



NC DEPARTMENT OF
**HEALTH AND
 HUMAN SERVICES**
 Division of Health Benefits

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
DAVE RICHARD • Deputy Secretary, NC Medicaid

October 11, 2021

Re: Payment Error Rate Measurement (PERM) Kick-off Overview

Dear County Director of Social Services:

The purpose of this letter is to inform county departments of social services of the new Payment Error Rate Measurement (PERM) review. The Payment Integrity Information Act (PIIA) of 2019 requires the heads of Federal agencies to annually review the programs they administer and identify those that are susceptible to significant improper payments, in order to estimate the amount of improper payments and report those estimates to Congress. The Centers for Medicare & Medicaid Services (CMS) developed the PERM program to comply with the PIIA.

The PERM review will estimate the amount of improper payments made in both the Medicaid and North Carolina Health Choice (CHIP) programs during the new Reporting Year (RY) 2023 for claims paid during SFY 2022 (July 1, 2021 through June 30, 2022). The PERM claims sample will be used for the eligibility measurement with eligibility reviews being conducted on the member associated with the sampled claim.

On June 22, 2021, CMS held the PERM Eligibility Review kick-off. CMS hired a federal eligibility review contractor (ERC), Booz Allen Hamilton, to perform the PERM eligibility reviews with support from the State. ERC will be granted access to the State eligibility system (NCFAST) to obtain case documents/documentation to facilitate reviews, with the goal of reducing state burden. ERC will generate a sample of 248 Medicaid eligibility cases and 218 CHIP eligibility cases from the sample of capitation and fee-for-service claims payments tested.

It appears the ERC contractor will focus their review on the following requirements listed below; therefore, evidence used to determine eligibility for these requirements must be accessible in the NCFAST document management system for verification of eligibility. Timeliness will also be evaluated during this review.

- Age
- Gender
- Relationship
- Citizenship
- Immigration Status
- State Residency
- Social Security Number
- Household Size
- Tax Filer Status
- Income
- Resources/Assets
- Blindness and Disability
- Medical Expenses
- Pregnancy

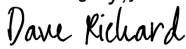
If the beneficiary is not eligible for Medicaid or CHIP, an error will be cited for the corresponding claim payment. Please begin preparing for the PERM RY2023 review by ensuring that eligibility evidence is accessible in the NCFAST document management system as county staff approve applications, redeterminations, and changes of circumstances that affect eligibility.

NC MEDICAID
NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH BENEFITS

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As more information is shared with the states, NC Medicaid will continue to provide instructions and guidance on the PERM review. If you have any questions, please contact Emily Clark at emily.clark@dhhs.nc.gov or (704)736-5885.

Sincerely,



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Dave Richard