

## PERM SC FAST FACTS FOR FORMS 64/21 RECONCILIATION

### Why does the SC perform 64/21 reconciliation as part of the PERM program?

To ensure that all federally matched payments are included in the Payment Error Rate Measurement (PERM) universes, the Statistical Contractor (SC) compares the total PERM dollars to the dollars reported by the state to CMS in the Medicaid and CHIP Budget and Expenditure System by quarter. This comparison ensures submitted universes are complete and accurate. Comparing the PERM data submission to the CMS Financial Reports ensures that no programs or populations that appear on the CMS Financial Reports have been omitted from the PERM data and that the state is capturing all necessary data sources in the PERM data submission. This is especially important for programs or payments that may be housed in systems outside of the Medicaid Management Information System. This comparison can also identify situations where state-only programs that do not receive a federal match and are not included in the CMS Financial Reports may have been incorrectly included in a state's PERM universe.

### What are the allowable reconciliation thresholds?

The SC works with states to ensure the differences in dollars between the PERM data and CMS Financial Reports are no greater than the allowed thresholds:

- 15 percent difference per quarter.
- 5 percent difference overall for the cycle.

These thresholds apply to each state's Medicaid program and Children's Health Insurance Program (CHIP) as two separate reconciliations per state. Within each of a state's reconciliations, all applicable expenditures are included for the comparison, whether the expenditures are for a Fee For Service or managed care (MC) delivery system, or a combination of both, and percent differences are assessed based on the total expenditures. States must work with the SC and provide any required financial information or missing data until differences are within the acceptable thresholds.

### What forms does the SC use in its reconciliation?

The reports considered during the comparison include:

- CMS 64.9 Base, CMS 64.9 Waiver, 64.9 VIII Newly, 64.9 VIII Not Newly, 64.9 VIII Waiver Newly, and 64.9 VIII Waiver Not Newly (Medicaid).
- CMS 64.21U Base, CMS 64.21U Waiver, and CMS 21 (Separate CHIP and Medicaid Expansion CHIP matched with Title XXI dollars).

If your state uses any additional 64/21 forms such as the 64.9T form, please inform the SC so those forms may be requested from CMS. The SC removes service lines from the CMS reports that correspond to payments not included in PERM, which includes, but is not limited to, drug rebates, cost sharing offsets, collections, and premiums. The SC also only considers current period forms, since the PERM data contains original payments.

## What are some best practices states can follow?

### **Include your financial staff in the PERM process early.**

- Share the Data Submission Instructions with the financial staff.
- Ensure that all required staff attend the 64/21 Intake Meetings. Have several staff members attend these meetings so more than one person knows the process and can respond to questions during the cycle.
- If someone new joins the state financial team and is unfamiliar with the PERM reconciliation processes, request a meeting with the SC to get an understanding of the process so that reconciliation is not delayed.

### **Discuss any changes to programs, reporting processes, or rates among state data and financial staff.**

- Financial staff should ensure that data staff know how any program or payment changes are being reflected on the reporting forms.
- This is especially important with MC rate adjustments. Data staff should know when those occur and how to identify them in the data so that they can be removed from the sampling universe.

### **Carefully review funding sources to ensure that they are correctly reflected in the data.**

- Payments funded by Title XIX belong in Medicaid and payments funded by Title XXI belong in CHIP, regardless of program design.
- If there were any issues in the previous cycle with incorrect universe placement, investigate the root causes ahead of your cycle so that mitigations can be developed.
- The funding sources should be reflected consistently between your claims and eligibility systems.

### **Know when significant claims adjustments are made.**

- If adjustments are made and reflected in the CMS current period reporting data and not in the PERM data, inform the SC of the net impact of adjustments on reported expenditures so that this can be accounted for.

### **Notify the SC of any non-beneficiary payments included in the service lines of the CMS data.**

- If your state reports any directed payments, incentives, health service initiatives, or other non-beneficiary payments on the included 64/21 service lines, combined with beneficiary-specific expenditures reported on the same service line, inform the SC so that these expenditures can be backed out of the comparison.
- Financial staff should be asked to research this item ahead of the 64/21 intake meetings so that it can be discussed with the SC.

### **Perform your own state reconciliation after submitting PERM data.**

- States can compare the PERM universe data submission numbers to the totals reported on the 64/21 forms before the SC reaches out with questions about any discrepancies.
- Proactive review can help states identify issues earlier and give them more time to research root causes.

### **Ensure that data for programs that started after the previous cycle were included in the quarterly data submission.**

- Often data extraction code is not updated to include these new programs for Quarter 1, and they must be submitted with later quarterly data submissions.
- This can cause confusion for the states and reviewers since they are sampled with data in another quarter.

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- Proactive review of new State Plan Amendments, waivers, vendors, expansions, etc. since the prior PERM cycle is essential to ensure that states are including all applicable data in quarterly data submissions.

### **Respond quickly when the SC notifies the state of differences outside the allowable thresholds.**

- Responses should include exact dollar amounts associated with any factor that is driving the discrepancies between the PERM data and reported expenditures and should be clearly broken down by quarter and by whether the expenditures are matched with Title XIX or Title XXI funds.
- Responses should also include supporting information or documentation to explain the nature of expenditures being reported. For example, if the discrepancy is caused by a directed payment, the state could provide the approved preprint.

### **What is the impact of 64/21 reconciliation delays?**

Delays in responding can often cause downstream delays in sampling/details and can even sometimes require oversamples if the root cause impacts a significant number of claims. The SC cannot be sure a state's universe is correct and complete until the comparison is within the allowable thresholds. Having multiple staff trained to respond quickly to the SC's questions will make the reconciliation process easier for both the state and the contractors. If the state is unable to provide the information required to meet the thresholds, the SC may reach out to the CMS Division of Financial Operations analyst for the state for additional information.