

# Payment Error Rate Measurement (PERM)

## PERM Overview for Providers

Presented by

Provider Compliance Group  
Office of Financial Management  
Centers for Medicare & Medicaid Services



# *Provider Education Webinar/Listening Sessions*

- CMS conducts Webinar/Listening Sessions to educate the provider community about the PERM program and their responsibilities. During these sessions we hope to:
  - Raise your awareness of the requirements before you are contacted.
  - Share information with you and answer questions submitted through this webinar and the PERM provider email address.
  - Advance our combined goal of accurate documentation and reducing improper payments.

# *PERM Background:*

- In 2002 , Congress enacted the Improper Payments Information Act (IPIA; amended in 2010 by the Improper Payments Elimination and Recovery Act or IPERA) requiring programs susceptible to improper payments measure and report improper payments annually. Medicaid and the Children's Health Insurance Program (CHIP) were identified as programs susceptible to improper payments.
- In 2006, the PERM program was developed to measure improper payments in Medicaid and CHIP.
- CMS and HHS report improper payments annually in the Agency Financial Report (AFR) <http://www.hhs.gov/afr/> .

# How Is PERM Performed?



- CMS uses a 17-state rotation for PERM. Each state is reviewed once every three years.
- For the Cycle 3 Measurement, the following States are being reviewed:  
  
Alaska, Arizona, District of Columbia, Florida, Hawaii, Indiana, Iowa, Louisiana, Maine, Mississippi, Montana, Nevada, New York, Oregon, South Dakota, Texas, and Washington
- CMS will review a random sample of fee-for-service (FFS) Medicaid and CHIP payments submitted by providers in these States from October 1, 2010 – September 30, 2011.

# *How is PERM Performed, continued....*

- CMS conducts a medical record review of FFS payments to determine the appropriateness of the payment.
- Not every provider will be contacted to provide medical documentation; only those providers that provided services for the sample of FFS claims pulled.
- Medical records are requested from the provider by the PERM Review Contractor for all fee for service claims in the sample.
  - A+ Government Solutions is the PERM Review Contractor.
- PERM Initial Request for Records;  
[http://www.cms.gov/PERM/Downloads/sample\\_ltr\\_1.pdf](http://www.cms.gov/PERM/Downloads/sample_ltr_1.pdf)

# *The Medical Record/Documentation Request*

- Customer Service Representatives (CSRs) will call all providers in the sample to explain the purpose of the call, the right for CMS to collect medical records for audit purposes, and identify the appropriate point of contact for each provider.
- CSRs will identify which patient's record is needed for review for a specific date of service that matches the provider's claim.
- After confirming that the correct provider has been reached and the location of the medical record needed, a written request will be faxed or mailed to the provider's office.

# *The Medical Record/Documentation Request, continued...*

- The request will specify the type of documents needed for each claim type and will provide instructions for how to submit records to the PERM Review Contractor by fax (please number pages), mail, a password protected CD , or the electronic submission of Medical Documentation (esMD). For information about esMD, visit: <http://www.cms.gov/esMD/>
- To better understand the documents you may need to provide, a “claim categories documentation guide” is available at: [http://www.cms.gov/PERM/Downloads/2010\\_Medical\\_Records\\_Request.pdf](http://www.cms.gov/PERM/Downloads/2010_Medical_Records_Request.pdf)
- Medical record requests for this PERM cycle will begin in October 2011 and continue through mid 2012.

# *Timeframe for Submission*

- Providers will have 75 calendar days from the date of the request letter to submit the record.
- All records should be returned with the **PERM Cover Sheet** that is mailed or faxed with the request for records. A identification number is provided to easily identify the claim.
- During this 75 calendar day period, we will conduct reminder phone calls and send written requests to providers if we have not received your records. Once we receive the records, this 75 day timeframe will expire.
- If documentation in the record submitted is insufficient to support the claim, we will request additional documentation before the review is completed. Providers will then have 14 calendar days to submit this documentation.
- Your state contact is notified when documentation is submitted or has not been received timely.

# ***Importance of Submitting Patient Record***

- **All claims with no documentation or insufficient documentation from the provider will be determined to be paid in error.**
- **Missing records will adversely affect the error rate.**
- **If determined an error, State Medicaid Agencies will recover the payment made to providers.**
- **Providers will still have normal appeal rights with the State.**

# *Medical Review Process*

- **All submitted medical records will be reviewed by registered nurses and certified coders.**
- **Reviewers consider documentation requirements and States' policies for coverage when determining the appropriateness of the payment.**
- **State staff will be notified of all review decisions.**

# *Frequent Mistakes in Submitting Medical Records*

- Not responding within required timeframes.
- Submitting records for the wrong patient.
- Submitting records for the right patient but for the wrong date of service requested.
- Not submitting readable records – e.g., colored backgrounds on faxed documents.
- Not copying both sides of two sided pages.
- Marking/highlighting certain parts of the record which obscures important facts when copied.

# *Importance of Provider Documentation*

- Accurate PERM measurements cannot be produced without provider cooperation in submitting documentation.
- A correct finding of proper payment cannot be made without the medical record from the provider.
- All records are equally important even those for low dollar claims.
- All error findings will adversely impact the State and National error rate calculations.
- No documentation and insufficient documentation error findings are the largest source of errors in the past PERM measurements.

# *Provider Best Practices*

Providers should:

- Be knowledgeable about state Medicaid policies for their provider type.
- Monitor their state's Medicaid website for policy updates and maintains documentation required by states' policies.
- Designate a point of contact to handle record requests.
- Make the request a priority and begins to process it when received.
- Read the request thoroughly, paying close attention to the dates of service requested.
- Research thoroughly with appropriate departments if unable to locate recipient or date of service requested.
- Cross reference name changes, including newborns.

# *Provider Best Practices, continued...*

- Assure that recipient's name on record is the same as on the claim sampled.
- View the record for document/image readability quality and monitor photocopy service turnaround.
- Understand that sending billing information is not sufficient proof that services were provided.
- Understand the importance of submitting records requested no matter how small the amount is that was paid.
- Maintain a copy of documentation for services performed elsewhere that supports the claim.
- Understand that if it wasn't documented, it wasn't done.

# How to Contact Us

- CMS Website - <http://www.cms.gov/PERM>
- The “providers” page helps to better understand the PERM process and what you may be required to do during a review. Select “**Providers**” from the menu on the left side of the page.
- Provider FAQs are available at;  
[http://www.cms.gov/PERM/Downloads/PED\\_1.pdf](http://www.cms.gov/PERM/Downloads/PED_1.pdf)
- Providers may be part of an audit separate from the PERM measurement. Links are provided for the Recovery Audit Contractor and Medicaid Integrity Audits.
- PERM providers are encouraged to contact their State PERM Liaisons and may e-mail [PERMProviders@cms.hhs.gov](mailto:PERMProviders@cms.hhs.gov) for any PERM program questions.