

# Medicaid PERM It's Here!





# An Introduction to the Center's for Medicare and Medicaid

## Payment Error Rate Measurement (PERM)





## Presented By:

Christina Baltes, RN, BSN, PHN, MA, QMRP

651-431-4279

Federal Health Care Audits Manager

Internal Audits

Compliance Office

MN Department of Human Services

Email: [christina.baltes@state.mn.us](mailto:christina.baltes@state.mn.us)



# Today's Objectives

- Provide an overview of the history of PERM
- Introduce the Statutory Requirements for PERM
- Provide an overview the CMS PERM process



# More of Today's Objectives

- Provide an understanding of PERM's impact on Schools
- Discuss how School staff can assist states with the PERM
- Review potential consequences of the PERM



# Acronyms

- CMS – Centers for Medicare and Medicaid Services
- DP- Data Processing
- DRG – Diagnostic Related Group
- FFS-Fee for Service
- IPIA – Improper Payments Information Act of 2002
- MMIS – Medicaid Management Information System
- MSIS - Medicaid Statistical Information System
- NH-Nursing Home



# Acronyms



- OMB-Office of Management and Budget
- LTC-Long Term Care
- PAM – Payment Accuracy Measurement
- PERM – Payment Error Rate Measurement
- SMERF – State Medicaid Error Rate Findings
- SCHIP – State Children’s Health Insurance Program
- PAR-Performance and Accountability Report
- SSA-Social Security Act



# What is PERM?

- a) A Hairdo?
- b) A City in Russia?
- c) A Federal Audit?
- d) A City in Minnesota?





**PERM is NOT:**

a) A Hairdo



b) A City in Russia

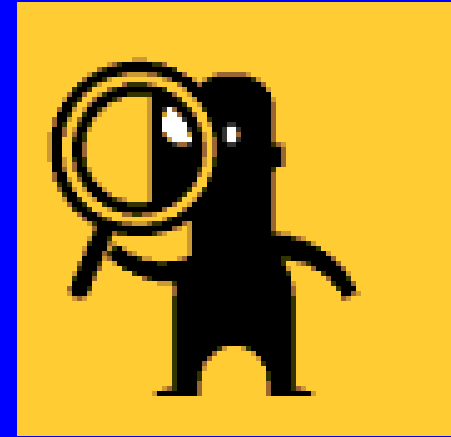


d) A City in Minnesota?



# PERM For MA is :

## c) A Federal “Audit”



Officially  
Implemented  
in Federal  
Fiscal Year  
2006



# What Does PERM Stand For?

- PERM – Payment Error Rate Measurement
- Developed by CMS to Comply with the Improper Payments Information Act of 2002



# What is the Improper Payments Information Act ?



- IPIA Passed by Congress in 2002
- Requires Federal Agencies to estimate improper payments for programs susceptible to significant improper payments
- Report an annual national error rate in the Performance and Accountability Report (PAR).



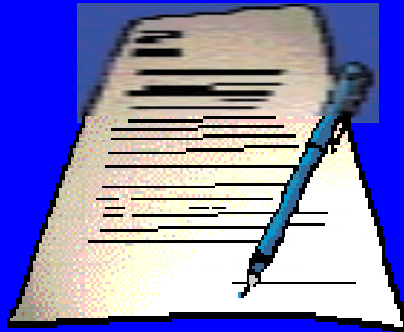
# What happened next?

Medicaid and the State Children's Health Insurance Program (SCHIP) – identified as susceptible to significant improper payments.



developed the Payment Error Rate Measurement (PERM) - improper payments in Medicaid and SCHIP.





# Authority to establish regulations



- Sections 1102, 1902(a)(6) and 2107(b)(1) of the SSA
- Secretary of the Health and Human Services
- Statutory basis for general rulemaking authority and monitoring for program performance





# Regulations



- August 27, 2004 (Federal Register Vol. 69 No 166): Proposed Rules
- October 5, 2005 (Federal Register Vol.70 No192 ): Interim Rule
- Interim Final Rule May 16 2006 (Federal Register Vol. 71 No 94): Proposed New System of Records- Privacy Act of 1974





# Regulations



- August 28, 2006 (Federal Register Vol. 71 No 166):  
Interim Final Rule
- August 31, 2007 – (Federal Register Vol. 72 No 169)  
Final Rule



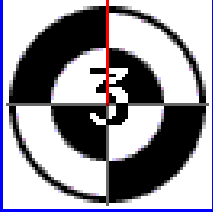


# Proposed Regulations



- August 2004 Proposed Rule:
  - 69 FR 52620
  - Provided that States conduct improper payments every year; and
  - Use State-specific error rates as the basis for calculating a national error rate for each program.





# Interim Final Regulations

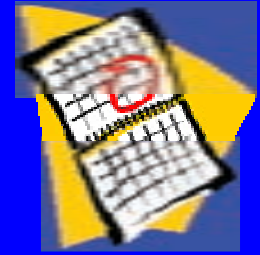


- October 2005 Interim Final Rule:
  - 70 FR 58620
  - Announced national contracting strategy to have Federal contractors rather than States measure Medicaid and SCHIP improper payments for fee-for-service (FFS) and managed care.
  - Provided for a three year State rotation so States can plan for reviews.
  - Invited comments on eligibility reviews.





# PERM CYCLE ONE



**FY 2006:** Pennsylvania, Ohio, Illinois, Michigan  
Missouri, Minnesota, Arkansas, New Mexico,  
Connecticut, Virginia, Wisconsin, Oklahoma,  
North Dakota, Wyoming, Kansas, Idaho,  
Delaware

•Everest Region Nepal 99

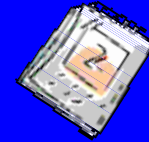
For FFY 2006 these states measured Fee for Service ONLY

These states will re-start the cycle in 2009 at which time  
FFS, Managed Care, SCHIP and Eligibility will be all part of  
the PERM Audit.





# PERM CYCLE/YEAR TWO & THREE



- **FY 2007:** North Carolina, Georgia, California, Massachusetts, New Jersey, Tennessee, West Virginia, Kentucky, Maryland, Alabama, South Carolina, Colorado, Utah, Vermont, Nebraska, New Hampshire, Rhode Island
- **FY 2008:** New York, Florida, Texas, Louisiana, Indiana, Mississippi, Iowa, Maine, Oregon, Arizona, Washington, District of Columbia, Alaska, Hawaii, Montana, South Dakota, Nevada

The PERM audit in these states includes FFS, SCHIP, Managed Care and Eligibility

