



# Cycle 1 (FY 2012) PERM Corrective Action Plan Process Kickoff Webinar



*Presented by*  
**PERM Corrective Action Team**  
**Division of Error Rate Measurement**  
**Provider Compliance Group**  
**Office of Financial Management**  
**Centers for Medicare & Medicaid Services**

**Thursday, September 12, 2013**  
**2:00 – 3:00 p.m. ET**

**Call in number: 1.877.267.1577**  
**Conference Call ID: 991 131 424**

**Webinar Link:**  
**<https://webinar.cms.hhs.gov/fy2012capkickoff/>**

# Agenda

## **Welcome and Introductions**

## **CMS Cycle 1 Updates**

## **Corrective Action Plan Process**

- What is a Corrective Action Plan (CAP)
- PERM Medicaid/CHIP CAP Regulatory Requirements
- CMS CAP Review Process
- Difference Between FY 09 & FY 12 Cycle
- CAP Common Mistakes

## **Steps to a Successful Corrective Action**

## **Recoveries Process**

## **Next CAP Steps**

## **Resource information**

## **PERM Team Contact Information**

# Cycle 1 Update

- Claims component cut off date was August 23rd
- Continued processing
  - SUD Reports
  - Error Rate Recalculation
- CMS will report the national Medicaid and CHIP error rates in the HHS AFR November 15<sup>th</sup>
- After AFR publication, CMS will provide each state their:
  - FY 2012 Medicaid and CHIP error rates
  - FY 2015 sample sizes
  - FY 2015 error rate targets
  - FY 2012 cycle summary report

# PERM Cycle 1 FY 2012

## Corrective Action Plan Process

Presented by the CMS PERM CAP Team

# Corrective Action Process: What is a Corrective Action Plan?

- A corrective action plan as a step by step plan of action that is developed to achieve targeted outcomes for resolution of identified errors in an effort to:
  - Identify the most cost-effective actions that can be implemented to correct error causes
  - Develop and implement a plan of action to improve processes or methods so that outcomes are more effective and efficient
  - Achieve measureable improvement in the highest priority areas
  - Eliminate repeated deficient practices

# PERM Medicaid/CHIP CAP Regulatory Requirements

- Formulate a Corrective Action Panel
- States must develop a **separate** corrective action plan for Medicaid and CHIP
- States must address **all** errors from the fee-for-service, managed care, and eligibility components as well as all deficiencies, technical errors, and negative case errors. The States cycle summary reports can be used as a guide when developing your plan
- States must submit CAPs to CMS no later than 90 calendar days after state error rate notifications have been released

# PERM Medicaid/CHIP CAP Regulatory Requirements

- Data analysis – an analysis of the findings to identify where and why errors are occurring
- Program analysis – an analysis of the findings to determine the causes of errors in program operations
- Corrective action planning – steps taken to determine actions that can be implemented to correct error causes
- Implementation and monitoring – plans to implement the CAPs, including milestones, target dates, and how the corrective action will be monitored
- Evaluation – to assess whether the CAPs are in place and are effective at reducing or eliminating the targeted error causes
- States must submit to CMS an update on the status of any previous CAP from prior PERM measurement periods.

# PERM Medicaid/CHIP CAP Regulatory Requirements

- State Medicaid and CHIP CAPs must include:
  - Medicaid/CHIP CAP Summary Cover Page**-State name, State contact information (email address & phone number) Medicaid/ CHIP Error Rates, summary of error causes, and corrective actions for those errors.
  - A. Fee-for-Services (FFS)**
    1. Data analysis
    2. Program analysis
    3. Corrective action planning
    4. Implementation and monitoring
    5. Evaluation
    6. Evaluation of previous cycle submitted corrective actions

# PERM Medicaid/CHIP CAP Regulatory Requirements

## **B. Managed Care (MC)**

1. Data analysis
2. Program analysis
3. Corrective action planning
4. Implementation and Monitoring
5. Evaluation
6. Evaluation of previous cycle submitted corrective actions

## **C. Eligibility**

1. Data analysis
2. Program analysis
3. Corrective action planning
4. Implementation and Monitoring
5. Evaluation
6. Evaluation of previous cycle submitted corrective actions

# PERM Medicaid/CHIP CAP Regulatory Requirements

## D. Evaluation of Previous Medicaid/CHIP CAP

### Implemented Corrective Actions

- States must evaluate previous year corrective actions and provide an evaluation or analysis of those actions per Federal regulations
- Address when the corrective action was implemented
- Identify the status of the corrective action (complete, in progress or ongoing)
- Address whether the corrective action achieved the desired results

### Non-Implemented Corrective Actions

- Explain why the corrective action was not implemented (discontinued, modified, or replaced with another corrective action)
- If FFS, Managed Care, or Eligibility programs were not measured in your cycle year, annotate that within your CAP.
- States should identify if they are now meeting their PERM error-rate target as identified by CMS

# CMS CAP Review Process

- State CAPs are initially reviewed by the CMS PERM CAP State Liaison to ensure that all CAP requirements are met
- After the initial review is complete, states will receive one of two letters:
  - an acknowledgement letter stating that the CAP meets all requirements
  - a letter advising what areas do not meet requirements and need to be addressed. States will be asked to submit a revised CAP by the due date on the letter
- Once the state CAP meets all requirements, it will undergo a more substantive review by the CMS PERM Staff, PERM contractors, CMS Regional Offices, and the Medicaid Integrity Group

# CMS CAP Review Process

- Post-CAP Webinars are held with each state
  - States are asked to provide a presentation and high level review of their CAPs
  - States will receive collective comments on their CAP prior to scheduled webinars
  - Webinars are held with States, CO, RO, and MIG  
May/June timeframe
- States are given 30 days to revise CAP if needed
- CMS will follow-up with states via email every 6 months to check on corrective action implementation and provide any technical assistance if needed

# Major Differences between FY 09 & FY 12

FFY 2009	FFY 2012
CAP reviewed by PERM CMS Staff	CAP reviewed by PERM CMS Staff, Regional Office, MIG, PERM Review and Statistical Contractors. CMS added state specific post – CAP webinars
No formal CAP submission response letters	After CAP submission, states will receive one of two formal response letters: <ul style="list-style-type: none"> <li>• an acknowledgement letter stating that the CAP meets all requirements</li> <li>• a letter advising what areas do not meet requirements and need to be addressed.</li> </ul>
No CAP tab on PERM website	New CAP tab on PERM website with updated guidance/tools including: <ul style="list-style-type: none"> <li>• New CAP checklist for states</li> <li>• CAP presentation</li> <li>• CAP example</li> <li>• CAP template and instructions</li> </ul>

# CAP Common Mistakes

Ensure that your CAP submission includes the following:

- Two Separate CAPs
  - Medicaid/CHIP
  - Evaluation of prior Medicaid CAP
  - Address every error
- Identify PERM error rate target goal
- Address root error causes

# Any Questions?



# Steps to Successful Corrective Action

Presentation by Sharon Kocher  
of A+ Government Solutions, Inc

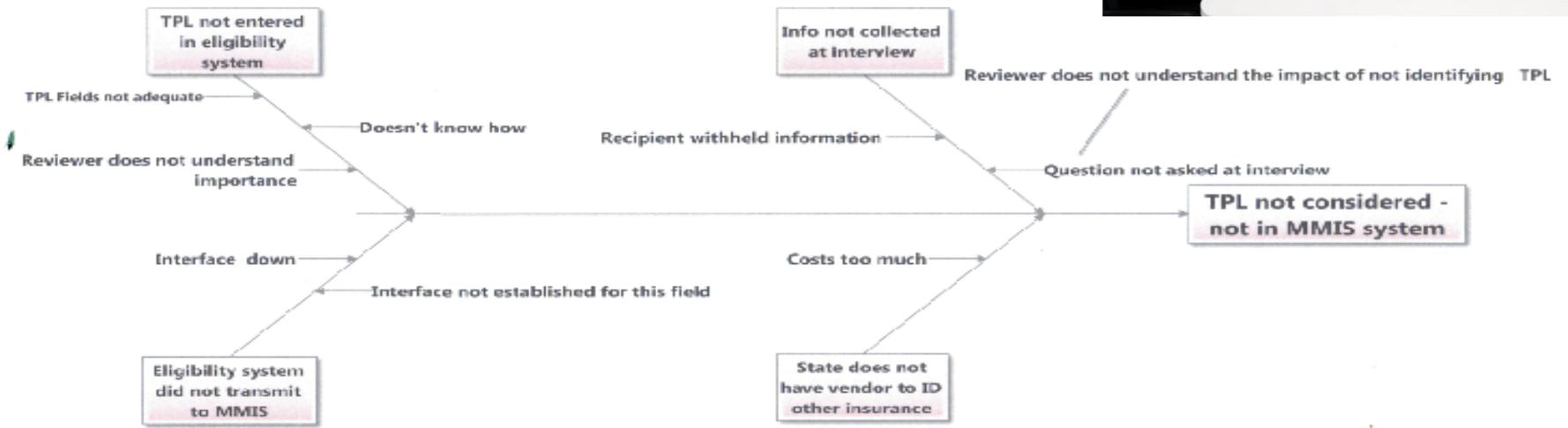
# Steps to Successful Corrective Action

- Step 1 – Select the right Corrective Action (CA) Team members  
Select participants based on every level of involvement with the process to be corrected; the team composition may need to evolve as you pursue solutions to provider problems vs. system or policy issues: determine responsibility and scope of team; can the team decide CA's or will additional approval be needed?
- Step 2 – Identify all errors and categorize or trend  
All errors and deficiencies should be addressed; but many can be grouped into trends and addressed as one problem. Errors can be identified and classified using reports available in SMERF. The CA team should also review previously submitted Corrective Action Plans and error trends to determine whether previously submitted corrective actions were fully implemented and successful; i.e., determine if error trends extend across cycles.

# Root Cause Analysis

- Step 3 – Determine the underlying cause of the error, not just the surface cause
  - Using a fishbone or similar charting technique continue to ask why until you cannot come up with any more potential reasons why.
  - NO SHORTCUTS HERE
  - Example error to correct: Claim not cost-avoided

# Example Fishboning Chart



## Brainstorm for Corrective Actions

- Step 4 – Brainstorm CA's for each error or error trend identified. Collect all ideas even though all may not be feasible or implemented.

# Narrow Down your options

- Step 5 -Feasibility/effectiveness matrix; test potential CA's against a number of factors: for example – what will it cost, is it measurable? What is the expected impact on the error rate? How long will it take to implement? Will there be buy-in (will we have to sell the change?); ease of implementation;

This is done to help select the CA's that will give you the biggest “bang for your buck”

# Example of Effectiveness Matrix

## Error Trend: Eligibility reviewers not collecting/input TPL information into system

Corrective Action	Cost to Implement	How to measure effectiveness?	This CA's expected impact on error rate	How long will it take to implement?	Level of cooperation; resistance to change
Educate Elig. Staff about the impact of not collecting TPL	Training materials and trainers time	Follow-up QA	50% improvement	2 months	Expect full cooperation
Interface not working properly between Elig. system and MMIS; check interface and fix	Cost and time to research and re-program;	Conduct random QA of TPL information entered and transferred	100% improvement due to this cause	3 months	May have push-back from IT scheduling; need Director support

# How to Implement?

- Step 6 - Complete a work plan for each Corrective action to include:
  - Detailed description of each CA to be implemented
  - Start and completion dates
  - Responsible parties assigned (list by name)
  - Identify resources needed; funding sources
  - Designated follow-up dates on progress

# Corrective Action Plan

- Step 7 - Write Corrective action plan
  - Follow guidelines established and provided by CMS for PERM (5 steps outlined in rule – data analysis, program analysis, CA planning, implementation and monitoring, and evaluation. Section 431.992)
  - Include an analysis of the corrective action process followed. After stating the programmatic cause in the section marked root cause, briefly summarize the process by which the team identified the root cause and clearly state the root cause identified. Show that the team has reached the very best conclusion based on the analysis performed.
  - Be prepared to “sell” your Corrective Actions to upper management. You will need their support to implement most corrective actions. You may need to prepare a cost benefit analysis for any Corrective Action that requires substantial resources, either in staff hours or costs.

# Example: Error Analysis

**Error trend: TPL not in MMIS system.** CA team implemented a Fishboning exercise to determine the root causes of other insurance not considered in claims payment. Determined a number of reasons why it might not have been known to system but through a process of elimination decided the source was most likely at the eligibility level. Was able to eliminate a systems interface issue after discussion with claims manager. Through discussions with eligibility staff determined they did not understand the importance of identifying TPL during the interview; did not understand that Medicaid expenditures were reduced because the other insurance paid first. Determined a “just in time” training to educate eligibility interviewers on the impact of TPL was a quick and effective solution. Applied a feasibility matrix to determine a cost effective approach after brainstorming different corrective actions. Anticipate a 50% reduction in this type of error after training which is scheduled to be held by November 2012.

# Implementation

- Step 8 - Implement all Corrective Actions identified in the CAP following and updating work plans throughout the process
- Assign responsible parties (list each person's name assigned) to monitor the implementation of each work plan and make adjustments as needed.
- Recommendation: report back to CMS on the progress of each Corrective Action adopted.

# Follow-through

- Step 9 - Monitor CAP by determining how to measure the effectiveness of each corrective action implemented; although the next cycle will re-measure the issues again it is best to internally measure the effectiveness so you can determine before the next cycle whether the CA was effective in reducing error and to what extent.

# PERM Recoveries

- CMS expects to recover the federal share on a claim-by-claim basis from the FFS and managed care overpayments found in error
- Within the PERM process, the only funds that can be recovered are from claims that were actually sampled and found to have contained improper payments resulting in overpayments
- Final Errors for Recoveries Reports (FEFR)- list all claims with an overpayment error
  - Monthly Final Errors for Recoveries Report – official notice of overpayments
  - Cumulative Final Errors for Recoveries Report
  - End of the Cycle (EOC) Final Errors for Recoveries Report
    - For this cycle the EOC FEFR will be sent out individually once a State has finished with the cycle to include continued processing

# PERM Recoveries

- States must return the federal share for overpayments identified in Medicaid and CHIP Fee-for-service and managed care.
  - Medicaid and Children’s Health Insurance Program Budget and Expenditure System (MBES/CBES)
  - PERM line 9F and 10D for Medicaid on CMS-64 and line 4 for CHIP on CMS-21
  - States’ financial staff should be working closely with CMS Financial regional office staff
- States have up to one year from the date of discovery of an overpayment (date of monthly FEFR report) for Medicaid and CHIP to recover, or to attempt to recover, such overpayment before making an adjustment to refund the federal share of the overpayment. There are exceptions.
  - Refer to the State Medicaid Directors Letter (SMDL) # 10-014 dated July 13, 2010 at [www.cms.gov](http://www.cms.gov) for more in-depth details
- CMS Central Office PERM Recoveries contact is Felicia D. Lane at 410-786-5787 or [Felicia.Lane@CMS.hhs.gov](mailto:Felicia.Lane@CMS.hhs.gov). For specific financial questions or concerns, States should contact their assigned financial regional office contact directly.

# Next Steps for States

- Establish a Corrective Action Panel
- Participate in the Best Practices Call: 10/23/2013
- Review cycle summary report when available. CMS will notify states when error rates and cycle summary reports are available on the SMERF website (documents will also be emailed to eligibility staff designated by your state)
- Participate in state-specific cycle findings and CAP process call with CMS
- Work with your designated CMS CAP Team member
- Participate in the State Forum Call: January 2014
- Submit CAPs 90 days from when your state-specific error rate information was released



# Resources

## CMS/HHS Resources on Improper Payments

- CMS PERM Website - <http://www.cms.gov/perm/>
  - New Corrective Action Plan (CAP) Process Tab
  - Provider Education Resources
  
- HHS Agency Financial Report - <http://www.hhs.gov/afr/>
  - In Section III, “Other Accompanying Information”, HHS reports improper payment information
  
- CMS Chief Financial Officer Report - <http://www.cms.gov/CFOReport/> -
  - In order to achieve a “clean opinion”, CMS must report improper payment estimates annually
  
- CMS State Reports on Program Integrity Reviews -  
<http://www.cms.gov/FraudAbuseforProfs/PIR/list.asp#TopOfPage>
  
- Payment Accuracy- <http://www.paymentaccuracy.gov/>

# State CAP Liaison Contact Information

States	CMS PERM CAP State Liaison
Alaska, California, Colorado, Idaho, Illinois, Louisiana, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, Ohio, Oregon, Texas, Utah, Washington, Wisconsin	Felicia Lane <a href="mailto:Felicia.Lane@cms.hhs.gov">Felicia.Lane@cms.hhs.gov</a> 410-786-5787
Arizona, Connecticut, Delaware, District of Columbia, Hawaii, Maine, Maryland, New Hampshire, New Jersey, New York, North Dakota, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, Wyoming,	Wendy Chesser <a href="mailto:Wendy.Chesser@cms.hhs.gov">Wendy.Chesser@cms.hhs.gov</a> 410-786-8519
Alabama, Arkansas, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Mississippi, Missouri, Montana, New Mexico, North Carolina, Oklahoma, South Carolina, South Dakota, Tennessee	Tracy smith <a href="mailto:Tracy.Smith@cms.hhs.gov">Tracy.Smith@cms.hhs.gov</a> 410-786-8418