



Payment Error Rate Measurement Program
c/o The Lewin Group
CMS Statistical Contractor
3130 Fairview Park Dr.
Falls Church, VA 22042

January 10, 2007

Dear State PERM Project Director:

The Payment Error Rate Measurement (PERM) program will estimate state-level payment error rates and, from these, national-level payment error rates for Medicaid and the State Children's Health Insurance Program (SCHIP). For Federal Fiscal Year (FFY) 2007, the PERM program will sample claims from four program areas: Medicaid fee-for-service, SCHIP fee-for-service, Medicaid managed care, and SCHIP managed care. Each quarter, States will submit claims data in two sets: (1) the universe files from the previous quarter, and (2) details for the sampled claims.

We are requesting the Medicaid and SCHIP universe claims data for the first quarter of FFY 2007. The data files should contain claims with payment dates of October 1, 2006 through December 31, 2006, inclusive. States should submit the required data to The Lewin Group by Tuesday, January 16, 2007. Please mail your data files and the Universe Data Submission Cover Sheet to:

Payment Error Rate Measurement Program, c/o Moira Forbes
The Lewin Group
3130 Fairview Park Drive
Suite 800
Falls Church, VA 22042

Attached are instructions that provide guidance to States for submitting the claims information for Quarter 1 of FFY 2007. The instructions have separate sections addressing the universe and the sampled claims data submissions. The appendices provide additional guidance on both the data requirements and process. Since October, we have enjoyed working with you in the trainings, one-on-one conferences, and in the many discussions regarding the preliminary version of these instructions. We have incorporated your comments and questions into these final instructions. Please use these instructions to guide your continued development of the claims data submissions.

For your information, the following bullets highlight clarifications and updates between the preliminary instructions released to states on December 5, 2006 and the attached instructions:

- The procedures for state submission of quarterly universe files and the subsequent full claims detail on the sampled claims have changed. Previously, states would submit both the universe data and details for the sampled claims to Lewin. The new procedures are:
 - States will submit their universe data files to Lewin by the 15th day of the month following the end of the quarter. The data requirements and process associated with the data submission are detailed in Section III and Appendices D and E.

Lewin will select a sample of claims from the universe data and forward the sampled claims to CMS' documentation/database contractor, Livanta LLC.

- Livanta will contact each state and request details for the sampled claims. States will return the sampled claims details to Livanta two weeks after receiving the sampled claims. Details concerning the data submission on the sampled claims are provided in Section IV and Appendix F. Please note that there have been some modifications to the list of fields required for the sampled claims data (see Appendix F).
- Section III: The instructions indicate that for FFY 2007 states do not need to assign MSIS stratification to their claims.
- Section III: Livanta will return the sampled claims in the format in which the state submitted the data to Lewin.
- Section III, page 11: For further clarification, Lewin has added more details about submitting "dummy claims," particularly regarding the individual claim number (ICN).
- Section III, page 19: Lewin has added its mailing address.
- Appendix D: Lewin has removed the suggested valid values (such as Paid = P and Denied = X). You may submit the values in your claims system. Please include data dictionaries for those fields included in your universe submission to Lewin.
- Appendix D: Lewin has added a claim status indicator to the required managed care fields because several states indicated that they have denied capitation or kick payments that require this indicator.
- Appendix E: For your convenience, Lewin has included a copy of the Universe Data Submission Cover Sheet in a separate Word document. Please include this cover sheet with your mailed data submission. We would also appreciate if you email this cover sheet and accompanying information (e.g., control totals, data dictionaries) to Lewin at permsc.2007@lewin.com when you have mailed your data submission.
- Appendix F: Livanta has revised the sampled claims details table in Appendix F. We recommend that you review this table for changes to the required fields. Livanta will contact the state to discuss this data submission and will supply a standard format template which the state may opt to use.

We look forward to continuing to work with you on this year's measurement under the PERM program. If you have any questions, email permsc.2007@lewin.com.

Sincerely,



Paul Hogan
Senior Vice President
The Lewin Group