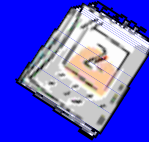




# PERM CYCLE/YEAR TWO & THREE



- **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

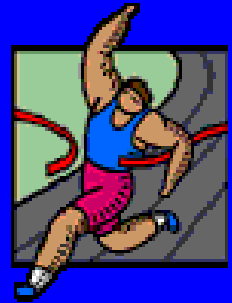


# 2<sup>nd</sup> Interim Final Regulations

- August 28, 2006 Second Interim Final Rule:
  - 71 FR 51050
  - Provides that Federal contractors will measure FFS and managed care;
  - Medicaid and SCHIP will be measured in the same State/year; and
  - Invites further comment on the eligibility plan
  - States will now:
    - Conduct the measurement, and
    - Compute and report their eligibility error rates



# Final Regulations



- Was released on August 31, 2007
- Responses to comments from August 2006 Federal Register
- Shortened time for collecting records
- Procedural changes for Eligibility
- Allowed “appeals” of MR2 errors



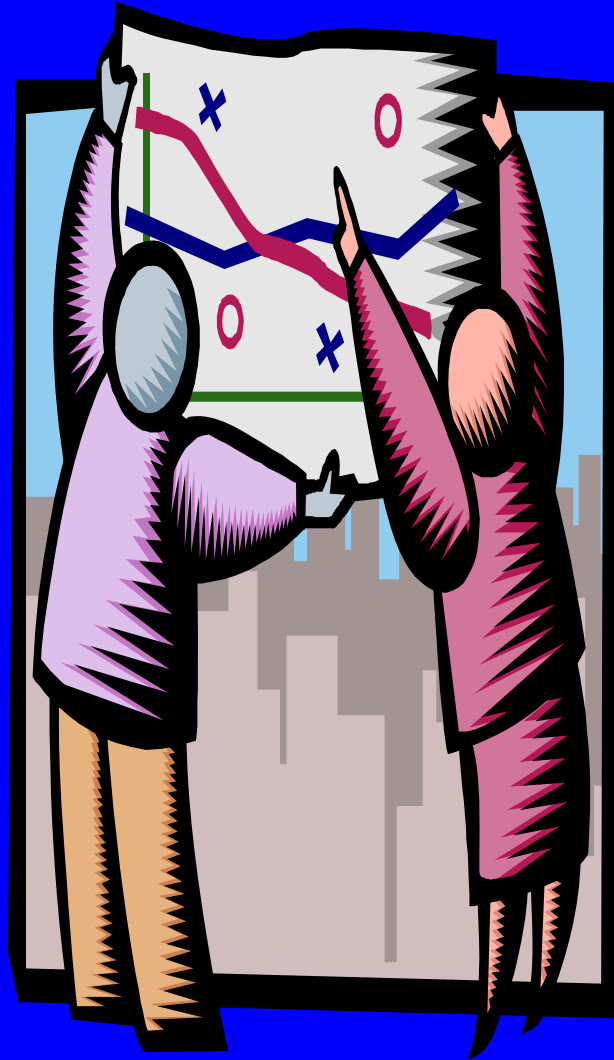
# Other PERM Federal Register Publications

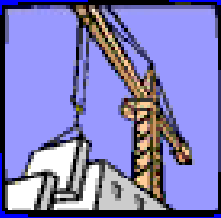


- FFS information collection package, published July 22, 2005.
- Managed care information collection package; published February 3, 2006.
- Eligibility information collection package; published May 26, 2006 and again on September 1, 2006.



# Development of PERM





# Development of PERM

- Payment Accuracy Measurement (PAM)
- Demonstration Project
- Federal Grants Covered State Costs
- Each State developed and tested its own methodology

Year One -- 9 States participated

Year Two -- 12 States participated

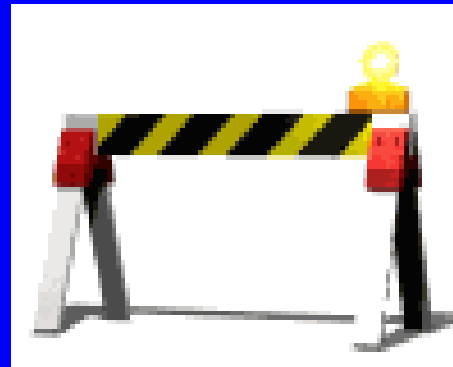
Year Three -- 27 States participated

Year Four -- 31 States participated



# PAM to PERM

- PERM Pilot
  - Conducted by states
  - Funded by grants from CMS
  - MN participated in FFY 05
  - Lead to the mandatory PERM Audit



# PERM Program Structure





# PERM Program Structure

- CMS
- Contractors
  - Lewin Group (Statistical)
  - Livanta LLC (Documentation)
  - HealthDataInsights (Reviews)
- State Medicaid Staff
- State Service Partners (Providers)



# Role of CMS



- Responsible for
  - Finalizing and implementing the regulations
  - Developing and fine-tuning PERM
  - Coordination with states
  - Contractor performance
  - Publishing the National Error Rate



# PERM National Contractors

**Statistical  
Contractor  
(SC)  
Lewin**



- **Collect claim extracts**
- **Select random sample**
- **Collect full details for sampled claims (changed from FFY 2007 on)**
- **Collect data documentation including record layouts, data dictionary**



# PERM National Contractors

**Data  
documentation  
Contractor  
(DDC)  
Livanta**

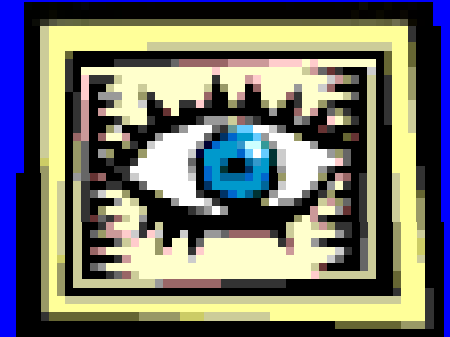


- Request providers' medical records
- Collect state policies and procedures
- From 2007 on will be requesting line details
- Passes information to **HDI**



# PERM National Contractors

## Review Contractor (RC) HDI



- Reviews records for medical necessity
- Review claims for processing accuracy



# States PERM Role



- Process all claims in accordance with all required policies and procedures
- Respond to requests from CMS contractors for policies, manuals, systems information, claims, provider contacts, etc.
- Coordinate with providers to ensure timely documentation submission





# States PERM Role

- Conduct Eligibility Reviews
  - Review findings of CMS contractors and appeal findings, as appropriate
  - Develop a corrective action plan
  - Review and Revise processing and program manuals and/or system edits to correct errors
  - Educate Staff and Service Partners as necessary



# Role of Providers

- Provide and Document the Service
- Timely response to Livanta requests for records
- Be aware of the Two time frames when Medical/Service Records are requested
- Call Livanta with questions-document date and time and name of person spoken to
- Call your PERM contact with questions
- Always send records by certified mail or Fed Ex
- If faxing-make sure you receive confirmation!





# How Does PERM Work?



# PERM Measures

- All Claims with any Federal Dollars
- Checks to see if claims were
  - Processed correctly
  - Providers provided the service and documented in accordance with MA policies and requirements
  - The service provided was medically necessary
  - Recipient was “eligible”



# PERM Program Cycle/Year One

- Fee for Service Only
- Data processing included
- Medical Necessity Reviews included
- Managed Care NOT included
- Eligibility reviews NOT included
- SCHIP reviews NOT included



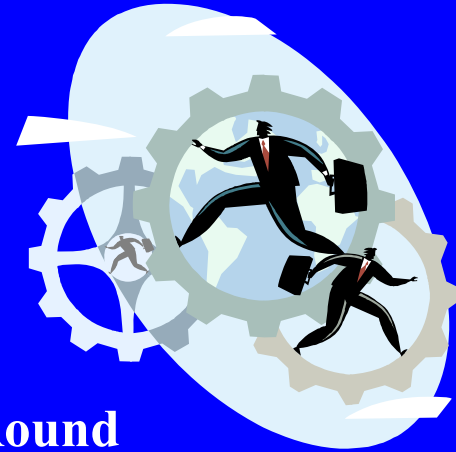
# PERM Program Cycle/Year Two & Three

## Includes

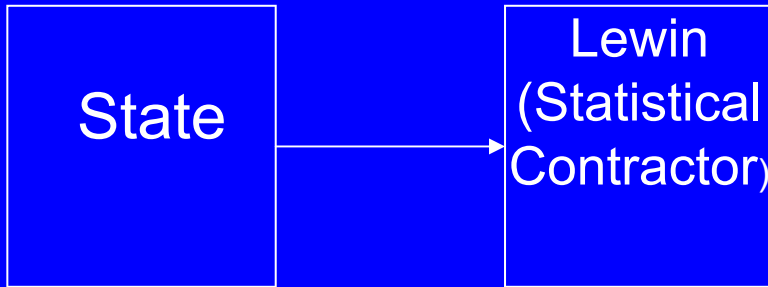
- Eligibility reviews
- SCHIP reviews
- Managed Care Reviews
- Fee For Service Reviews



# FFS Data Submissions to the Statistical Contractor



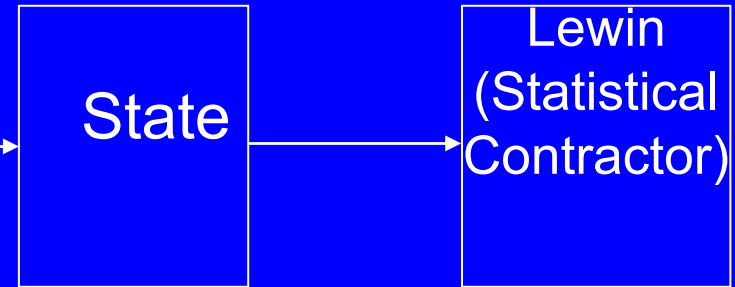
## Round One



State sends Lewin claims universe extract.

Lewin selects sample (250 per quarter) and returns sampled claims to the state for detailed claims information.

## Round Two



State sends Lewin details and 60 day adjustment for sampled claims.

