



Review of PERM Findings



Medicaid and CHIP Payment and Access Commission

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Overview

- Background on Payment Error Rate Measurement (PERM)
- PERM findings in Medicaid and CHIP
- Corrective action plans
- Implications of findings

Background on PERM

- PERM examines 17 states in each rotation on a three-year cycle
- Contractor reviews a random sample of claims in fee for service and managed care
- Beginning with the FY 2019 PERM cycle, also conducts eligibility reviews
- Payment is considered an error if it did not comply with applicable federal regulations and state policies

PERM Findings

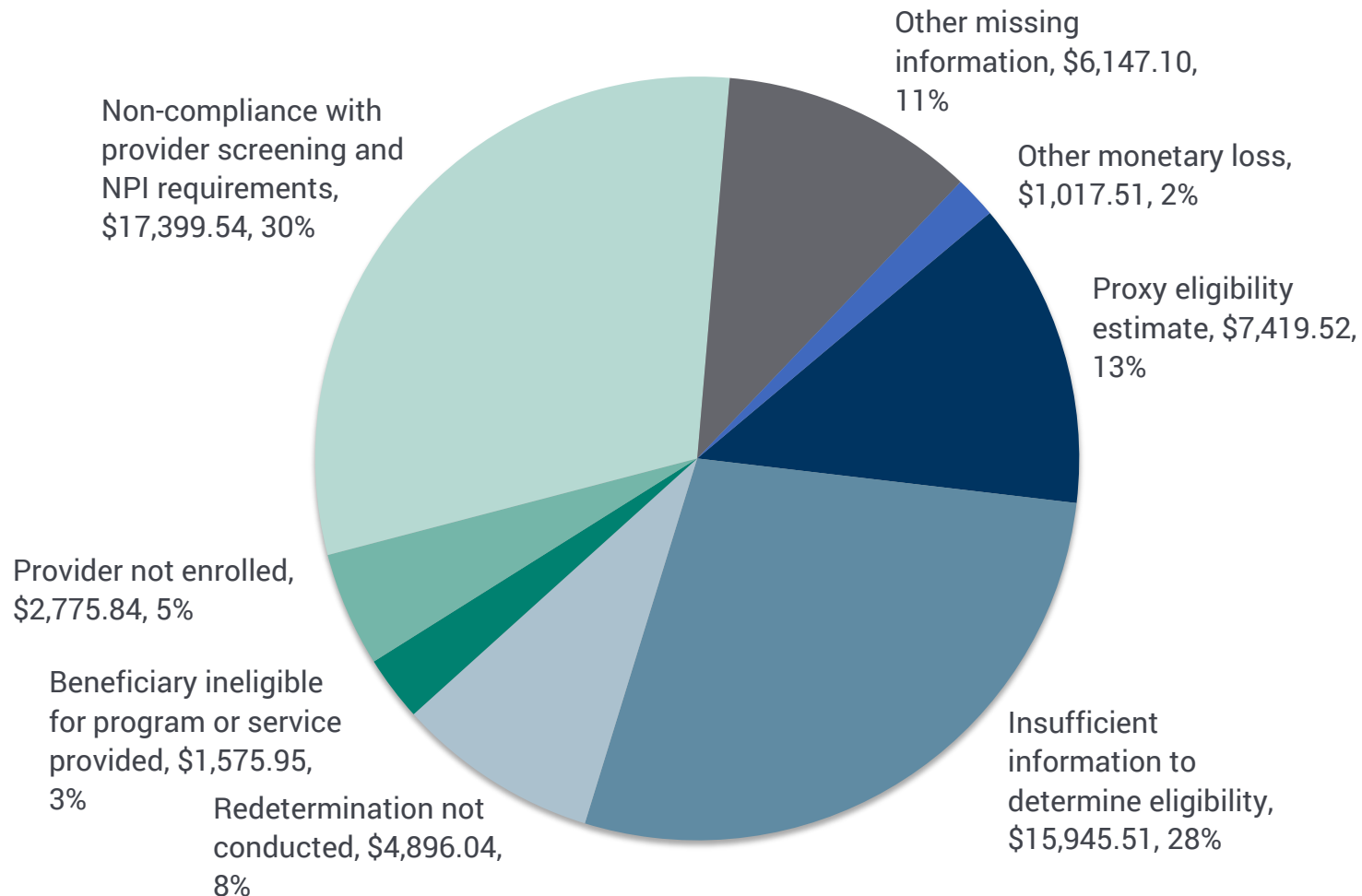
Major Findings

FY 2019 Medicaid and CHIP Error Rates

	Medicaid	CHIP
Overall	14.90%	15.83%
Fee for service	16.30	13.25
Managed care	0.12	1.25
Eligibility	8.36	11.78

Source: U.S. Department of Health and Human Services. FY 2019 Agency financial report.

Detailed Findings – Medicaid

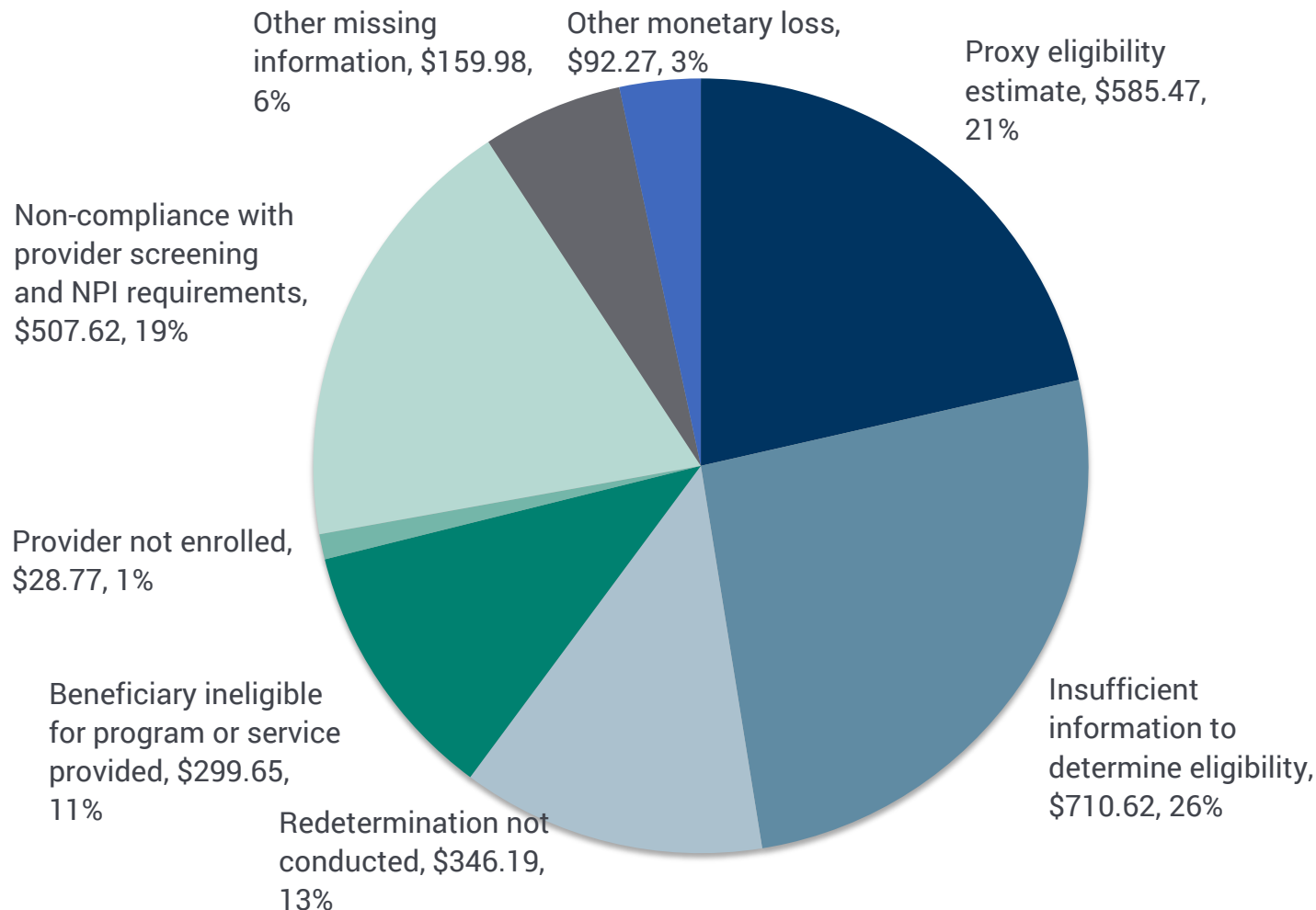


Notes: Dollars in millions. NPI is National Provider Identifier. The proxy eligibility estimate is used to represent the eligibility component for the 34 states not yet measured. The other missing information estimate includes insufficient or missing information in the medical records. Other monetary loss includes service not medically necessary, pricing error, third party liability applied incorrectly, etc.

Detailed Findings – Medicaid

- The largest share of errors is due to state noncompliance with provider screening, enrollment, and national provider identifier (NPI) requirements
- Most eligibility errors were due to insufficient information to determine eligibility (primarily income or resource documentation)

Detailed Findings – CHIP



Notes: Dollars in millions. NPI is National Provider Identifier. The proxy eligibility estimate is used to represent the eligibility component for the 34 states not yet measured. The other missing information estimate includes insufficient or missing information in the medical records. Other monetary loss includes service not medically necessary, pricing error, third party liability applied incorrectly, etc.

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Detailed Findings – CHIP

- The greatest share of errors were due to instances where information required for eligibility determination was missing
- The largest component of the CHIP fee-for-service improper payment rate was errors due to state noncompliance with provider screening and enrollment requirements

Corrective Action Plans

Provider Screening and Enrollment Errors

- Ongoing guidance and education on federal requirements to enroll providers
- July 2018 update to the Medicaid Provider Enrollment Compendium
- Site visits to assess provider enrollment compliance and provide technical assistance
- Data sharing

Eligibility Verification Processes Errors

- Audits in selected states based on prior audit findings
- June 2019 guidance clarifying the requirements for eligibility and enrollment processes
- A proposed rule in spring 2020 related to the Medicaid and CHIP eligibility determination process

Implications and Next Steps

Provider Screening and Enrollment Errors

- Uniform provider screening and enrollment required in 2011 for fee for service and by 2018 for managed care providers
- Government Accountability Office (GAO) and Office of the Inspector General (OIG) have raised concerns about states' failure to comply since 2016
- Little information on why states have not yet fully complied

Eligibility Verification Processes Errors

- Changes made by the ACA were intended to reduce complexity and allow determinations to be made more accurately and quickly
- Process should be designed to maximize the number of correct decisions and minimize the number of incorrect decisions
- Results indicate that there were a small number of errors due to ineligible beneficiaries; most errors were due to insufficient documentation

Next Steps

- Opportunities to reduce the rate of improper payments by focusing on state systems and processes
- Additional information on why states are not following the requirements related to provider screening and conducting and maintaining eligibility verifications could inform response



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