

Payment Error Rate Measurement (PERM)

Frequently asked questions (FAQ) about PERM

What is PERM?

The federal Payment Error Rate Measurement (PERM) program is administered by the Centers for Medicare and Medicaid Services (CMS) through federal contractors, and measures improper payments in Medicaid and the Children's Health Insurance Program (CHIP). Individual state error rates are measured for each program, and are then combined to form a national error rate which is reported to Congress. Error rates are based on reviews of eligibility determinations, and fee-for-service (FFS) and managed care payments made for Medicaid and CHIP claims during the Federal fiscal year (FFY) under review.

Why was the PERM program created?

PERM was developed by CMS to comply with the Improper Payments Information Act (IPIA) of 2002, which was amended by the Improper Payments Elimination and Recovery Act (IPERA) in July 2010. These Acts require the heads of Federal agencies, including the Department of Health and Human Services (HHS), to annually review their programs and identify those which may be susceptible to significant improper payments. The amount of improper payments is required to be estimated and those estimates are submitted to Congress, along with a report on actions the agency is taking to reduce the improper payments. Medicaid and CHIP were identified as programs at risk for significant improper payments. Therefore, HHS must report the estimated error rates for the Medicaid and CHIP programs each year for inclusion in the Performance and Accountability Report (PAR). CMS implemented the PERM program in a Final Rule published on August 31, 2007 (72 FR 50490) and made revisions in a Final Rule published August 11, 2010 (75 FR 48816).

What are the benefits of the PERM program?

The PERM program:

- Identifies program vulnerabilities that result in improper payments.

- Promotes efficient Medicaid and CHIP program operations.
- Helps to ensure medical services are provided to the truly eligible.

How often are states measured under PERM?

PERM reviews each state once every three years, rotating between three cycles, or groups, of 17 states. Washington is a Cycle 3 state. This means that all claims paid during the cycle period for eligibility, FFS and managed care clients are part of the universe of payments from which a sample is drawn.

How will I know if a claim I submitted is selected for review?

Any claim that is paid during the cycle period with Medicaid or CHIP funding will be part of the payment universe. A sample of claims will be randomly drawn from each quarter, and these will be the claims reviewed by the federal contractor. If a claim you submitted is selected to be part of the PERM measurement during this cycle, you will be notified prior to receiving communication from the federal contractor.

I am not a "medical" provider, does PERM still apply to me?

Payments made to a wide variety of provider types contain funding from Medicaid and CHIP dollars. In addition to payments made to physicians, hospitals, nursing facilities and managed care plans, payments made to other types of providers could be in the PERM universe. These include:

- In-home care and support services provided by an individual provider
- Private duty nursing
- Pharmacy claims
- Dental claims
- Residential and supported living services
- Non-emergency transportation services

Who will contact me to ask for my records?

All providers with claims selected to be in the PERM sample will receive an initial phone call followed by a letter from the CMS Review Contractor. This letter will have the CMS logo across the top. ***Please do not ignore this letter.***

If you have questions, please contact the HCA staff person listed in the letter or email

HCAPerm@hca.wa.gov.

How much time will I have to provide records?

The PERM Review Contractor will ask you for a fax number. It will help the record request process go faster if they can fax you their information. *By statute, providers have 75 days to submit requested records to the PERM contractor.* However, this is the latest due date, and it is more helpful to send your records at the earliest opportunity in case there are additional questions about your documentation.

Do I really need to send in documentation?

Yes. Providers are required to keep records associated with payments received from Medicaid or CHIP programs for six (6) years. Under the authority of section 1902(a)(27) of the Social Security Act, providers are required to retain records necessary to disclose the extent of services provided to individuals receiving assistance, and providers must furnish CMS and the State Medicaid Agency with information regarding any payments claimed by the provider for furnishing services.

Even though some claims may be for small dollar amounts, because of the way these payments are divided in the claims sample, even small payments could have a big impact on a state's error rate if the claim was found to be paid in error. *Please do your part to help ensure the measurement's success by locating and submitting your documentation as quickly as possible after you receive the request.*

For more information:

CMS has posted [information about PERM](#) on its website. On the link provided, under the 'Downloads' section, there is additional information about the PERM review process. This includes an overview of PERM to help providers understand what may be required during a PERM review. Please check back often for updates and bookmark this page for your reference.

Laws and regulations:

- [Final Rule](#) Aug 2010
- [Major Changes Summary-Final Rule](#) Aug 2010
- [Proposed Rule](#) Jul 2009
- [Final Rule](#) Aug 2007
- [Second Interim Final Rule](#) Aug 2006
- [Interim Final Rule](#) Oct 2005
- [Proposed Rule](#) Aug 2004

Legal authority regarding PERM:

- [Section 1902 \(a\)\(27\) of the Social Security Act](#)
- [Health Insurance Portability and Accountability Act \(HIPAA\) of 1996](#)
- [42 CFR parts 431 and 447](#)
- [45 CFR parts 160 and 164](#)
- [Revised Code of Washington \(RCW\) 74.09.200](#)
- [Washington Administrative Code \(WAC\) 182-502a](#)
- [Core Provider Agreement](#)

Who can I contact at HCA for more information?

You can email HCAPerm@hca.wa.gov for more information.