SAMPLE PROVIDER EDUCATION LETTER

Dear State:

With the national implementation of the PERM program to measure improper payment in Medicaid and the Children's Health Insurance Program (CHIP), we recommend that you educate your program providers about the importance of their cooperation and participation in submitting complete medical records timely to support evaluation of the accuracy of claims payments. You can begin educating your providers now even if you are not being reviewed this year. To that end, we have provided draft language below that you may find helpful in writing a notice for placement in provider newsletters or other announcements.

Dear Provider:

The Improper Payments Information Act of 2002 directs Federal agency heads, in accordance with the Office of Management and Budget (OMB) guidance, to annually review its programs that are susceptible to significant erroneous payments and report the improper payment estimates to Congress. OMB identified the Medicaid and the Children's Health Insurance Program (CHIP) as programs at risk for significant erroneous payments.

The Improper Payments Information Act of 2002 directs Federal agency heads, in accordance with the Office of Management and Budget (OMB) guidance, to review annually, programs that are susceptible to significant erroneous payments and report the improper payment estimates to Congress. OMB identified Medicaid and Children's Health Insurance Program (CHIP) as programs at risk for erroneous payments. The Centers for Medicare and Medicaid Services (CMS) will measure the accuracy of Medicaid and CHIP payments made by States for services rendered to recipients through the Payment Error Rate Measurement (PERM) program. CMS uses contractors to measure improper payments in Medicaid and CHIP. Your interactions in this process will be primarily with our contractor, who will collect medical policies from the State and medical records from you either in hardcopy or electronic format.

Medical records are needed to support required medical reviews for PERM so that our review contractor can review the fee-for-service Medicaid and CHIP claims to determine if the claims were correctly paid. If a claim, in which your provider number was identified on the claim to receive reimbursement and is selected in a sample for a service that you rendered to either a Medicaid or CHIP recipient, the CMS contractor will contact you for a copy of the required medical records to support the medical review of the claim. For reviews that require extra information, the contractor will contact you for additional documentation. You will then have 15 calendar days to submit the requested additional documentation.

Understandably, you are concerned with maintaining the privacy of patient information. However, providers are required by Section 1902(a)(27) of the Social Security Act to retain records necessary to disclose the extent of services provided to individuals receiving assistance and provide CMS, or its contractors, with information regarding any payments claimed by the provider for rendering services. Providing information includes medical records. As for CHIP,

section 2107(b)(1) of the Act requires an CHIP State plan to provide assurances to the Secretary that the State will collect and provide to the Secretary any information required to enable the Secretary to monitor program administration and compliance and to evaluate and compare the effectiveness of States' CHIP plans. In addition, the collection and review of protected health information contained in individual-level medical records for payment review purposes **is permissible** by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and implementing regulations at 45 Code of Federal Regulations, parts 160 and 164. No special patient permission is necessary for the release of records.

In order to obtain medical records for a claim sampled for review, the CMS contractor will contact you to verify the correct name and address information and to determine how you want to receive the request (i.e., facsimile or U.S. mail) for medical records. Once you receive the request for medical records, you must submit the information electronically or in hard copy within 60 calendar days. Please note that it will be the responsibility of the provider who is identified on the claim to receive payment, to ensure that any and all supporting medical records, from any and all provider(s) who rendered a service for which the claim payment under review was requested, is submitted in a timely manner. During this 60 day timeframe, the CMS contractor will follow up to ensure that you submit the documentation before the timeframe has expired. Your State officials may contact you to assist in identifying the required documentation for submission.

It is important that you cooperate with submitting all requested documentations in a timely manner because no response or insufficient documentation will count against the State as an error. Past studies have shown that the largest cause of error in medical reviews is no documentation or insufficient documentation. As such, it is important that information be sent in a timely and complete manner. If you have any questions about this matter, please contact your State PERM contact **(Insert name and Contact Information Here)**. Thank you for your support of the PERM program.