Corrective Action Plan (CAP) Process

Presented by:
Division of Error Rate Measurement
Centers for Medicare & Medicaid Services
A corrective action plan (CAP) is 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 measurable improvement in the highest priority areas
- Eliminate repeated deficient practices
A CAP is important because:

- Corrective actions are developed
- Corrective actions are implemented
- Corrective actions are managed and monitored
- Promotes program improvement
- Program continues to evolve
Steps to a Effective/Successful Corrective Action Plan

- Step 1- Select the right corrective action team members
- Step 2 - Identify all errors and deficiencies
- Step 3- Determine the underlying cause of the error, not just the surface cause and don’t take any short cuts
- Step 4- Brainstorm corrective actions for each error or error trend identified. Collect all ideas even though all may not be feasible or implemented
- Step 5- States should perform a cost benefit analysis to determine which corrective actions are most cost effective.
- Step 6- Set achievable deadlines, targets and milestones
- Step 7- Evaluate and Monitor the corrective action progress
• 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 Cont

• 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
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
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, CMS Regional Offices, and the Medicaid Integrity Group.
Post CAP Webinars

- Webinars are held to discuss the State’s CAP, provide the State with updates on PERM initiatives, eligibility, and proposed improvements to the next PERM cycle.
- States are asked to provide a presentation and high level review of their CAPs.
CMS expects the State to report their progress on each corrective action implemented. CMS will also periodically follow up with States via email between their PERM cycles checking on the process of corrective actions and provide any technical assistance if needed.
Best Practice Calls

• The purpose of the call is for States to share their best practices related to their corrective action plans (CAPs) submitted so that other States can possibly benefit from their experience. The call is held for all PERM cycles covering a variety of topics related to PERM.
## State Cycle Rotation

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<thead>
<tr>
<th>Cycle</th>
<th>Medicaid and CHIP States Measured by Cycle</th>
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<tbody>
<tr>
<td>Cycle 1</td>
<td>Arkansas, Connecticut, Delaware, Idaho, Illinois, Kansas, Michigan, Minnesota, Missouri, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Virginia, Wisconsin, Wyoming</td>
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<tr>
<td>Cycle 2</td>
<td>Alabama, California, Colorado, Georgia, Kentucky, Maryland, Massachusetts, Nebraska, New Hampshire, New Jersey, North Carolina, Rhode Island, South Carolina, Tennessee, Utah, Vermont, West Virginia</td>
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# State CAP Liaison Contact Information

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<tr>
<th>States</th>
<th>CMS PERM CAP State Liaison</th>
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<tbody>
<tr>
<td>Alaska, California, Colorado, Idaho, Illinois, Louisiana, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, Ohio, Oregon, Texas, Utah, Washington, Wisconsin</td>
<td>Felicia Lane <a href="mailto:Felicia.Lane@cms.hhs.gov">Felicia.Lane@cms.hhs.gov</a> 410-786-5787</td>
</tr>
<tr>
<td>Alabama, Arkansas, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Mississippi, Missouri, Montana, New Mexico, North Carolina, Oklahoma, South Carolina, South Dakota, Tennessee</td>
<td>Tracy smith <a href="mailto:Tracy.Smith@cms.hhs.gov">Tracy.Smith@cms.hhs.gov</a> 410-786-8418</td>
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