



# Payment Error Rate Measurement (PERM)



***RY 2022***

***Cycle 1***

***Kick-Off***

***August 20, 2020***

# Learning Objectives

- **PERM Program Overview**
- **Statistical Contractor (SC)**
  - Claims Data Submission
  - Fee-For-Service (FFS) and Managed Care (MC) Sampling
  - FFS Details Data
- **Review Contractor (RC)**
  - State Policy Collection
  - Data Processing (DP) Reviews
  - Medical Records Requests (MRR)
  - Medical Reviews (MR)
- **Eligibility Review Contractor (ERC)**
  - State Policy Collection
  - Federal Medical Assistance Percentage (FMAP)



# Learning Objectives (cont'd)



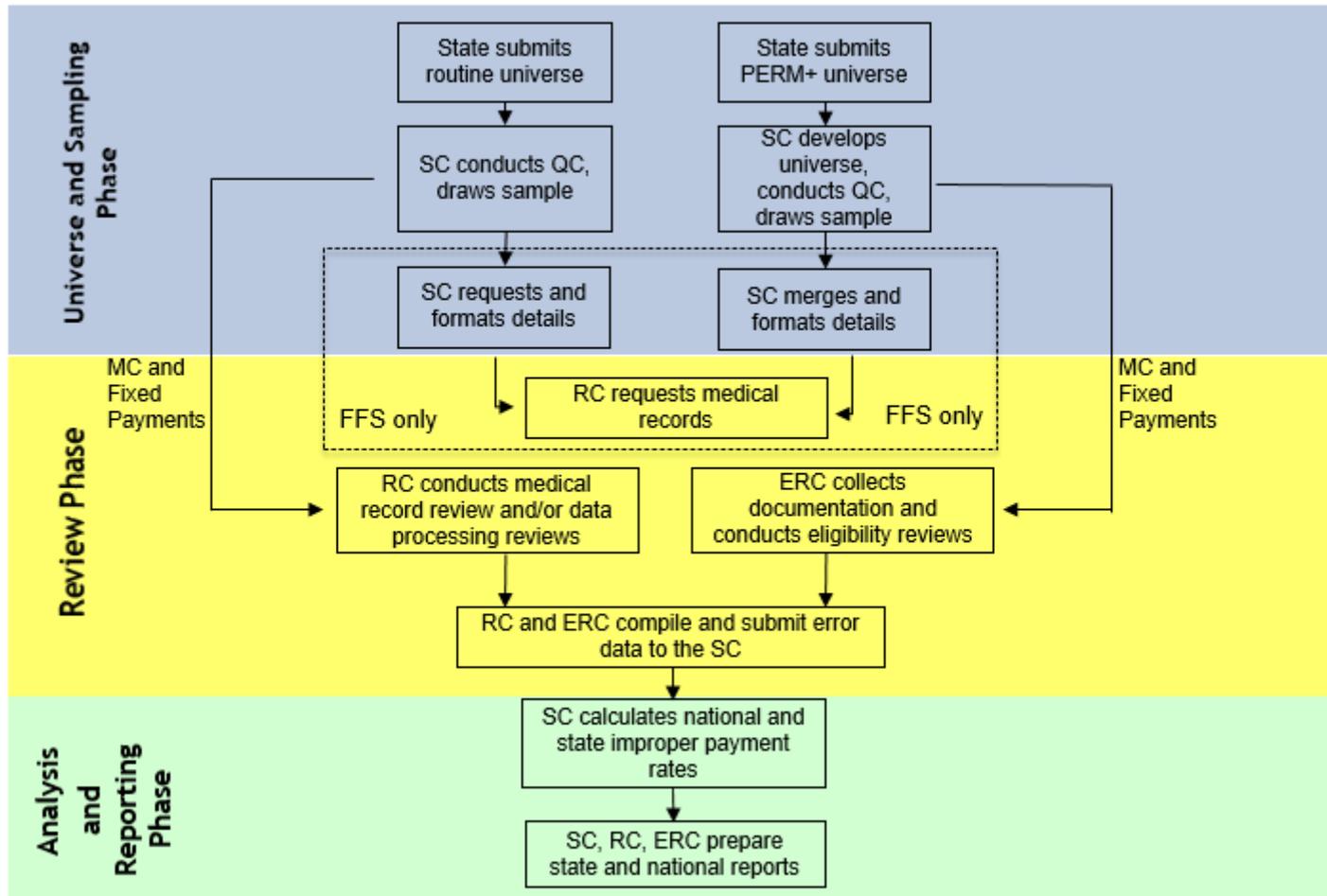
- **Eligibility Review Contractor (ERC) (Cont'd)**
  - Eligibility Review Elements
  - Systems Access
  - Documentation Collection/Record Requests
  - Eligibility Review Finding Codes
- **Tracking Errors and Responding to Findings**
- **Improper Payment Rate Reporting**
- **Next Steps**
- **Communication and Collaboration**
- **Available Resources**
- **Contact Information**

# PERM Program Overview

- CMS is required to estimate the amount of improper payments in Medicaid and the Children's Health Insurance Program (CHIP) annually, as required by the Payment Integrity Information Act (PIIA) of 2019
- The goal of PERM is to measure and report an unbiased estimate of the true improper payment rate for Medicaid and CHIP
- Because it is not feasible to verify the accuracy of every Medicaid and CHIP payment, CMS samples a small subset of payments for review and extrapolates the results to the “universe” of payments
- The program is operating under the PERM final regulation published on July 5, 2017
- This cycle will review Medicaid and CHIP payments made in Reporting Year (RY) 2022 (**July 1, 2020 through June 30, 2021**)
- The RY 2022 improper payment rates will be reported in the AFR published in November 2022

# PERM Program Overview: Cycle Progression

## Claims and Payment Measurement





# **Statistical Contractor (SC)**

## **The Lewin Group**

# SC: The Lewin Group

- The Lewin Group is the PERM SC for RY 2022 and has experience working with the last ten PERM cycles
- The SC is responsible for collecting quarterly payments for Medicaid and CHIP and selecting samples for DP reviews, MRR, and MR
- Prior to receiving data, the SC will hold intake meetings with each state to gather information regarding state Medicaid and CHIP data, payment structure, and programs

# SC: Claims Data Submission

- States must submit valid, complete, and accurate claims universes to the SC
- States have two data submission options – **must choose by September 11, 2020**
  - Routine PERM
  - PERM+
    - For more information on the submission options, contact [PERMSC.2022@lewin.com](mailto:PERMSC.2022@lewin.com)
- An Intake Meeting is held with each state to discuss:
  - Requirements of PERM claims data submission
  - Medicaid and CHIP programs and **payment** structures
  - All data sources and the data collection process for PERM
  - Waivers, demonstrations, and other programs in the state
  - Any state-specific considerations around staffing structure and processes 8

# SC: Claims Data Submission

- **\*\*New\*\*** Data Submission Instruction Meetings
  - The SC will hold meetings to facilitate an in-depth discussion of the data submission instructions
  - Several sessions will be held in September
  - There will be sessions for both the routine PERM or PERM+ submission method

# SC: Claims Data Submission (cont'd)

- Revised Intake Meeting Process
  - The SC will provide the state with responses to intake questions from the prior cycle and give states the opportunity to provide updates
  - The SC will focus on questions about required data fields to be included in state submissions, formatting options, file layouts (planned to take place in September/October)
  - States will be required to submit file layouts mapping their data variables in state system(s) to variables requested for PERM following the data intake meeting
  - The SC will review PERM requirements with the state data team
    - In-depth review of state file layouts - variable by variable - to confirm correct data is mapped to the required and proper fields
    - Note challenges/missing information from the state
    - Walk through any potential data merging issues with PERM+ states
    - Discuss header vs line data submission and payment levels
    - Address any PHI/PII concerns
    - Introduce PERM SFTP access, setting up credentials, security protocols

# SC: Claims Data Submission (cont'd)

- CMS-64/21 Intake Meeting
  - CMS-64/21 Intake Meetings will include the PERM contacts and the state's financial staff (planned to take place in October)
    - Introduce the CMS-64/21 comparison and reconciliation process, as part of the PERM program
    - Discuss the expected timeline for completion of this process
    - Walk through a sample of the financial summary documents that will be prepared for each state program
    - Review the state's comparison and reconciliation process from the previous PERM cycle
    - Answer any questions that the state staff may have regarding this process
    - It is vital that the state has the correct participants on the call to ensure that all required data are submitted and included in the appropriate universe

# SC: Claims Data Submission (cont'd)

- Claims data due dates

Quarter	Paid Date	Due Date
Quarter 1	July 1 – September 30, 2020	December 1, 2020 (Managed Care) January 15, 2021 (FFS)
Quarter 2	October 1 – December 31, 2020	January 15, 2021
Quarter 3	January 1 – March 31, 2021	April 15, 2021
Quarter 4	April 1 – June 30, 2021	July 15, 2021

- The SC will work with the state to ensure all PERM submission requirements are met each quarter
  - Timely communication and efforts early on in the cycle will help the process for subsequent quarters and phases of PERM
- The SC performs a series of quality control checks on the data
- The SC also performs a comparison of PERM data submission to CMS-64/21 reports but encourages states to perform similar work as data is submitted to ensure all required data are submitted and included in the correct universe

# SC: Claims Data Submission (cont'd)

- Since eligibility reviews will be part of this cycle there are some fields that will be mandatory in the universe submission: Beneficiary ID, gender, date of birth, county/service area, and eligibility category
- **\*\*New\*\*** Additional Universe Fields Required to Support Reviews
  - Pharmacy claims should contain prescribing provider information
  - Institutional claims should contain attending provider information
  - Express Lane Eligibility Indicator
  - Beneficiary Type
  - Provider Location ID (for PERM+ states)
- The final data submission instructions will be sent out by August 20

# SC: FFS and Managed Care Sampling

- PERM will utilize a cycle sample size that caps the number of samples selected from FFS and managed care that will undergo MR, DP, and Eligibility Review (ER)
- The national sample size will be distributed across states based on the latest state expenditures
- Each state will receive its sample size notification by August 20

# SC: FFS and Managed Care Sampling (cont'd)

- Payment Stratification Sampling
  - In RY 2022, for FFS the SC will use 5 payment strata and one stratum for claims that receive only a data processing review, including fixed, aggregate, and Medicare Crossover payments; for managed care, there will be 5 payment strata
  - FFS claims and managed care samples selected from PERM universes will be used for eligibility reviews
  - Note that eligibility samples will be divided among FFS and managed care universes. Samples will be drawn from the same FFS and managed care strata

# SC: FFS Details Data

- Details data is used to request medical records, conduct medical review, conduct data processing review, and conduct eligibility review for sampled FFS claims
  - Submitted by routine PERM states
  - SC creates details file for PERM+ states
- As in RY 2019, the SC will hold details intake meetings with each routine PERM state to:
  - Provide an overview of the details data requirements
  - Discuss details intake protocol
- Details intake meetings will also be held with each PERM+ state to:
  - Review details built by the SC
  - Verify information to support medical record request and eligibility review
- The SC performs a series of quality control checks and sends questions on any missing/incomplete/invalid information to the states
- The SC may require regular meetings to resolve data issues if there are significant complications or delays



# **Review Contractor (RC) NCI, Inc.**

# RC

## NCI, Inc.

- NCI, Inc. is the PERM RC for RY 2022 and has experience working with the last three PERM cycles
- The RC is responsible for conducting DP reviews, MRR, and MR
- Prior to starting reviews, the RC will obtain state Medicaid and CHIP medical and claims payment policies from state's websites
- States will provide the RC with any necessary Medicaid and CHIP policies that are not publicly available

# RC: SMERF Updates

- SMERF is hosted and maintained by NCI Inc.
- New website address, but the same overall look and functionality
- New state user accounts will need to be created
- **\*\*Reminder\*\*** Recommend that states create a new SMERF bookmark
- SMERF Orientation will be scheduled in February 2021

# RC: State Policy Collection

- The RC collects state Medicaid and CHIP policies in order to conduct DP and MR reviews
- Policies may include state plan amendments, administrative codes and regulations, provider manuals, bulletins, updates, fee schedules, code lists, etc.
- States complete Policy Questionnaires in order to provide clarification in policy areas applicable to MR and DP reviews
- The RC develops a state-specific Master Policy List (MPL) of all Medicaid and CHIP policies for the current cycle
- States must review and verify that the MPL is complete and will provide any necessary policies the RC is unable to collect and download from state websites
- The RC continues policy collection throughout the cycle and incorporates updates as applicable
- All policies for medical review and policies/desk aids for DP review will be available to states and reviewers in the SMERF system to access policies used when an error is cited

# RC: DP Reviews

- The RC schedules DP orientation with each state prior to reviews to:
  - Discuss states' systems access requirements
  - Review state system(s) questionnaires completed by states
  - Review special programs (waivers, etc.)
  - Review risk-based screening (RBS) test cases provided by the states
  - Gather desk aids, manuals, and website links needed for training DP reviewers
  - Discuss establishing remote access and identify timeframes for beginning reviews
  - Complete the states' DP checklist in preparation for DP reviews
  - Provide information on the review elements needed to complete DP reviews

# RC: DP Reviews (cont'd)

- The RC conducts DP reviews on each sampled FFS claim, fixed payment, and managed care payment
- The RC validates that the claim was processed correctly based on information found in the state's claims processing system, state policies, and supporting documentation
- The RC now collects case information (formerly called error packets) on all sampled claims regardless of the final finding for the claim
- The RC holds biweekly check-in calls with each state throughout the cycle

# RC: DP Reviews (cont'd)

- States track pending (P1) DP reviews in real time through SMERF and receive automated notices for overdue information
- **\*\*Reminder\*\*** Claims on the P1 list may be converted to errors after 30 days of pending with no response from the state
- **\*\*Reminder\*\*** All errors identified and cited on each claim will be reported (multiple errors)

# RC: DP Reviews: FFS Review Elements

- **Beneficiary (verification from eligibility source system)**
  - Demographics
  - Eligibility for service based on aid category and benefit plan
  - Managed care participation
  - Patient liability
  - Medicare and/or other insurance coverage (TPL)
- **Provider enrollment**
  - RBS compliance
  - Licensure verification
  - CLIA verification, as applicable
- **Payment accuracy**
  - Timely filing
  - Pricing
  - HIPAA 5010 adherence for DOS on/after 7/1/2012
  - Claim is complete and accurate
  - Prior authorization

# RC: DP Reviews:

## Managed Care Review Elements

In addition to all beneficiary information examined under FFS review, reviewers also examine:

- Managed care sample contract
- Health Plan information
- Capitation rates and rate cells
- Capitation payment history screens to check for duplicate payments/adjustments
- Geographical service areas (counties, zip code)
- Exclusions, Population and Service carve-outs
- Adjustments to paid amount

# RC: DP Reviews:

## Preliminary RY22 DP Finding Codes

### Preliminary RY22 PERM DP Finding Codes

**C1** – Correct

**P1** – Pending Information from State

**DP1** – Duplication Claim Error

**DP7** – Data Entry Error

**DP2** – Not Covered Service/Beneficiary Error

**DP8** – Managed Care Rate Cell Error

**DP3** – FFS Payment for a Managed Care Service Error

**DP9** – Managed Care Payment Error

**DP4** – Third-Party Liability Error

**DP10** – Provider Information/Enrollment Error

**DP5** – Pricing Error

**DP11** – Claim Filed Untimely Error

**DP6** – System Logic Edit Error

**DP12** – Administrative/Other Error

**DTD** – Data Processing Technical Deficiency

# RC: Medical Records Requests

- The RC has primary responsibility for obtaining medical records
- States should support this effort by identifying new points of contact or contacting providers who are not responding as needed
- The RC notifies state PERM representatives when the MRR process begins
- RC customer service representatives validate the point of contact information before sending record requests letters
  - Providers have **75 days** to submit documentation
- Reminder calls and letters are made on days 30, 45, and 60 (unless received)
  - Non-response letters are sent on day 75
- If submitted documentation is incomplete, the RC sends an additional documentation request (ADR) letter
  - The provider has **14 days** to submit additional documentation
  - A reminder call is made and a letter is sent on day 7
  - If the provider does not respond, the RC sends a non-response letter after 14 days

# RC: Medical Records Requests (cont'd)

- If the RC determines an ADR response is incomplete, the RC sends an Incomplete Information Letter listing what is lacking
- If the RC receives records of poor quality or other issues, the RC sends a Resubmission Letter detailing the issue
- The RC establishes an SFTP account for each state in order to facilitate submission of PHI and make record submission easier overall
- The RC provides the state with copies of all letters sent to providers via SFTP
- The RC accepts and reviews late documentation (submitted past the 75 day and 14 day timeframe) until the cycle cut-off date
- **\*\*Reminder\*\*** State involvement is essential in obtaining necessary documentation from providers

# RC: Medical Reviews

- States participate in MR orientations hosted by the RC covering:
  - The MRR process
  - The MR process
  - The MRR/MR Policy Questionnaire, if needed
- The RC conducts MR only on sampled FFS claims
- MR utilizes claims data submitted by states, records submitted by providers, and collected state policies to inform the review decision
- Reviewers validate whether the claim was paid correctly by assessing the following:
  - Adherence to states' guidelines and policies related to the service type
  - Completeness of medical record documentation to substantiate the claim
  - Medical necessity of the service provided
  - Validation that the service was provided as ordered and billed
  - Claim was correctly coded

# RC: Medical Reviews (cont'd)

## Preliminary RY22 PERM Medical Review Error Codes

**C1** - Correct

**MR 6** – Number of Unit(s) Error

**MR 1** – No Documentation Error

**MR 7** – Medically Unnecessary Service Error

**MR 2** – Document(s) Absent from Record Error

**MR 8** – Policy Violation Error

**MR 3** – Procedure Coding Error

**MR 9** – Improperly Completed Documentation Error

**MR 4** – Diagnosis Coding Error

**MR10** – Administrative/ Other Error

**MR 5** – Unbundling Error

**MTD** – Medical Technical Deficiency



# **Eligibility Review Contractor (ERC)**

## **Booz Allen Hamilton**

# Eligibility Review Contractor (ERC)

- Booz Allen Hamilton, along with Myers and Stauffer LC and The Rushmore Group, constitute the PERM Eligibility Review Contractor (ERC) team
- The ERC has:
  - Performed eligibility reviews for all states and brings state-specific knowledge of eligibility systems and processes, while being well-versed in state and federal Medicaid and CHIP eligibility policy
  - Conducted PERM eligibility reviews for the Cycle 1 states in RY 2019, Cycle 3 states during the Round 5 Pilot, and is currently conducting PERM eligibility reviews for Cycle 2 states in RY 2020 and Cycle 3 states in RY 2021
  - Provided eligibility data to support the RC in DP reviews
- The ERC will:
  - Conduct PERM eligibility reviews for the Cycle 1 states in RY 2022
  - Provide eligibility data to support the RC in DP reviews

# Overview of Eligibility Reviews

- The eligibility case review focuses on whether a determination—new application or renewal—was processed correctly based on federal and state eligibility policies; the most recent action on a case that made the individual eligible on the sampled claim's DOS is the action under review
- The ERC will:
  - Research federal and state Medicaid and CHIP policies and procedures
  - Coordinate with the state to obtain access to eligibility systems
  - Access and review information used by the state to process the case, including system screen prints and case documents that support the eligibility determination
  - Review eligibility elements against federal and state policies to determine if the case is correct or if a payment error or technical deficiency should be cited
  - Report findings to the state via SMERF; SMERF will include pending documentation requests and eligibility review findings

# ERC State Eligibility Policy Collection

- The ERC will download eligibility policies from public websites, when available
- States will provide the ERC with any eligibility policies that are not publicly available
- The state will review the Eligibility Policy Survey that is populated by the ERC. The policy survey identifies federal and state policies that will be used during the eligibility reviews
- The state will provide policy updates as available throughout the cycle to minimize questions from the ERC and avoid delays

# Federal Medical Assistance Percentage (FMAP)

- The state will provide the ERC with any changes that have been made since RY 2019 to the state's eligibility categories and the associated system codes. The states will review the completed mapping of the eligibility category to the FMAP rates
- The FMAP rates will be used to identify federal dollars assigned to a claim for each type of PERM review based on the Category of Eligibility and Date of Payment

# Example of Eligibility Review Elements

The eligibility review consists of evaluating the following eligibility elements, as appropriate, to determine the element was verified, recorded, and used appropriately in making an eligibility determination in accordance with federal and state policies:

- Age
- Citizenship
- Immigration Status
- State Residency
- Social Security Number
- Pregnancy
- Household Size
- Tax Filer Status
- Income
- Resources/Assets (Non-MAGI)
- Blindness, Disability, Medical Eligibility
- Health Insurance (CHIP)
- Penalty of Perjury Signature on Application/Renewal

States should provide documentation that these elements were verified, including data matches, hard copy verifications, telephonic recordings, etc.

# Pending Documentation Requests

- Upon the ERC's initial review of the information collected, the ERC may identify cases with missing information or incorrect time frames and will use the SMERF system to request documentation from the state, which can be tracked through the eligibility pending (EP1) list
  - States should leverage regularly scheduled check-in calls with the ERC to ask any questions about the request. The state will submit the requested documentation to the ERC via SFTP
- The ERC will provide more detail on this process following the Intake Meeting

# Eligibility Reviews

## Preliminary RY22 PERM ERC Finding Codes

<b>C1</b> – Correct	<b>EP1</b> – Pending information from state
<b>ER1</b> – Documentation to support eligibility determination not maintained	<b>ER7</b> - Not eligible for enrolled eligibility category; resulting in incorrect FMAP assignment
<b>ER2</b> – Verification / Documentation not done / collected at the time of determination	<b>ER8</b> – Not eligible for enrolled eligibility category; ineligible for service provided
<b>ER3</b> – Determination not conducted as required	<b>ER9</b> – FFE-D Error
<b>ER4</b> – Not eligible for enrolled program (Medicaid or CHIP) – financial	<b>ER10</b> – Other Error
<b>ER5</b> – Not eligible for enrolled program (Medicaid or CHIP) – non-financial	<b>ERTD1</b> - Incorrect case determination, but there was no payment on claim
<b>ER6</b> – Should have been enrolled in a different program (Medicaid or CHIP)	<b>ERTD2</b> – Redetermination timely finding noted with case, but did not affect case determination or payment



# System Access and State Participation

# Systems Access

- The PERM Final Rule (published on July 5, 2017) requires states to grant federal contractors access to all systems that authorize payments, eligibility systems, systems that contain beneficiary demographics, and provider enrollment information to facilitate reviews
- Granting ERC and RC access to relevant systems facilitates reviews with the goal of reducing state burden
- The ERC and RC will collect case documentation through direct access to the state systems
  - The state may have to provide additional documentation securely, if all necessary documentation is not available via system access (e.g., paper files)
- During the next few months, the ERC and RC will coordinate with the state directly to obtain system access; the ERC and RC will:
  - Gather information for each system from the state
  - Execute any Data Use Agreements (DUAs) or other agreements that are necessary to access the state systems
  - Take any required training

# Overview of State Participation in PERM Reviews

- In support of RY22 reviews, states will:
  - Plan for and establish system access for the ERC and RC
  - Coordinate scheduling of and participation in Intake Meetings
  - Update and/or provide feedback on planning documents
  - Participate in regular check-in meetings
  - Assist in case documentation collection
  - Review error findings and technical deficiencies



# **Tracking Errors, Improper Payment Reporting, Next Steps, Contacts**

# Tracking Errors and Responding to Findings

- SMERF system
  - Track documentation requests
  - Track eligibility, medical, and data processing findings
  - Access Sampling Unit Disposition (SUD), YTD Errors, and Final Errors for Recovery reports
  - Request DR and appeals for DP, MR, and eligibility
  - Access improper payment rates and final findings
- SMERF system orientations are held for all states before records are requested, including eligibility, data processing, and medical review

# Tracking Errors and Responding to Findings (cont'd)

- SMERF Functionality

- Claims Detail Screen: Enhanced view of providers by type on the provider tab; realigned Medical Records information on claim look-up in descending order, with the most recent communication listed at the top of the page
- Policy Menu: Policies collected and displayed were enhanced to include access to DP desk aids, Federal Regulation citations, and eligibility policies used by reviewers and states
- Reports Menu: Expanded to include EP1 reports that are updated in real time to communicate with states on information needed to complete reviews; PERM alerts will be sent from SMERF to advise states when pended reviews are past the 14 day response time

# Tracking Errors and Responding to Findings (cont'd)

- SMERF Functionality (cont'd)
  - CAP analysis tab: Provides first level access to MR Error Analysis and DP Error Analysis; enables users to filter and group Medical Review errors by search results by Year, Program, Claim Category, Error Code, and Qualifiers; and DP errors by search results by Year, Program, Component, Error Code, and Qualifier
  - Individualized reports: States can select from data elements available which data are needed for their reports by selecting needed fields in the drop down menu; standard reports can still be provided as default, if needed
- Eligibility tab to display eligibility findings
- States receive advanced notice of every eligibility, DP, and MR error identified
- Errors are officially reported to states through SUD reports on the 15th and 30th of each month

# Tracking Errors and Responding to Findings (cont'd)

- All eligibility, DP, and MR errors will be cited, increasing the opportunity for states to identify and correct any issues
- The state has 25 business days from the SUD report date to request DR
  - **States do not need to request DR to re-price partial errors**
- States have 15 business days from DR decision to appeal errors to CMS
- States are required to return the federal share of overpayments identified on sampled FFS and MC payments
- States will receive a Final Errors For Recovery report that lists all claims with an overpayment error
- States are required to develop a Corrective Action Plan (CAP) to address each error

# Improper Payment Rate Reporting

- The official Medicaid and CHIP national rolling improper rates are reported annually in the CMS Agency Financial Report (AFR) each November
- Following the posting of the AFR, each state receives its state-specific improper payment rates and findings through the Error Rate Notifications, Cycle Summary Reports, and CAP Templates
- This release of official improper payment rates marks the beginning of the corrective action process

# Next Steps

- **August/September 2020**

- Complete universe data submission survey by September 4
- FFS and managed care sample sizes sent to states by August 20
- Attend PERM General Education Webinar (end of August/early September)
- Data submission instructions distributed to states (August 20)
- Data submission instruction meetings held
- PERM + presentations offered
- Communicate decision between PERM+ and routine PERM by September 11
- Assist in the collection on non-publicly available state policies (August-October (ERC))

- **September 2020**

- Claims orientations/intake sessions begin (September/October)
- Provide all necessary DUAs and system access forms (July-October)

# Next Steps (cont'd)

- **September/October 2020**
  - Begin Eligibility Intake Meetings
  - Begin Eligibility system access discussions
  - CMS 64/21 intake meetings (October)
  - Alert Lewin no later than October 1 if DUA is needed for data submission
  - Prepare for universe data submission (October/November)
  - DP, MRR/MR questionnaires sent to states – (October/November)
- **November 2020 – February 2021**
  - Q1 managed care claims data due December 1
  - Q1 FFS claims data due January 15
  - Continue Eligibility system access
  - Details intake meetings begin March - April for routine PERM states
  - SMERF Orientations will be scheduled in February 2021

# Communication, Collaboration, and Additional Resources

- **RY 2022 PERM Cycle 1 Calls**
  - The cycle calls will occur on the fourth Wednesday of each month from 1:00 – 2:00 pm Eastern Time
  - First cycle call will be held on September 23, 2020
- **CMS PERM Website**
  - PERM RY 2022 Cycle 1 Kick-off Presentation
  - PERM Manual
  - PERM Standard Operating Procedures (SOP) for states

# PERM State Liaison Contact Information

Cycle 1 States	CMS PERM CAP State Liaison
Arkansas, North Dakota, Virginia	Angad Uppal <a href="mailto:Angad.Uppal@cms.hhs.gov">Angad.Uppal@cms.hhs.gov</a> , 410-786-1240
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Pennsylvania	Tracy Smith <a href="mailto:Tracy.Smith@cms.hhs.gov">Tracy.Smith@cms.hhs.gov</a> , 410-786-8418
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# SC Contact Information

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703-269-5500

All PERM correspondence should be directed to our central  
PERM inbox

[PERMSC.2022@lewin.com](mailto:PERMSC.2022@lewin.com)

# RC Contact Information

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PERM Review Contractor  
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800-393-3068

All PERM correspondence should be directed  
to our central PERM inbox

[PERMRC\\_2022@nciinc.com](mailto:PERMRC_2022@nciinc.com)

# ERC Contact Information

Booz Allen Hamilton

20 M Street SE  
Washington, DC 20003  
Phone: 202-203-3700

All PERM correspondence should be directed to

[PERM\\_ERC\\_RY2022@bah.com](mailto:PERM_ERC_RY2022@bah.com)

# Thank You!





# **Appendix: PERM 2017 Final Rule**

# Summary of PERM 2017 Final Rule

- On July 5th, 2017, a new PERM Final Rule became effective, making significant changes to both the claims and eligibility measurement
- **Review Period:** The PERM review period has been adjusted from a Federal Fiscal Year (FFY) to review payments made from July through June to align with state fiscal years and to provide additional time to complete the cycle before reporting improper payment rates
- **Change in State-specific Sample Size Calculation:** Establishes a national annual sample size which will be distributed across states
- **Use of Claims Sample for Eligibility Measurement:** The PERM claims sample will be used for the eligibility measurement with eligibility reviews being conducted on the individual associated with the sampled claim
- **Introduction of a Federal Eligibility Review Contractor (ERC):** A federal contractor will conduct PERM eligibility reviews with support from each state

# Summary of PERM 2017 Final Rule (cont'd)

- **System Access Requirements:** States are now required to grant federal contractors access to all systems that authorize payments, eligibility systems, systems that contain beneficiary demographics, and provider enrollment information to facilitate reviews
- **Federal Improper Payments:** Improper payments will be cited if the federal share amount is incorrect (even if the total computable amount is correct)
- **\*\*All Review Types\*\* Difference Resolution(DR)/Appeals:** Extended the DR time allowance to 25 business days and the appeal time allowance to 15 business days to allow states more time to research errors while still allowing the PERM process to be completed within a reasonable timeframe

# Summary of PERM 2017 Final Rule (cont'd)

- **Federally-Facilitated Exchange (FFE) Determinations-** PERM will review eligibility determinations made by the FFE in FFE-D states
- **\*\*Eligibility Only\*\* Updated Corrective Action Requirements:** There will be more stringent requirements for states that have consecutive PERM eligibility improper payment rates over the 3% national standard established under section 1903(u) of the Social Security Act (the Act); in addition, states will have to provide an evaluation of whether the actions they take to reduce eligibility errors will also avoid increases in improper denials
- **\*\*Eligibility Only\*\* Payment Reductions/Disallowances:** Potential payment reductions/disallowances under section 1903(u) of the Act will be applicable for eligibility reviews conducted during PERM years in cases where a state's eligibility improper payment rate exceeds 3%; CMS will only pursue disallowances if a state does not demonstrate a good faith effort to meet the national standard, which is defined as meeting PERM CAP and MEQC pilot requirements