

NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Medical Assistance

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

July 25, 2018

Re: Payment Error Rate Measurement (PERM) Overview Kickoff

Dear County Directors 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 Improper Payments Information Act of 2002 (IPIA), Public Law 107-300, enacted on November 26, 2002, requires the heads of Federal agencies to annually review their programs that are susceptible to significant erroneous payments in order to estimate the amount of improper payments and report those estimates to Congress. The Centers for Medicare & Medicaid (CMS) developed the PERM program to comply with the IPIA.

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) 2020 for claims paid during SFY 2019, (July 1, 2018 through June 30, 2019). The PERM claims sample will be used for the eligibility measurement with eligibility reviews being conducted on the beneficiary associated with the sample claim.

On June 27, 2018, CMS held the PERM Eligibility Review kick-off. CMS hired a federal contractor, Booz Allen Hamilton, the eligibility review contractor (ERC), to perform the PERM eligibility reviews with support from the State. ERC will be granted access to the State eligibility system (NCFAST) and the MMIS Claims system (NCTRACKS) to facilitate reviews, with the goal of reducing state burden. The State sample size will be 401 Medicaid eligibility cases and 289 CHIP eligibility cases. ERC will collect case documents/documentation through direct access to the State systems.

As the State prepares for the review, NC Medicaid reached out to CMS to discuss the State's new document management system and the progress in the counties' ability to attach documents/evidence. Understanding that we are still transitioning from county systems to NCFAST as the State's document depository, CMS has agreed to work with North Carolina (NC) to develop a case request process that would be manageable by the state. ERC has proposed a 30-day turnaround timeframe to submit requests and agrees to work with the state if more time is needed.

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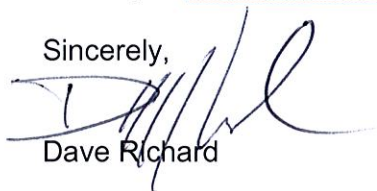
It appears the ERC contractor will focus their review on the following requirements listed below; therefore, evidence used to determine eligibility for these requirements must be accessible in the NCFAST document management system for verification of eligibility.

- Age
- Gender
- Relationship
- Citizenship
- Immigration Status
- State Residency
- Social Security Number
- Household size
- Tax Filer Status
- Income
- Resources/Assets
- Blindness, Disability, Medical Eligibility
- Pregnancy

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

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 Betty Dumas-Beasley at Betty.j.Beasley@dhhs.nc.gov or (919) 814-0108.

Sincerely,



Dave Richard

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