

Payment Error Rate Measurement (PERM)



RY 2028

Cycle 1

Kick-Off

May 6, 2026

Agenda

PERM Program Overview (CMS)

Statistical Contractor (SC)

- Claims Data Submission
- Fee-For-Service (FFS) and Managed Care (MC) Sampling
- FFS Details Data

PERM Review Contractor (PRC)

- Overview of Eligibility Reviews (ERs)
- Eligibility Policy Collection
- Federal Medical Assistance Percentage (FMAP)
- ER Elements
- Eligibility Case Review Planning Document
- Pending Additional Documentation Requests (ADRs)
- Preliminary ER Finding Codes
- Overview of Data Processing (DP) Reviews
- State Policy Collection
- DP Review Elements
- Preliminary DP Finding Codes
- Overview of Medical Records Requests (MRRs)
- Overview of Medical Reviews (MRs)
- Preliminary MR Finding Codes

Agenda (cont'd)

Remote System Access and State Participation

SMERF, Tracking Errors, and Improper Payment Reporting

- SMERF Overview
- Tracking Errors and Responding to Findings
- Improper Rate Reporting

Next Steps & Contacts

- Next Steps
- Communication, Collaboration, and Additional Resources
- Contact Information



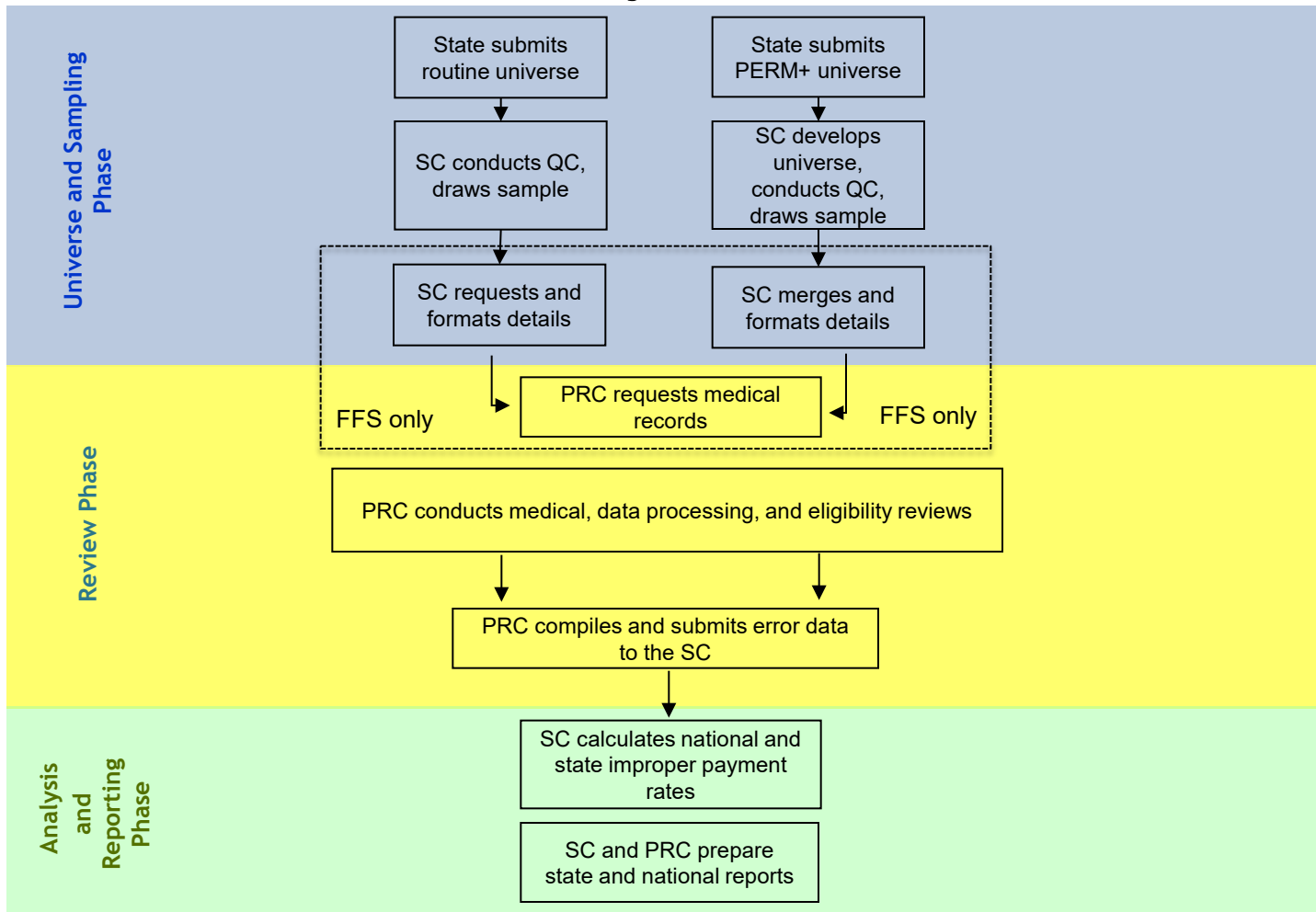
PERM Program Overview

PERM Program Overview (cont'd)

- 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) 2028 (**July 1, 2026 through June 30, 2027**).
- The RY 2028 improper payment rates will be reported in the HHS Agency Financial Report (AFR) published in November 2028.

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 2028 and has experience working with the last 16 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 must submit valid, complete, and accurate claims universes to the SC.
- States have three data submission options – **must choose by June 2, 2026:**
 - Routine PERM.
 - PERM+.
 - Hybrid.
 - For more information on the submission options, contact PERMSC.2028@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/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 2026).
 - 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 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 vs 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 2026).
 - 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, 2026	October 15, 2026
Quarter 2	October 1 – December 31, 2026	January 15, 2027
Quarter 3	January 1 – March 31, 2027	April 15, 2027
Quarter 4	April 1 – June 30, 2027	July 15, 2027

- 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: **Beneficiary ID, Gender, Date of Birth, County/Service Area, and Eligibility Category.**
- ****New** Additional Universe Fields Required to Support Reviews:**
 - **Capitation Reason Code**
 - **FMAP Rate**
- The final data submission instructions will be sent out in May 2026.

SC: FFS and Managed Care Sampling

- PERM will use sample sizes that cap the number of samples selected from FFS and managed care for MRs, ERs, and DP reviews.
- The national sample size will be distributed across states based on the latest state expenditures.
- Each state will receive its sample size notification by May 31, 2026.

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

- Payment Stratification Sampling:
 - In RY 2028, 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 managed care universes. Claims and eligibility sample selection are nested. Thus, eligibility samples will be drawn from the same FFS and managed care 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 2025, the SC will hold detailed 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 ERs.
- 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.
 - The PRC will not contact any providers that are flagged in the completed details file and will cite the associated claims 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.



PERM Review Contractor (PRC) Booz Allen Hamilton

PRC: Booz Allen Hamilton

- Booz Allen Hamilton is the PRC.
- The PRC:
 - Hosts and maintains SMERF
 - Performs PERM eligibility reviews (ERs) and data processing (DP) reviews for all states
 - Sends medical records request (MRRs) letters and conducts medical reviews (MRs)
 - Conducts policy collection for all review types: ER, DP and MR.
 - Creates Master Policy Lists (MPLs)
 - Brings state-specific knowledge of state systems and processes, while being well-versed in state and federal Medicaid and CHIP eligibility policy.

PRC: Overview of Eligibility Reviews (ERs)

- The eligibility case review focuses on whether a determination—new application or redetermination—was processed correctly based on the federal and state eligibility policies in place at the time of the action.
- The PRC reviews:
 - The most recent action on a case that made the individual eligible on the sampled claim’s DOS.
 - Any changes in circumstance that required an action if it occurred prior to the DOS of the sample claim.
- To conduct reviews, the PRC will:
 - Research federal and state Medicaid and CHIP policies and procedures.
 - Coordinate with the state to obtain remote access to eligibility systems.
 - Access and review information used by the state to process the case, including system screen prints and case documents that support the eligibility determination.
 - Review eligibility elements against federal and state policies to determine if the case is correct or if a payment error should be cited.
 - Request additional documentation and report findings to the state via SMERF.

State Eligibility Policy Collection

- The PRC will use previously provided policy documentation and download updated eligibility policies from public websites, when available.
- States will provide the PRC with any eligibility policies that are not publicly available.
- The state will review the Eligibility Policy Survey that is populated by the PRC. The policy survey identifies federal and state policies that will be used during the ERs. The state will provide policy updates as available throughout the cycle to minimize questions from the PRC and avoid delays.
 - **Note:** The PRC always uses the policies in place at the time of the determination under review.

Federal Medical Assistance Percentage (FMAP)

- During the ER intake process, the PRC will provide each state a category mapping document that includes the state's eligibility categories and the associated system codes.
- It is imperative that state's review and verify the validity of the category mapping document as it is also used to verify the funding source.
- States' subject matter experts (SMEs) should make the necessary updates and changes to the document to ensure it is current for RY 2028 reviews.
- The FMAP rates will be used to identify federal dollars assigned to a claim for each type of PERM review based on the Category of Eligibility and Date of Payment.

PRC: Example of ER Elements

- The ER consists of evaluating the following eligibility elements, as appropriate, to determine the element was verified and recorded, and used appropriately in making an eligibility determination in accordance with federal and state policies:
 - Age
 - Citizenship
 - Immigration Status
 - State Residency
 - Social Security Number
 - Pregnancy
 - Household Size
 - Tax Filer Status
 - Income
 - Resources/Assets (Non-MAGI)
 - Blindness, Disability, Medical Eligibility
 - Health Insurance (CHIP)
 - Signature under Penalty of Perjury on Application/Renewal
 - Timely Redetermination

The PRC will collect documentation that these elements were verified, including data matches, hard copy verifications, telephonic recordings, etc.

PRC: Eligibility Case Review Planning Document

- The purpose is to have a shared document among the state, PRC, and CMS that outlines necessary components of the cycle activities and provides necessary information for conducting eligibility case reviews.
- The Planning Document includes information such as:
 - State, CMS, and PRC points of contact.
 - State characteristics.
 - State eligibility systems summary.
 - State eligibility verification requirements.
 - Policy changes, demonstrations, and waivers.
 - State eligibility categories and FMAP rates.
 - Paper case file collection process.
 - PERM tasks and timeline.
 - DR and appeals process.
 - MAGI verification plan.
 - DR and appeals process.
 - MAGI verification plan.
 - ADR and ongoing documentation Collection.
 - Independent Verification process.
 - PRC SFTP instructions.
 - Eligibility category mapping.

PRC: Pending Documentation Requests

- Upon the PRC's initial review of the information collected, the PRC may identify cases with missing information and will use SMERF to submit additional documentation requests (ADRs) from the state, which can be tracked through the eligibility pending (EP1) list.
 - States should leverage regularly scheduled check-in calls with the PRC to ask any questions about the request. The state will submit the requested documentation to the PRC via Secure File Transfer Protocol (SFTP).
- In addition to the ADR process, states can provide additional documentation used in the determination for ER1s, ER2s, and ER3s as part of an “ongoing documentation collection” process during reviews and prior to cycle cut-off. 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.

PRC: Pending Documentation Requests (cont'd)

- In addition to the ADR process for RY 2028, to determine beneficiary eligibility when there is insufficient documentation, the PRC is asking states to allow the PRC to obtain access to state verification systems that allow them to independently verify the eligibility of the beneficiary.
- The PRC will provide more detail on this process following the Eligibility Intake Meetings planned for this fall.

PRC: Preliminary RY 2028 PERM ER Finding Codes

Code and Definition	Code and Definition
C1 – Correct	ER5 – Not eligible for enrolled program (i.e., Medicaid or CHIP) – non-financial issue
EP1 – Pending information from state	ER6 – Should have been enrolled in a different program (i.e., Medicaid or CHIP)
ER1 – Indication in case file that required verification was performed; Supporting documentation not maintained	ER7 – Not eligible for enrolled eligibility category; resulting in incorrect FMAP assignment
ER2 – No indication in case file that required verification was performed	ER8 – Not eligible for enrolled eligibility category; ineligible for service provided
ER3 – Determination not conducted as required; unable to determine beneficiary eligibility	ER9 – Non-state Error
ER4 – Not eligible for enrolled program (i.e., Medicaid or CHIP) – financial issue	ER10 – Other Errors

PRC: Overview of DP Reviews

- The PRC conducts DP reviews on each sampled FFS claim, fixed payment, and managed care payment.
- The PRC validates that the claim was processed correctly based on information found in the state's claims processing system (Medicaid Management Information System [MMIS]), state policies, and supporting documentation.
- To conduct reviews, the PRC will:
 - Coordinate with the state to obtain remote systems access before the SC sends the first detail files.
 - Begin reviews with receipt of the detail files from the SC.
 - Collect case information called “review packets” for **every** DP review (not just errors).
 - Coordinate and review Risk-based Screening (RBS) Assessment information from states.
 - Gather desk aids, manuals, and website links needed for training DP reviewers and completing DP reviews.

PRC: Overview of DP Reviews (cont'd 2)

- The PRC will send DP Questionnaires and RBS Assessments to states for completion (planned to take place in November 2026).
- Individual DP meetings with the states will occur after the questionnaire responses are received and prior to starting reviews (planned to take place in February 2027). The PRC completes and sends the state's DP Review Checklist before the meeting to assist in review preparation.

PRC: Overview of DP Reviews (cont'd 3)

- The PRC holds biweekly check-in calls with each state throughout the cycle to discuss system access, status of reviews, reviews on the pending (P1) list (i.e., pending information from state), errors cited, policy clarifications, etc.
 - PRC biweekly check-in calls begin when the PRC starts reviews for the state.
- States track the P1 list in real time through SMERF and receive automated notices for overdue information.
- Claims on the P1 list may be converted to errors if needed documentation is not provided by the state within 14 days.
- All errors identified on a claim will be cited and reported (multiple errors are possible on a single claim).
- If needed, the PRC can provide additional information/training on the elements of a DP review.
- In RY 2028, the PRC DP team will independently verify RBS database checks for providers where the state either did not perform a database check or did not document the results of the check. Additional information will be provided about this process at a later time.

PRC: State Policy Collection

- The PRC develops state-specific Policy Surveys and MPLs of all Medicaid and CHIP policies for the current cycle.
- The PRC collects Medicaid and CHIP payment and medical policies from state websites.
- The PRC may also collect state plan amendments, administrative codes and regulations, provider manuals, bulletins, updates, fee schedules, code lists, etc.
- States complete questionnaires to provide policy clarification in areas applicable to MR and DP reviews (planned to take place in October/November 2026).
- States must review and verify that the MPL is complete and provide policies the PRC is unable to collect and download from state websites (planned to take place in January/February 2027).
- The PRC continues policy collection throughout the cycle and incorporates updates as applicable.
- DP and MR policies will be available to states in the SMERF system to access when an error is cited.

PRC: DP Reviews - FFS Review Elements

- **Beneficiary (verification from eligibility source system):**
 - Demographics.
 - Eligibility for service based on aid category and benefit plan.
 - Managed care participation.
 - Patient liability.
 - Medicare and/or other insurance coverage, third-party Liability (TPL).
- **Provider enrollment:**
 - RBS compliance.
 - Provider enrollment information.
 - Licensure verification.
 - Clinical Laboratory Improvement Amendments (CLIA) verification, as applicable.
- **Payment accuracy:**
 - Timely filing.
 - Pricing and rate information.
 - Health Insurance Portability and Accountability Act (HIPAA) 5010 adherence for dates of service (DOS) on/after 7/1/2012.
 - Claim is complete, accurate, and not a duplicate.
 - Prior authorization.

PRC: DP Reviews - Managed Care Review Elements

In addition to all beneficiary information examined under FFS review, reviewers also examine:

- Managed care sample contract.
- Health plan information.
- Capitation rates and rate cells.
- Capitation payment history screens to check for duplicate payments/adjustments.
- Geographical service areas (counties, ZIP code).
- Exclusions, population, and service carve-outs.
- Adjustments to paid amount.

PRC: DP Reviews:

Preliminary RY 2028 DP Finding Codes

Code and Definition	Code and Definition
C1 – Correct	DP8 – Managed Care Rate Cell Error
DP1 – Duplicate Claim Error	DP9 – Managed Care Payment Error
DP2 – Non-Covered Service/Beneficiary Eligibility/MMIS System Error	DP10 –Provider Information / Enrollment Error
DP3 – FFS Payment for a Managed Care Service Error	DP11 – Claim Filed Untimely Error
DP4 – Third-Party Liability (TPL) Error	DP12 – Administrative/Other Error
DP5 – Pricing Error	P1 – Pending Information from State

PRC: Overview of MRR Reviews

- The PRC has the primary responsibility for obtaining medical records from providers.
- Unless an MRR point of contact (POC) is specified by the state in the details data sent to the SC, the PRC sends MRR requests to the billing provider.
- The PRC asks states to identify a new POC or requests states to contact providers who are not responding as needed.
- The PRC notifies state PERM representatives when the MRR process begins; the MRR process begins after the PRC receives details file from the SC.
- PRC Customer Service Representatives (CSRs) validate the providers' contact information by phone before sending record request letters.
 - Providers have **75 days** to submit documentation.
- CSRs make reminder calls and send follow-up letters after 30 days (unless received).
 - The PRC sends non-response letters on day 75 via registered mail, resulting in MR1 errors.

PRC: MRR (cont'd 2)

- If submitted documentation is incomplete, the PRC sends an ADR letter.
 - The provider has **14 days** to submit additional documentation.
 - CSRs make a reminder call and send a follow-up letter if pending after 7 days.
 - If the provider does not respond, the PRC sends a non-response letter after 14 days, resulting in a system generated *MR2: Document(s) Absent from Record*.
- If an ADR response is received but determined to be incomplete, the PRC sends an Insufficient/Incomplete Information Letter that specifies what is missing; this also results in an MR2 error (states receive a related PERM alert – Insufficient/Incomplete Information Documentation Request).
- If the PRC receives records of poor quality or other issues, the PRC sends a Resubmission Letter that details the issue; an MR1 error will result if the provider does not respond.

PRC: MRR (cont'd 3)

- If a provider sends documentation to the state rather than the PRC, the state may submit the documentation to the PRC using the established SFTP account.
- The PRC does not contact providers with claims suppressed for potential fraud; this results in MR1 errors with a qualifier for provider under investigation.
- If a change to the fraud suppression list is required during the cycle, contact the SC and include the PRC on the notification once the state identifies a change is required.
- The PRC makes available to the state copies of all letters sent to the providers. Providers may submit missing documentation for MR1 and MR2 errors until the cycle cut-off date.
- CSRs will continue to call providers with MR1/MR2 errors that have a high impact on improper payment rates.
- State involvement is essential in obtaining necessary documentation from providers.

PRC: Overview of MRs

- The PRC conducts MR on sampled FFS claims only.
- Each state receives an *MRR/MR Policy Questionnaire* to be completed and returned to the PRC (planned to take place in October 2026); follow-up meetings will be scheduled as needed.
- States participate in MRR/MR Orientations (planned to take place in March 2027) hosted by the PRC covering:
 - The MRR process.
 - The MR process.
 - Filing DRs and appeals.
- MR uses claims data submitted by states, records submitted by providers, federal regulations, and collected state policies to inform the review decisions.

PRC: MR (cont'd 2)

- Reviewers validate if the claim was paid correctly by assessing:
 - Adherence to federal regulations and the state's guidelines and policies related to the service type.
 - Completeness of medical record documentation to substantiate the claim.
 - Medical necessity of the service provided.
 - Validation that the service was provided as ordered and billed.
 - Claim was correctly coded.
- The PRC regularly sends the state, via SFTP, a copy of the medical records for each error that will post on the upcoming Sampling Unit Disposition (SUD) report; this allows the state to research prior to the SUD if a DR will be filed once the SUD is published.
- During the biweekly check-in calls, the PRC advises states of the volume of reviews completed, the number and types of errors cited, any questions on policies, pending DRs, or re-pricing requests, etc.
 - PRC biweekly check-in calls begin later March/April 2027.

PRC:

Preliminary RY 2028 MR Finding Codes

Code and Definition	Code and Definition
C1 – Correctly paid	MR 6 – Number of Unit(s) Error
MR 1 – No Reviewable Documentation Received Error	MR 7 – Medically Unnecessary Service Error
MR 2 – Document(s) Absent from Record Error	MR 8 – Policy Violation Error
MR 3 – Procedure Coding Error	MR 9 – Improperly Completed Documentation Error
MR 4 – Diagnosis Coding/DRG Error	MR10 – Administrative/ Other Error
MR 5 – Unbundling Error	



Remote System Access and State Participation

Remote Systems Access

- The PERM Final Rule (published on July 5, 2017) requires states to grant federal contractors access to all systems that authorize payments, eligibility systems, systems that contain beneficiary demographics, and provider enrollment information to facilitate reviews.
- All RY 2028 PRC reviews will be conducted through secure, remote system access.
- Granting PRC access to relevant systems facilitates reviews with the goal of reducing state burden.
- The PRC will collect case documentation through direct access to the state systems.
 - The state may have to provide additional documentation securely, if all necessary documentation is not available via system access (e.g., paper files).

Remote Systems Access (cont'd)

- During the next few months, the PRC will coordinate with the state directly to obtain system access; the PRC will:
 - Gather information for each system from the state.
 - Execute any DUAs or other required agreements that are necessary to access the state systems.
 - Complete any system access forms.
 - Take any required training/background checks.

Overview of State Participation in PERM Reviews

- In support of RY 2028 reviews, states will:
 - Plan for and establish secure, remote system access for the PRC early in the cycle.
 - Coordinate scheduling of and participation in Intake Meetings and Orientations.
 - Update and/or provide feedback on pre-cycle documents for all review types.
 - Participate in regular check-in meetings and ensure proper SMEs are on the calls.
 - Assist in case documentation collection and review related questions throughout the cycle.
 - Contact providers as needed to obtain documentation.
 - Use SMERF to review error findings.
 - Take actions in SMERF to file DRs and appeals.



SMERF, Tracking Errors, and Improper Payment Reporting

PRC: SMERF Overview

- States use the SMERF system to:
 - Look up individual claims.
 - Track documentation requests (MRR, EP1, and DP P1).
 - Track ER, MR, and DP review findings.
 - Access SUD reports, year-to-date errors.
 - Request DRs and appeals for DP, MR, and ER findings.
 - Access improper payment rates and final findings.
 - Access state educational resources.
 - Add contact information to receive PERM alerts (automated email notifications).
- The PRC holds SMERF system orientations for all states before records are collected, including ER, DP, and MR documentation (training planned to take place in April 2027).

PRC: SMERF Overview (cont'd)

- SMERF registration will be facilitated through the CMS Identity Management (IDM) system, which includes identity proofing. **State users must complete the IDM process to receive credentials.**
 - State users who already have IDM accounts might be asked to confirm some personal details again, but they won't have to go through full ID proofing.
- Access Fast Facts documents that are available in SMERF on a variety of review topics via **SMERF > Tools > State Educational Resources.**
- For questions regarding the IDM credentialing process or general questions related to the SMERF system, contact PERM_Help_Desk@bah.com.

Tracking Errors and Responding to Findings

- **SMERF Functionality:**
 - **Claims Detail Screen:** Offers details for the PERM ID, including the MRR letter and call log, provider information, and the status and findings of each ER, DP, and MR.
 - **Policy Menu:** Displays policies collected, including federal regulation citations and state policy citations for MRs, ERs, and DP reviews.
 - **Reports Menu:** Includes EP1 and DP P1 reports that are updated in real time to communicate with states on information needed to complete reviews; PERM alerts will be sent from SMERF to advise states when pended reviews are past the 14-day response time; pending claims will be converted to errors if documentation is not provided timely.

Tracking Errors and Responding to Findings (cont'd)

- **SMERF Functionality (cont'd):**
 - **Individualized Reports:** States can select the data needed for their reports based on available data sources by selecting fields in the drop-down menu; standard reports selectable as the default, if needed.
- Errors are officially reported to states through SUD reports on the 15th and 30th of each month.
- States receive Advance Notice of Error PERM alerts for every ER, DP, and MR error identified between SUDs.
 - Note that errors cited on the day prior to a SUD will **not** result in an advance notice of error and will first be reported on the SUD the following day.

Tracking Errors and Responding to Findings (cont'd 2)

- The state has 25 business days from the SUD report date to request a DR.
 - DRs are requested via SMERF; documentation for DRs is submitted to contractors via SFTP.
 - Re-pricing of partial MR errors may be requested through the DR process (recommended for ease of tracking) but may also be requested via email after the DR time frame has closed. Reducing the error amount on claims benefits the state as well as provides a more accurate national error rate estimate.
- States have 15 business days from the DR decision to appeal errors to CMS.
- States are required to return the federal share of overpayments identified on sampled FFS and MC payments.
 - Note: Sampled overpayments identified through the PERM ER are not subject to recoveries but are subject to disallowance requirements in section 1903(u) of the Social Security Act (the Act).
- States will receive a Final Errors For Recovery (FEFR) report that lists all claims with an overpayment error.
- States are required to develop a Corrective Action Plan (CAP) to address each error.

Improper Payment Rate Reporting

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



Next Steps and Contact Information

Next Steps

- **May/June 2026:**
 - Complete universe data submission surveys by May 15, 2026.
 - FFS and managed care sample sizes sent to states by May 31.
 - 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 June 2, 2026.
 - Identify requirements, technology, and security training needed to provide secure, remote systems access to the PRC (all states).
 - Identify all DUA/BAAAs that will need to be completed (state and vendors).
- **July 2026:**
 - Claims orientations/intake sessions begin (June - July).
 - Provide all necessary DUAs and system access forms (July - October).

Next Steps (cont'd)

- **August 2026:**
 - Continue claims orientation/intake meetings.
 - Hold the CMS 64/21 Intake Meeting (may be held in July or September as well).
 - Continue work to obtain remote systems access for reviewers.
 - Continue to develop and finalize DUAs/BAAAs with contractors.
 - Attend webinar to discuss options for provision of eligibility data to PRC.
- **September/October 2026:**
 - Hold Eligibility Intake Meetings and continue eligibility system access discussions.
 - Review Eligibility Policy Survey, Intake Protocol, System Access Questionnaires (September-December).
 - Assist in the collection on non-publicly available state policies.
 - Alert Lewin no later than September 15, 2026, if DUA/other data agreement is needed for data submission.
 - Prepare for universe data submission (September/October).
 - Submit Quarter 1 claims data (due October 15).
 - Send DP and MR/MRR Questionnaires to states for completion (October/November).
 - Fully execute all DUAs/BAAAs with PRC before October 31, 2026.

Next Steps (cont'd 2)

- **November 2026 – February 2027:**
 - Details intake meetings begin February for routine PERM states.
 - Ensure PRC has remote systems access in place.
 - Participate in DP, SMERF, and MR/MRR Orientation meetings (December - March).
 - Finalize MPL with the PRC (January - February).
 - Review and approve the *Eligibility Case Review Planning* document (February – March).

Communication, Collaboration, and Additional Resources

- **RY 2028 PERM Cycle 1 Calls or Written updates:**
 - The cycle calls will occur on the fourth Wednesday of each month from 2–3:00 pm Eastern Time.
 - First cycle call will be held in May or June.
 - In lieu of a cycle call written updates will be provided.
- **CMS PERM Website:**
 - [CMS PERM – Cycle 1](#)
 - [PERM Manual](#)
- **PERM Corrective Action Plans - CMS Division of State Partnership:**
PERMCAPS@cms.hhs.gov
- **Regular State Check-in Calls:**
 - Will be scheduled with each state by contractors.
- **SMERF > Tools > State Educational Resources:**
 - SMERF Overview, *SMERF State User Guide*, multiple SC and PRC fact sheets on ER, MR, and DP review topics, processes, accessing SUD reports, filing DRs and appeals, suppressing MR for providers under fraud investigation, and PRC SFTP access, etc.

PERM State Liaison Contact Information

Cycle 1 States	CMS PERM State Liaison
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Thank You!

