

Payment Error Rate Measurement (PERM)



***RY 2027
Cycle 3
Kick-Off***

April 2025

Agenda

PERM Program Overview (CMS)

Statistical Contractor (SC)

- Claims Data Submission
- Fee-For-Service (FFS) and Managed Care (MC) Sampling
- FFS Details Data
- Improper Payment Rate Reporting
- Next Steps

PERM Wrap Up (CMS)

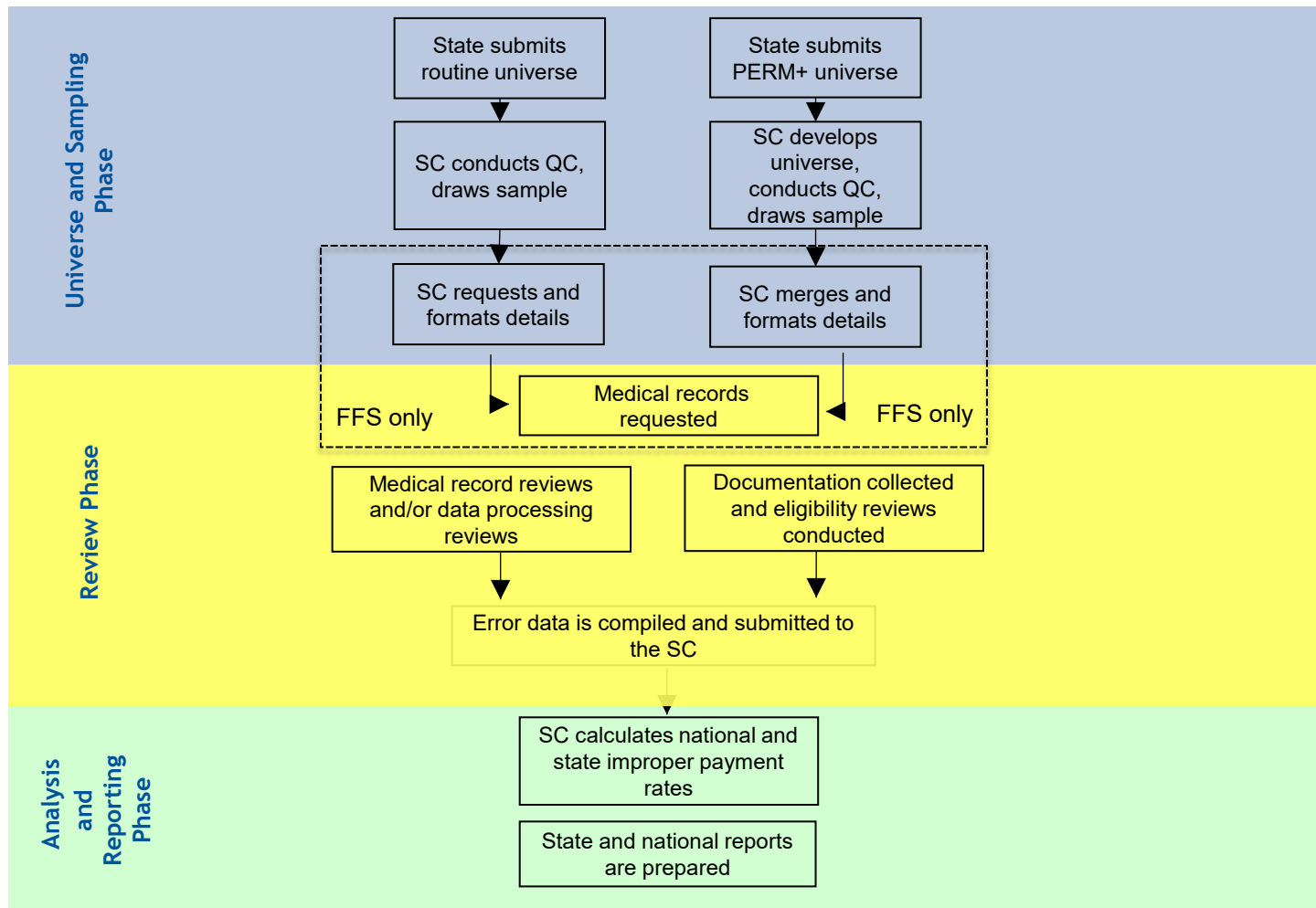
- Communication, Collaboration, and Additional Resources
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PERM Program Overview

- CMS is required to estimate the amount of improper payments in Medicaid and the Children's Health Insurance Program (CHIP) annually, as required by the Payment Integrity Information Act (PIIA) of 2019.
- The goal of PERM is to measure and report an unbiased estimate of the true improper payment rate for Medicaid and CHIP.
- Because it is not feasible to verify the accuracy of every Medicaid and CHIP payment, CMS samples a small subset of payments for review and extrapolates the results to the “universe” of payments.
- The program is operating under the PERM final regulation published on July 5, 2017.
- This cycle will review Medicaid and CHIP payments made in Reporting Year (RY) 2027 (**July 1, 2025, through June 30, 2026**).
- The RY 2027 improper payment rates will be reported in the HHS Agency Financial Report (AFR) published in November 2027.

PERM Program Overview: Cycle Progression

Claims and Payment Measurement





Statistical Contractor (SC)

The Lewin Group

SC: The Lewin Group

- The Lewin Group is the PERM SC for RY 2027 and has experience working with the last 14 PERM cycles.
- The SC collects Medicaid and CHIP payments on a quarterly basis and selects samples for DP, MR, and ER.
- Prior to receiving data, the SC will hold Intake Meetings with each state to gather information regarding state Medicaid and CHIP data, payment structure, and programs.

SC: Claims Data Submission

- States/district/territory (hereinafter collectively referred to as “state”) must submit valid, complete, and accurate claims universes to the SC.
- States have three data submission options – **must choose by May 30, 2025:**
 - Routine PERM
 - PERM+
 - Hybrid
 - For more information on the submission options, contact PERMSC.2027@lewin.com.
- An Intake Meeting is held with each state to discuss:
 - Requirements of PERM claims data submission.
 - Medicaid and CHIP programs and payment structures.
 - All data sources and the data collection process for PERM.
 - Waivers, demonstrations, and other programs in the state.
 - Any state-specific considerations around staffing structure and processes.

SC: Claims Data Submission (cont'd)

- Data Submission Instruction Meetings.
 - The SC will hold meetings to facilitate an in-depth discussion of the data submission instructions.
 - Several sessions will be held in late May or early June.
 - There will be sessions for both the routine PERM and PERM+ submission methods.

SC: Claims Data Submission (cont'd 2)

- Intake Meeting Process
 - The SC will provide the state with responses to intake questions from the prior cycle and give states the opportunity to provide updates.
 - The SC will focus on questions about required data fields to be included in state submissions, formatting options, and file layouts (planned to take place in June through August 2025).
 - States will be required to submit file layouts mapping their data variables in state system(s) to variables requested for PERM following the data Intake Meeting.
 - The SC will review PERM requirements with the state's data team.
 - In-depth review of state file layouts—variable by variable—to confirm correct data is mapped to the required and proper fields.
 - Note challenges/missing information from the state.
 - Walk through any potential data merging issues with PERM+ states.
 - Discuss header versus line data submission and payment levels.
 - Address any PHI/PII concerns.
 - Introduce PERM SFTP access, setting up credentials, and security protocols.

SC: Claims Data Submission (cont'd 3)

- CMS-64/21 Intake Meeting
 - CMS-64/21 Intake Meetings will include the PERM contacts and the state's financial staff (planned to take place in July through September 2025).
 - Introduce the CMS-64/21 comparison and reconciliation process as part of the PERM program.
 - Discuss the expected timeline for completion of this process.
 - Walk through a sample of the financial summary documents that will be prepared for each state program.
 - Review the state's comparison and reconciliation process from the previous PERM cycle.
 - Answer any questions that the state staff may have regarding this process.
 - It is vital that the state has the correct participants on the call to ensure that all required data are submitted and included in the appropriate universe.

SC: Claims Data Submission (cont'd 4)

- Claims data due dates:

Quarter	Paid Date	Due Date
Quarter 1	July 1 – September 30, 2025	October 15, 2025
Quarter 2	October 1 – December 31, 2026	January 15, 2026
Quarter 3	January 1 – March 31, 2026	April 15, 2026
Quarter 4	April 1 – June 30, 2026	July 15, 2026

- The SC will work with the state to ensure all PERM submission requirements are met each quarter.
 - Timely communication and efforts early on in the cycle will help the process for subsequent quarters and phases of PERM.
- The SC performs a series of quality control checks on the data.
- The SC also performs a comparison of PERM data submission to CMS-64/21 reports but encourages states to perform similar work as data is submitted to ensure all required data are submitted and included in the correct universe.

SC: Claims Data Submission (cont'd 5)

- There are some fields that will be mandatory in the universe submission for eligibility reviews: Beneficiary ID, Gender, Date of Birth, County/Service Area, and Eligibility Category.
- ****New**** Additional Universe Field Required to Support Reviews:
 - Capitation Reason Code
 - FMAP Rate
- The final data submission instructions will be sent out in May 2025.

SC: FFS and Managed Care Sampling

- PERM will utilize sample sizes that cap the number of samples selected from FFS and MC for MR, DP, and ER.
- The national sample size will be distributed across states based on the latest state expenditures.
- Each state will receive its sample size notification around June.

SC: FFS and Managed Care Sampling (cont'd)

- Payment Stratification Sampling:
 - In RY 2027, for FFS, the SC will use five payment strata and one stratum for claims that receive only a data processing review, including fixed, aggregate, and Medicare Crossover payments; for managed care, there will be five payment strata.
 - Note that eligibility samples will be divided among FFS and MC universes. Claims and eligibility sample selection are nested; therefore, eligibility samples will be drawn from the same FFS and MC universes.

SC: FFS Details Data

- Details data are used to request medical records, conduct medical review, conduct data processing review, and conduct eligibility review for sampled FFS claims.
 - Submitted by routine PERM states.
 - SC creates details file for PERM+ states.
- As in RY 2024, the SC will hold details Intake Meetings with each routine PERM state to:
 - Provide an overview of the details data requirements.
 - Discuss details Intake Protocol.
- Details Intake Meetings will also be held with each PERM+ state to:
 - Review details built by the SC.
 - Verify information to support medical record request and eligibility review.
- The SC performs a series of quality control checks and sends questions on any missing/incomplete/invalid information to the states.
- The SC may require regular meetings to resolve data issues if there are significant complications or delays.

SC: FFS Details Data (cont'd)

- Provider Fraud Indicator:
 - The state should review the providers for all sampled claims to see if they are under an active fraud investigation.
 - If any of the sampled claims are for providers under fraud investigation and the state does not want PERM to contact the provider, it should notify the SC of the impacted PERM IDs as soon as possible.
 - Providers in the completed details file that are flagged will not be contacted and the associated claims will be cited as MR1 errors later during the review phase.
 - Claims associated with these providers will be represented as no documentation improper payments in the state's rate.
 - If at any point in the cycle a fraud suppression is lifted, please notify the SC immediately of the impacted PERM IDs.

SC: FFS Details Data (cont'd 2)

- Medical Records Contacts:
 - To expedite return of medical records, states should provide medical records contact names and addresses in either the universe data (PERM+) or details (routine PERM).
 - Please review the address information available in your state systems ahead of universe or details submission to ensure the correct information is being provided. This could be reflected in the Correspondence or Mailing Address fields.

SC: Improper Payment Rate Reporting

- The official Medicaid and CHIP national rolling improper rates are reported annually in the CMS AFR each November.
- Following the posting of the AFR, each state receives its state-specific improper payment rates and findings through the Error Rate Notifications, Cycle Summary Reports, and CAP Templates.
- This release of official improper payment rates marks the beginning of the corrective action process.

SC: Next Steps

- **May/June 2025:**

- Complete State Contact and Information surveys by May 14, 2025.
- FFS and managed care sample sizes sent to states around June.
- Attend PERM General Education Webinar (May).
- PERM + presentations offered (May).
- Data submission instructions distributed to states (May).
- Data submission instruction meetings held (May - June).
- Communicate decision between PERM+ and routine PERM by May 30, 2025.
- Identify requirements, technology and security training needed to provide secure, remote systems access (all states).
- Identify all DUA/Business Associate Agreements (BAAs) that will need to be completed (state and vendors).

- **July 2025:**

- Provide all necessary DUAs (July - October).

SC: Next Steps (cont'd)

- **August 2025:**
 - Hold CMS 64/21 Intake Meeting.
 - Continue to develop and finalize DUAs/BAAs.
- **September/October 2025:**
 - Alert Lewin no later than September 15, 2025, if DUA/other data agreement is needed for data submission.
 - Prepare for universe data submission (September/October).
 - Quarter 1 claims data due October 15.
 - Fully execute all DUAs/BAAs before October 31, 2025.
- **November 2025 – February 2026:**
 - Details Intake Meetings begin February for routine PERM states.

PERM Wrap Up

Communication, Collaboration, and Additional Resources

- **RY 2027 PERM Cycle 3 Call Kick Off Part 2:**
 - The second part of the cycle kick off call will occur on an upcoming Tuesday from 2-3:00 p.m. Eastern Time.
- **CMS PERM Website:**
 - [PERM Cycle 3 Resources](#)

PERM State Liaison Contact Information

Cycle 3 States	CMS PERM State Liaison
Alaska, Arizona	Ray.Antoine@cms.hhs.gov
District of Columbia, Washington	Anita.Moore@cms.hhs.gov
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SC Contact Information

The Lewin Group
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All PERM Statistical Contractor correspondence should be directed to the central PERM inbox

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