CMS website at <http://www.cms.gov/SMDL/SMD/list.asp>.

If you have questions about this notification, please contact the CMS Office of Legislation. Thank you.