

Payment Error Rate Measurement (PERM) Program Medicaid Improper Payment Rates

Cycle-Specific Medicaid Improper Payment Rates

Year	PERM Cycle	Overall	FFS	Managed Care	Eligibility
2007*	Cycle 1 – FY 2006	--	4.7%	--	--
2008	Cycle 2 – FY 2007	10.5%	8.9%	3.1%	2.9%
2009	Cycle 3 – FY 2008	8.7%	2.6%	0.1%	6.7%
2010	Cycle 1 – FY 2009	9.0%	1.9%	0.1%	7.6%
2011	Cycle 2 – FY 2010	6.7%	3.6%	0.5%	4.0%
2012	Cycle 3 – FY 2011	5.8%	3.3%	0.3%	3.3%
2013	Cycle 1 – FY 2012	5.7%	3.4%	0.2%	3.3%
2014	Cycle 2 – FY 2013	8.2%	8.8%	0.1%	2.3%
2015**	Cycle 3 – FY 2014	N/A	18.63%	0.08%	N/A
2016**	Cycle 1 – FY 2015	N/A	9.78%	0.49%	N/A
2017**	Cycle 2 – FY 2016	N/A	10.55%	0.38%	N/A
2018**	Cycle 3 – FY 2017	N/A	23.91%	0.02%	N/A
2019	Cycle 1 – RY 2019	26.18%	15.12%	0.00%	20.60%
2020***	Cycle 2 – RY 2020	27.47%	12.67%	0.16%	22.32%

*Medicaid Fee-For-Service was the only component measured this cycle.

**For the 2015-2018 measurements, eligibility reviews were suspended. Therefore, eligibility component improper payment rates and the overall rates including the eligibility component are not reported. 2019 represents the first cycle measured under the new PERM regulation (82 FR 31158). Cycles prior to 2015 were measured under the previous PERM eligibility methodology. Additionally, CMS began reporting the official rates to two decimal places in 2015. Cycles prior to 2015 had rates reported to one decimal place.

***Under provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, President Trump declared on March 13, 2020 that, as a result of the effects of the Coronavirus Disease 2019 (COVID-19), a national emergency exists, retroactive to March 1, 2020. On January 31, 2020, Secretary Azar of the Department of Health & Human Services (HHS) declared a nationwide public health emergency, retroactive to January 27, 2020. On April 2, 2020, CMS announced that it was exercising its enforcement discretion to adopt a temporary policy regarding the Payment Error Rate Measurement (PERM) program. Accordingly, CMS suspended all improper payment-related engagement/ communication or data requests to providers and state agencies. Effective August 11, 2020, CMS resumed PERM-related engagements with providers and states. However, for Cycle 2 (2020), CMS determined that, at the time of the PERM suspension, CMS had completed all data and documentation requests necessary to complete national reporting and did not resume any state or provider outreach. Due to the public health emergency impact, the Cycle 2-specific rates may not be comparable to other cycles. However, the public health emergency only impacts one of the three cycles (Cycle 2) that combine to form the national rolling rate for 2020.

Rolling National Medicaid Improper Payment Rates*

Year	PERM Cycles Included	Overall	FFS	Managed Care	Eligibility
2010	Cycle 2 – FY 2007 Cycle 3 – FY 2008 Cycle 1 – FY 2009	9.4%	4.4%	1.0%	5.9%

2011	Cycle 3 – FY 2008 Cycle 1 – FY 2009 Cycle 2 – FY 2010	8.1%	2.7%	0.3%	6.0%
2012	Cycle 1 – FY 2009 Cycle 2 – FY 2010 Cycle 3 – FY 2011	7.1%	3.0%	0.3%	4.9%
2013	Cycle 2 – FY 2010 Cycle 3 – FY 2011 Cycle 1 – FY 2012	5.8%	3.6%	0.3%	3.3%
2014	Cycle 3 – FY 2011 Cycle 1 – FY 2012 Cycle 2 – FY 2013	6.7%	5.1%	0.2%	3.1%
2015	Cycle 1 – FY 2012 Cycle 2 – FY 2013 Cycle 3 – FY 2014	9.78%	10.59%	0.12%	3.11%
2016	Cycle 2 – FY 2013 Cycle 3 – FY 2014 Cycle 1 – FY 2015	10.48%	12.42%	0.25%	3.11%
2017	Cycle 3 – FY 2014 Cycle 1 – FY 2015 Cycle 2 – FY 2016	10.10%	12.87%	0.30%	3.11%
2018	Cycle 1 – FY 2015 Cycle 2 – FY 2016 Cycle 3 – FY 2017	9.79%	14.31%	0.22%	3.11%
2019	Cycle 2 – FY 2016 Cycle 3 – FY 2017 Cycle 1 – RY 2019	14.90%	16.30%	0.12%	8.36%
2020	Cycle 3 – FY 2017 Cycle 1 – RY 2019 Cycle 2 – RY 2020	21.36%	16.84%	0.06%	14.94%

*Considered the official rates reported by CMS.