

Overview

The PERM Eligibility Review Contractor (ERC) conducts eligibility reviews to determine if a beneficiary was eligible for Medicaid (Title XIX) or CHIP (Title XXI) benefits paid in the form of fee-for-service claims or managed care payments. Eligibility reviewers use state eligibility system information, supporting case record documentation, and federal and state Medicaid and CHIP eligibility policies to complete reviews. The information made available to the ERC helps to determine if the state complied with federal and state requirements and made the appropriate eligibility determination.

Eligibility Review Source Information

The state's eligibility information source is mainly the eligibility system(s) that process information directly from beneficiaries or entered by caseworkers to make eligibility determinations. The ERC will also use information stored in document management systems. Paper documents are electronically scanned into the document management systems and maintained for the beneficiary case record. If states do not store case information electronically, the ERC may also request hard copy verifications that are physically stored in the state's possession. Hard copy documentation must be electronically scanned and submitted by the state via the ERC's Secure File Transfer Protocol (SFTP) site upon request. Additional system access (e.g., the state's Medicaid Management Information System [MMIS] or other related systems) may be requested if the systems contain information that can help the ERC validate eligibility information.

Eligibility Review Process

In this section, we provide a basic overview of the eligibility review process. States have the opportunity to discuss specific reviews during regular biweekly check-in meetings with the ERC if there are questions about documentation and policies used to complete certain reviews.

Eligibility Review Scope

The ERC reviews the "last action" that granted benefits to the beneficiary for the sampled date of service. The eligibility actions under review as the last action can be any of the following:

- **Applications:** The ERC reviews the information in the case file and eligibility system to determine whether the state appropriately determined eligibility, which includes that the state verified all required elements.
- **Redeterminations:** The ERC reviews information in the case file and eligibility system to determine whether the state conducted a timely renewal, reverified all required eligibility elements, and correctly determined eligibility.
- **Changes:** The ERC reviews change actions that occurred before the date of service to determine that the appropriate changes were made to the impacted eligibility elements (e.g., changes in income or household composition that affect eligibility). The ERC reviews the change actions in addition to the application or renewal action that occurred that established the initial eligibility period.

Documentation Collection

Once the ERC gains access to states' eligibility systems, the ERC will search for beneficiaries using the sample information provided by the Statistical Contractor (SC). Alongside the paid claims that were sampled for review, the SC may also provide beneficiary information that the ERC will use to complete an eligibility review for the claim if beneficiary information is provided as part of the sample universe. Based on the eligibility category where the beneficiary is enrolled, reviewers will capture screen prints (i.e., screen shots) of eligibility information for the most recent eligibility determination that occurred before the claim date of service. The ERC will collect information such as demographic information, income/resource budgets, application/renewals, case comments, notices, hard copy documents, and verification indicators from electronic data matches.

Independent Verification

Independent Verification (IV) is a process performed by the ERC to determine if a beneficiary would have been eligible when evidence in the case file for applicable eligibility elements is missing or was not conducted but other case file

information is available to apply to the eligibility review. If any elements were not verified during the eligibility determination (application, redetermination, or change) or evidence for verified elements is missing, the ERC will attempt to independently verify the element using information in the electronic case file during the documentation collection process. The ERC will only use information that would have been available to the state at the time of the eligibility determination, including electronic data matches that are available in the eligibility system.

IV is conducted for cases with ER1, ER2, and ER3 error codes where there is insufficient documentation for impacted eligibility elements. Without this information, the reviewer cannot determine whether the state correctly determined eligibility for the beneficiary. Reviews that contain error codes unrelated to missing documentation are not assessed for IV. The following list contains descriptions of the error codes that are eligible for the IV process:

- **ER1 – Documentation of verification to support eligibility determination not maintained; unable to confirm beneficiary eligibility:** The state cannot provide documentation obtained during the state's eligibility determination. Evidence within the eligibility case file or eligibility system indicates that the state verified the eligibility element using an appropriate verification source during the state's eligibility determination, but the documentation of the verification source was not maintained. The beneficiary under review may be financially and categorically eligible but eligibility cannot be confirmed without the documentation.
- **ER2 – Verification was not performed as required at determination; unable to determine beneficiary eligibility:** The state cannot provide documentation obtained during the state's eligibility determination. In addition, the state cannot provide evidence that the state obtained documentation from an appropriate verification source during the state's eligibility determination. The beneficiary under review may be financially and categorically eligible, but eligibility cannot be confirmed without the documentation.
- **ER3 – Determination not conducted as required; unable to determine beneficiary eligibility:** The state could not provide evidence that the state conducted an eligibility determination or completed a timely redetermination.

The state will have an opportunity to submit IV information during the ADR process. If there is no evidence that elements were correctly reviewed and verified at the time of determination, the appropriate payment error will be cited. Although the ERC will collect and accept IV documentation, an ER1, ER2, or ER3 error will still be cited and reported in SMERF; therefore, states are encouraged to prioritize submitting the initial documentation from an eligibility determination when requested so that the errors can be overturned. The ERC will document eligibility elements that can be independently verified during the cycle, separately record eligibility review findings (if applicable) that result from IV, and provide that information to CMS and states.

Additional Documentation Requests

If the ERC does not have access to the necessary verification or is not able to use existing eligibility system access to independently verify a missing element, the ERC will request the information from the state using the additional documentation request (ADR) process available in SMERF. The ADR will request the initial documentation used to complete the determination under review. The ADR may also request other types of evidence (i.e., IV) that was not used for the Medicaid determination but was available in the case file and could support beneficiary eligibility as of the last action date. States have 30 calendar days from receipt of the request to submit documentation to the ERC through the ERC's SFTP, labeled with the PERM ID from the PERM sample. The state can view all outstanding ADRs on the Eligibility Pending EP1 List in SMERF.

Ongoing Documentation Collection

In addition to the ADR process, the ERC will accept additional documentation for ER1, ER2, and ER3 errors throughout the cycle. States have the opportunity to provide missing documentation used in the determination for cases with ER1, ER2, and ER3 errors as part of an "ongoing documentation collection" process. If states identify missing documentation after the standard ADR period, this ongoing documentation collection process opens another avenue to submit documentation

to address an error prior to cycle cut-off. Documentation can be submitted via the ERC's SFTP, labeled with the PERM ID for the case so that the reviewer can easily identify the case for re-review.

Types of Errors Cited

Once the ERC has collected the necessary eligibility documentation for each beneficiary associated with the sampled claims, including documentation from ADRs, the ERC will complete its review for the case and make a decision. Eligibility review decisions are based on the federal and state policies and processes for verifying eligibility for the beneficiaries' enrolled Medicaid or CHIP categories. A case will be considered correct or have at least one payment error. Below are the types of errors the ERC will cite:

- Evidence in the case file does not indicate that eligibility elements are verified.
- Documentation was not maintained to provide evidence an eligibility element was verified.
- Information in the case file does not support an initial eligibility determination.
- Redeterminations are not completed timely (within 12 months prior to the DOS on the claim).
- A change in circumstance is reported but not acted on, either by the caseworker or the eligibility system.
- Verification that the beneficiary does not meet financial or non-financial eligibility requirements.
- Verification that the beneficiary should have been enrolled in a different program (i.e., CHIP versus Medicaid) and/or had coverage in a comprehensive TPL (CHIP only).
- Verification that the beneficiary should have been enrolled in a different eligibility category that is reimbursed at a different FMAP rate.
- Verification that the beneficiary was not eligible for the service received.
- Cost of care errors.
- Other eligibility errors that result in incorrect eligibility determinations and payment errors.

PERM Process Support

The ERC designates a state policy analyst, a state team lead, and a state project manager for each state to facilitate communication with the state, CMS, and the eligibility review team. This targeted team works together to support the state through the PERM eligibility review process, leveraging email communications, regular check-in meetings and ad hoc meetings when needed. For general inquiries or assistance from the ERC project team, states can send an email to PERM_ERC@bah.com. At the beginning of each cycle, states' assigned policy analysts will reach out via a cycle-specific inbox that will be used for all state-specific PERM communications.

The following Fast Fact sheets are also available that include more information regarding the eligibility review processes:

- *Case Action Review Fact Sheet*
- *Federal Security Requirements for PERM Contractors FAQs*
- *Eligibility Pending EP1 List*
- *Household Composition Fact Sheet MAGI*
- *Household Composition Fact Sheet Non-MAGI*
- *Income Review Fact Sheet*
- *Independent Verification Fast Facts*
- *State Responsibilities for Eligibility Review Fast Facts*
- *SFTP Access for External Users*