



North Carolina
Department of Health and Human Services
Division of Medical Assistance
Quality Assurance - 18

1985 Umstead Drive – 2501 Mail Service Center - Raleigh, N.C. 27699-2501

Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

L. Allen Dobson, Jr., M.D., Assistant Secretary
for Health Policy and Medical Assistance

November 1, 2006

Re: Payment Error Rate Measurement (PERM) in the
Medicaid Program and the State Children's
Health Insurance Program (SCHIP)

Dear County Director of Social Services:

As you may be aware, North Carolina has been selected as one of 17 states that are federally mandated to participate in the Payment Error Rate Measurement (PERM) Project reviews for federal fiscal year 2007 (October 1, 2006 - September 30, 2007). Enclosed for your information and review is correspondence from the Centers for Medicare & Medicaid Services (CMS) to State Health Officials informing them of their participation in this project and, further, it details the scope of this effort.

Staff from the Division of Medical Assistance, Program Integrity Unit, Quality Assurance Section will be contacting you over the next several months for purposes of conducting the eligibility review component of PERM. These reviews will comprise both a sample of active and negative Medicaid and SCHIP eligibility cases. The negative case actions will include those cases in which the local county department of social services (DSS) denied an application or terminated ongoing eligibility. The PERM sample for active and negative Medicaid cases will be selected from the universe of all Medicaid cases funded through Title XIX and the SCHIP cases will be selected from the universe of all SCHIP cases funded through Title XXI. The Division of Medical Assistance will be working with the federal statistical review contractor, The Lewin Group, to determine the monthly stratified random sample.

The county DSS will be asked to provide case records for those eligibility cases that are selected as part of the sample. The county DSS will be notified in advance regarding those records that will be reviewed. Rather than onsite visits, the Program Integrity Quality Assurance staff will conduct the PERM eligibility reviews from their offices in Raleigh. The DSS will be required to send the cases files to the Program Integrity Quality Assurance Section. The county DSS can expect to receive a written report of findings on each case reviewed.

If you have any questions regarding the Payment Error Rate Measurement, contact Elizabeth Goss, Section Chief, of the DMA Quality Assurance Section at 919-647-8000.

Sincerely,

L. Allen Dobson, Jr., M.D.

Enclosure: [CMS Letter](#)