



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

JOSH STEIN • Governor

DEV DUTTA SANGVAI • Secretary

JAY LUDLAM • Deputy Secretary, NC Medicaid

January 22, 2025

Re: Payment Error Rate Measurement (PERM) RY 2026

Dear County Directors of Social Services,

The purpose of this letter is to inform county departments of social services of the Payment Error Rate Measurement (PERM) review. The Payment Integrity Information Act (PIIA) of 2019 mandates that the heads of federal agencies conduct an annual review of the programs they administer to identify those at risk of significant improper payments. In compliance with the PIIA, the Centers for Medicare & Medicaid Services (CMS) executes the PERM audit program.

The PERM review will assess the improper payments made in both the Medicaid and CHIP programs during the new Reporting Year (RY) 2026. This review will focus on claims paid during the period from July 1, 2024, through June 30, 2025. For each of the claims reviewed, the PERM team will determine if the beneficiary associated with the sampled claim was eligible.

On November 5, 2024, CMS held an intake meeting regarding the PERM Eligibility Review Contract. CMS has contracted Booz Allen Hamilton to serve as the eligibility review contractor (ERC), for PERM eligibility reviews, with assistance from the state. The ERC will be granted access to the state eligibility system (NCFAST) to obtain case documents and verifications to facilitate the reviews, aiming to reduce the burden on the state. The ERC will generate a sample of Medicaid and CHIP eligibility cases based on fee-for-service and managed care claims payments. The ERC anticipates initiating case reviews in January 2025. Upon review of sampled claims, the ERC will liaise with the Office of Compliance and Program Integrity (OCPI) should additional documents or verification be required. OCPI will reach out to county agencies for these additional requests as well as to collaborate with counties on questionable eligibility determination decisions.

The ERC contractor will focus their case review on whether a determination (new application or redetermination) was processed correctly based on the federal and state eligibility policies in place at the time of the action. The eligibility review consists of evaluating the following eligibility elements, as appropriate, to determine the element was verified and recorded, and used appropriately in making an eligibility determination in accordance with federal and state policies. All evidence used to determine eligibility must be accessible in the NCFAST document management system.

- Age
- Citizenship
- Immigration Status
- State Residency
- Social Security Number
- Pregnancy
- Household Size
- Tax Filer Status
- Income
- Resources/Assets (Non-MAGI)
- Blindness, Disability, Medical Eligibility
- Health Insurance (CHIP)
- Medicare Enrollment
- Signature under Penalty of Perjury on Application/Renewal
- Timely Redetermination

NC MEDICAID

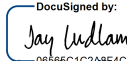
NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH BENEFITS

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If the beneficiary is not eligible for Medicaid or CHIP, an error will be noted for the related claim payment. Please start preparing for the PERM RY 2026 review by ensuring that eligibility evidence is available in the NCFAS document management system, as directed in listserv messages dated May 2, 2024, and June 28, 2024. This should be done as county staff approve applications, redeterminations, and changes of circumstances that impact 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 Odessia Houston at odessia.houston@dhhs.nc.gov.

Sincerely,

DocuSigned by:

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Jay Ludlam
Deputy Secretary, NC Medicaid