

# STATE ROLE IN MEDICAL REVIEWS (MR)



## PERM RC FAST FACTS

### MR OVERVIEW

A PERM MR is a comprehensive review performed by the PERM RC, Empower AI, on sampled Fee-for-Service (FFS) Medicaid Program and Children’s Health Insurance Program (CHIP) claims. The PERM RC medical reviewer evaluates each claim based on medical record documentation, federal and state regulations, policies, and guidelines related to the claim. The objective of the review is to determine whether the service was medically necessary, reasonable, provided in the appropriate setting, billed correctly, coded accurately, paid correctly in accordance with federal and state regulations, policies, and guidelines, and covered by Medicaid or CHIP, as applicable.

### BEST PRACTICES FOR MEDICAL RECORD REQUESTS (MRR)

MRR is an important piece of the PERM RC’s MR process since *C1 Correctly Paid* findings often depend on obtaining all records necessary for MR. *MR1 No Documentation* and *MR2 Document(s) Absent from Record* errors remain the largest driver of MR errors each cycle. The RC’s MRR and MR teams work closely internally and with the states to ensure the MR team has the records needed to complete MRs. For MRR, all states, district, and the territory<sup>1</sup> will:

- Provide a complete and accurate *MRR/MR Policy Questionnaire* to the RC by the specified due date. The RC usually sends out the questionnaire to the states for completion in mid-October of the first year of the cycle. The RC pre-populates the questionnaire with the states’ responses from the previous cycle. States have about three weeks to return the completed questionnaire to the RC. States should ensure that state staff with working knowledge of state programs, policies, payment calculations, and adjudication systems assist with the completion of the questionnaire.
- Review and validate Medicaid Management Information System (MMIS) provider contact information for claims. The RC will use the billing provider information or records point of contact to communicate with providers and send request letters. A records point of contact is the entity responsible for the retention of the medical records for the sampled service if different from the billing provider. Routine PERM states provide the records points of contact in the MR Contact fields within the details files created by the Statistical Contractor (SC) in coordination with the state.

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<sup>1</sup> Hereinafter, collectively referred to as “state.”

- Identify medical documentation management processes followed by fiscal agents and sister agencies and points of contact for the records. Identify special documentation processes or contact information for corporate contacts or multi-hospital systems.
- Provide the RC with current contact information for state PERM representatives for inclusion in the RC's MRR letters. MRR letters include contact information for the RC including the RC customer service telephone number of (800) 393-3068 and the RC's provider inquiry email inbox [PERMRC.ProviderInquiries@empower.ai](mailto:PERMRC.ProviderInquiries@empower.ai). The letters also include contact information for the state PERM representative designated by the state to serve as the primary provider point of contact for MRR. The letters include the state contact's name and contact information such as email address and telephone number. The state specifies whether the letter includes only the state contact email address, only the state contact telephone number, or both email and telephone number.
- Respond timely to RC requests for assistance with identifying the records custodian and/or records point of contact. If the RC MRR team can't reach a provider, RC Regional Coordinators will contact the state to identify a new records point of contact or obtain contact information for the provider. States and the RC also routinely discuss MR1 errors, MR2 errors, and alternate MRR contacts during the RC's check in meetings with the states.
- Follow up with providers as needed to assist with record collection for MR1 and MR2 errors. States that perform record collection follow up with providers have historically been successful in mitigating many *MR1 No Documentation* errors and *MR2 Document(s) Absent from Record* errors. States who obtain records from providers in support of PERM may transmit those records to the RC via the RC secure file transfer protocol (SFTP) known as Kiteworks. Refer to the Fast Facts flyer [RC Secure File Transfer via Kiteworks](#) for information on using and requesting access to Kiteworks.
- States may find it helpful to notify the provider community that a PERM audit will begin soon a few months prior to the start of MRR/MR. Best practices that states have employed successfully include the following:
  - Send a notice such as a bulletin or letter to providers describing PERM, identifying provider responsibilities, and clearly identifying the PERM RC by name and contact information so that providers know how to confirm that PERM records requests are valid.
  - Post information to the state Medicaid/CHIP websites about the upcoming PERM audit or send a notice through the state's email list serv.
  - In the notice or website/email communication, consider including language from the provider agreement that providers must furnish records to auditors as part of the agreement. Advise providers of the possible consequences of not furnishing records for review, e.g., state recovery of claim payment.
  - The RC regularly sends example initial and additional documentation request (ADR) MRR letter packets and a copy of the MRR documentation request list for each claim category to states for reference prior to the start of MRR/MR activity. The RC refers to the MRR documentation request by claim category as the *Claim Category Matrix*. These and other resources are also available on the Providers page of the CMS PERM website at this [link](#).

Consider posting these to state websites or including them in state email communications to providers.

## BEST PRACTICES FOR MR

To complete reviews successfully, the State Medicaid Agency (SMA) or CHIP office has an active role throughout the review cycle. Below are some activities.

### Before reviews are initiated, states will:

- 1) Ensure everyone within the state team knows what their roles and responsibilities are with regard to PERM at the beginning of the cycle. Make sure fiscal agents have dedicated staff to support PERM. States may choose to prepare a timeline of PERM activities for distribution to internal staff prior to the beginning of MRR and MR for state staff to use as reference and to track the timeline closely throughout the review phase.
- 2) Participate in RC check-in and MRR/MR orientation calls before the review cycle and include state representatives from the areas of state programs, policies, payment calculations, and adjudication systems, etc., as appropriate.
- 3) Establish a state MRR point of contact for the MRR letters.
- 4) Provide complete responses to the RC's *MRR/MR Policy Questionnaire*, including appropriate supporting documentation and links to state policies.
- 5) Verify that the RC's draft *Master Policy List (MPL)* is complete and accurate by the date requested by the PERM RC. During the state's review of the draft, add relevant policy information and correct inaccurate information. Review and finalization of the draft MPL usually occurs in January/February of the second year of the cycle. Assist the RC with accessing state policies.

### During the review cycle, states will:

- 1) Participate in check-in calls during the review cycle and include state representatives from the areas of state programs, policies, payment calculations, and adjudication systems, etc., as appropriate.
- 2) Monitor MRR activity in the State Medicaid Error Rate Finding (SMERF) web-based application. MRR reports in SMERF contain contact information for providers, due dates for records requests, and other information that's valuable to the state.
- 3) Respond timely to RC requests for assistance with contacting a provider or obtaining records.
- 4) Review, resolve, and address improper payment findings as they appear on the Sampling Unit Disposition (SUD) report. The SUD report is released on the 15<sup>th</sup> and 30<sup>th</sup> of each month. Prior to the release of each SUD, the RC will send copies of medical records to the state for all MR errors that will be included on the upcoming SUD.
- 5) Track errors and request Difference Resolutions (DRs) within 25 business days after findings posted to SUD and/or request appeals within 15 business days after the DR decision date for disputes of findings.
- 6) Submit repricing requests to the RC for partial MR errors. The RC will determine the initial dollar value of the error as 100% of the paid amount. States may utilize the DR process for repricing or request repricing via email to the RC after the DR timeframe closes until the end of the cycle. Refer to the PERM RC Fast Facts flyer [Repricing Medical Review Partial Errors](#) for more information.
- 7) Submit applicable documentation via Kiteworks to support responses to questions, MR repricing requests, and DRs. Refer to the PERM RC Fast Facts flyer *RC Secure File Transfer via Kiteworks* for information on using and requesting access to Kiteworks.
- 8) Communicate findings to state Medicaid and CHIP leadership.