

DEPARTMENT OF HEALTH & HUMAN SERVICES
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CMS Issues Final Rule for Payment Error Rate Measurement for Medicaid and CHIP

As part of the Administration's enhanced efforts to reduce improper payments in Federal programs, the Centers for Medicare & Medicaid Services (CMS) today issued the final regulations that will fully implement improvements to the Payment Error Rate Measurement (PERM) for Medicaid and the Children's Health Insurance Program (CHIP).

"Like other large federal programs, Medicare, Medicaid and CHIP are susceptible to errors or improper payments," said CMS Administrator Don Berwick, M.D. "Reducing payment errors in federal programs is a key goal of the entire Obama Administration and the rules we are issuing today – developed with feedback and input from states and other stakeholders – allow us to implement strategies for reducing the rate of errors in Medicaid and CHIP more effectively."

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 typically participates in the program once every three years.

With comments received from states, advocacy groups, and educational institutions, the final regulation implements changes to both programs required by 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 them on ways to further reduce payment errors in Medicaid and CHIP.

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The regulation is available at <http://www.federalregister.gov/inspection.aspx#special>

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

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