

U.S. House and Senate Notification
Tuesday, August 10, 2010

To: Congressional Health Staff

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

Subject: CMS Issues Final Rule for Payment Error Rate Measurement (PERM) for Medicaid and CHIP

Today the Centers for Medicare & Medicaid Services (CMS) put on display at the Office of the Federal Register a final rule titled “Revisions to the Medicaid Eligibility Quality Control and Payment Error Rate Measurement Programs”. This final rule will fully implement improvements to the Payment Error Rate Measurement (PERM) for Medicaid and the Children’s Health Insurance Program (CHIP). PERM measures improper payments in Medicaid and CHIP and produces national-level error rates for each program. These reviews are conducted to determine whether the sampled cases meet applicable Medicaid and CHIP fee-for-service, managed care, and eligibility requirements. Generally, PERM is conducted in 17 states annually; therefore a single state participates in the program once every three years.

Based on comments received from states, advocacy groups, and educational institutions, the final regulation implements changes to PERM for Medicaid and CHIP as required by section 601 of the Children’s Health Insurance Program Reauthorization Act (CHIPRA) of 2009, and makes other operational changes to the programs based on stakeholder feedback. The rule changes the process for reviewing cases in which states have used simplified enrollment efforts such as self-declaration for eligibility cases; eliminates duplication of effort between eligibility reviews administered in the same fiscal year; extends the timeframe for providers to submit documentation; and provides states additional time to submit corrective action plans.

As part of the federal-state partnership, CMS will conduct educational sessions with state oversight staff to ensure there is a complete understanding of the changes to the programs set forth by the final rule and will work with states on ways to further reduce payment errors in Medicaid and CHIP.

The regulation is available at <http://www.federalregister.gov/inspection.aspx#special> and will be published in the Federal Register tomorrow.

After August 10, 2010, it may be viewed at: www.regulations.gov as well as at www.cms.gov/PERM (under Laws and Regulations).

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

Thank you.