Payment Error Rate Measurement (PERM)

Provider Education Conference Calls FY2010

Presented by the
Provider Compliance Group
Office of Financial Management
Centers for Medicare & Medicaid Services

CMS

Purpose of the Provider Education Conference calls

- CMS is conducting PERM Provider Education Conference Calls to educate the provider community about the PERM program and their responsibilities.
- When the accuracy of your State's payments is currently being measured, we want to raise your awareness of the requirements before you are contacted.
- During this presentation, CMS staff and partners will share information with you and you will have an opportunity to ask questions.
- The Conference calls will serve as one of the many ways for the agency, the States, and our healthcare partners to advance our combined goal of accurate documentation and reducing improper payments.

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PERM: What Is It?

- In 2002 , Congress enacted the Improper Payments Information Act (IPIA). The IPIA requires that programs susceptible to improper payments measure and report improper payments annually.
- The PERM program was developed to measure improper payments in Medicaid and CHIP.
- The first measurement of Medicaid FFS improper payments was completed in 2006.
- CMS and HHS report improper payments annually in the Agency Financial Report (AFR) http://www.hhs.gov/afr/
- Measurement of CHIP improper payments is on hold due to the development of a final regulation as required by Section 601 of Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA).

PERM: What Is It? continued..

- CMS uses a 17-state rotation for PERM. Each state is reviewed once every three years. This rotation allows States to plan for the reviews as they know in advance when they will be measured.
- For the FY2010 Measurement, we are reviewing the following States:
  - Alabama, California, Colorado, Georgia, Kentucky, Maryland, Massachusetts, Nebraska, New Hampshire, New Jersey, North Carolina, Rhode Island, South Carolina, Tennessee, Utah, Vermont, and West Virginia.
- For each State under review, a sample of 500 FFS claims are pulled from all claims paid from 10/1/09 – 9/30/10 and reviewed. Therefore, not every provider will be contacted to provide medical documentation; only those providers that provided services for the sample of claims pulled.

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How Is PERM Performed?

Collection of State Policies

The PERM Review Contractor collects State Medicaid and CHIP Program Policies from each state under review from March through September of each Cycle. The following process is used:

- **Policies are obtained from web site searches on each State's web site for all provider types.**
- **Policy questionnaires are sent to States for any clarifications needed.**
- **Supplemental policies are provided by states for any policies that may not be on their web sites.**
- **States validate the master list of policies collected by the Review Contractor to assure that all policies have been indentified before medical review begins.**

Medical Record Requests

- Medical records are requested from the provider by the PERM Review Contractor for all fee for service claims in the sample.
- Customer Service Representatives (CSRs) will call all providers in the sample to explain the purpose of the call, the right for CMS to collect medical records for audit purposes, and identify the appropriate point of contact for each provider.
- CSRs will identify which patient's record is needed for review for a specific date of service that matches the provider's claim.
- After confirming that the correct provider has been reached and the location of the medical record needed, a written request will be faxed to the provider's office.
- The request will specify the type of documents that are needed for each claim type and will provide instructions for how to submit records to the PERM Review Contractor by fax, mailed, or on disc.

Timeframe for submission

- Providers will have 60 calendar days to submit the requested record. Records should be returned with the PERM cover sheet faxed to providers to easily identify the claim.
- Reminder phone calls and written requests will be sent to providers during this 60 calendar day period if records have not been received. Once records are received this 60 day timeframe will expire.
- If documentation in the record submitted is insufficient to support the claim, additional documentation may be requested before the review is completed.
- Providers will then have 15 calendar days to submit this documentation.

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Importance of submitting patient record

- **All claims with no documentation or insufficient documentation from the provider will be determined to be paid in error.**
- **If determined an error, State Medicaid Agencies will recover payment made to providers.**
- **Providers will still have normal appeal rights with the State.**
- **Missing records will adversely affect the error rate.**

Medical Review

- **All submitted medical records will be reviewed by registered nurses and certified coders from September through July of each cycle.**
- **Determinations will be made of proper payment based on documentation in the record and States' policies for coverage and required documentation.**

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Frequent Mistakes in Submitting Medical Records

- **Not responding within required timeframes.**
- **Submitting records for the right patient but for the wrong date of service requested.**
- **Submitting records for the wrong patient.**
- **Not submitting readable records – ie. poor quality of faxed documents.**
- **Not copying both sides of two sided pages.**
- **Marking/highlighting certain parts of the record which obscures important facts when copied.**

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Importance of Provider Documentation

- **Accurate PERM measurements cannot be produced without provider cooperation in submitting documentation.**
- **A correct finding of proper payment cannot be made without the medical record from the provider.**
- **All records are equally important even those for low dollar claims.**
- **All error findings will adversely impact the State and National error rate calculations.**
- **No documentation and insufficient documentation error findings are the largest source of errors in the past PERM measurements.**

Provider Best Practices

- Is knowledgeable about state Medicaid policies for their provider type.
- Monitors state MA website for policy updates and maintains documentation required by states' policies.
- Makes the request a priority and begins to process it when received.
- Reads the request thoroughly, paying close attention to the dates of service requested.

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Best Practices (continued)

- Designates a point of contact to handle audit requests.
- Researches thoroughly with appropriate departments if unable to locate recipient or date of service requested.
- Cross references name changes, including newborns.
- Assures that recipient's name on record is the same as on the claim sampled.

Best Practices (continued)

- Monitors photocopy service turnaround and quality of PERM requests.
- Understands that sending billing information is not sufficient proof that services were provided.
- Understands the importance of submitting records requested no matter how small the amount is that was paid.
- Maintains a copy of documentation for services performed elsewhere that supports the claim.
- Understands that if it wasn’t documented, it wasn’t done.

Communication & Collaboration

- **Website** - http://www.cms.hhs.gov/PERM
- The “providers” page was developed to help providers better understand the PERM process and what you may be required to do during a PERM review. Select **“providers”** from the menu on the left side of the page.
- The provider FAQ section contains answers to the questions that are most commonly asked by providers. Also, as a provider, you may be part of an audit separate from the PERM review. Please follow the links on the provider page for more information pertaining to the recovery audits and Medicaid integrity audits.
- PERM providers are encouraged to contact their State PERM Liaisons and additionally may e-mail PERMProviders@cms.hhs.gov for any provider specific questions.

Questions