



Corrective Action Plan (CAP) Process



Presented by:
Division of Error Rate
Measurement
Centers for Medicare &
Medicaid Services

What is a Corrective Action Plan?

- A corrective action plan (CAP) is a step by step plan of action that is developed to achieve targeted outcomes for resolution of identified errors in an effort to:
 - Identify the most cost-effective actions that can be implemented to correct error causes
 - Develop and implement a plan of action to improve processes or methods so that outcomes are more effective and efficient
 - Achieve measureable improvement in the highest priority areas
 - Eliminate repeated deficient practices

The Purpose of Developing a CAP

A CAP is important because:

- Corrective actions are developed
- Corrective actions are implemented
- Corrective actions are managed and monitored
- Promotes program improvement
- Program continues to evolve

Steps to a Effective/Successful Corrective Action Plan

- Step 1- Select the right corrective action team members
- Step 2 - Identify all errors and deficiencies
- Step 3- Determine the underlying cause of the error, not just the surface cause and don't take any short cuts
- Step 4- Brainstorm corrective actions for each error or error trend identified. Collect all ideas even though all may not be feasible or implemented
- Step 5- States should perform a cost benefit analysis to determine which corrective actions are most cost effective.
- Step 6- Set achievable deadlines, targets and milestones
- Step 7- Evaluate and Monitor the corrective action progress

PERM Medicaid/CHIP CAP Regulatory Requirements

- Formulate a Corrective Action Panel
- States must develop a **separate** corrective action plan for Medicaid and CHIP
- States must address **all** errors from the fee-for-service, managed care, and eligibility components as well as all deficiencies, technical errors, and negative case errors. The States cycle summary reports can be used as a guide when developing your plan
- States must submit CAPs to CMS no later than 90 calendar days after state error rate notifications have been released

PERM Medicaid/CHIP CAP Regulatory Requirements

- Data analysis – an analysis of the findings to identify where and why errors are occurring
- Program analysis – an analysis of the findings to determine the causes of errors in program operations
- Corrective action planning – steps taken to determine actions that can be implemented to correct error causes
- Implementation and monitoring – plans to implement the CAPs, including milestones, target dates, and how the corrective action will be monitored
- Evaluation – to assess whether the CAPs are in place and are effective at reducing or eliminating the targeted error causes
- States must submit to CMS an update on the status of any previous CAP from prior PERM measurement periods.

PERM Medicaid/CHIP CAP Regulatory Requirements Cont

- State Medicaid and CHIP CAPs must include:
 - Medicaid/CHIP CAP Summary Cover Page**-State name, State contact information (email address & phone number) Medicaid/CHIP Error Rates, summary of error causes, and corrective actions for those errors.
 - A. Fee-for-Services (FFS)**
 1. Data analysis
 2. Program analysis
 3. Corrective action planning
 4. Implementation and monitoring
 5. Evaluation
 6. Evaluation of previous cycle submitted corrective actions

PERM Medicaid/CHIP CAP

Regulatory Requirements Cont

B. Managed Care (MC)

1. Data analysis
2. Program analysis
3. Corrective action planning
4. Implementation and Monitoring
5. Evaluation
6. Evaluation of previous cycle submitted corrective actions

C. Eligibility

1. Data analysis
2. Program analysis
3. Corrective action planning
4. Implementation and Monitoring
5. Evaluation
6. Evaluation of previous cycle submitted corrective actions

PERM Medicaid/CHIP CAP

Regulatory Requirements Cont

D. Evaluation of Previous Medicaid/CHIP CAP

Implemented Corrective Actions

- States must evaluate previous year corrective actions and provide an evaluation or analysis of those actions per Federal regulations
- Address when the corrective action was implemented
- Identify the status of the corrective action (complete, in progress or ongoing)
- Address whether the corrective action achieved the desired results

Non-Implemented Corrective Actions

- Explain why the corrective action was not implemented (discontinued, modified, or replaced with another corrective action)
- If FFS, Managed Care, or Eligibility programs were not measured in your cycle year, annotate that within your CAP.
- States should identify if they are now meeting their PERM error-rate target as identified by CMS

CMS CAP Review Process

- State CAPs are initially reviewed by the CMS PERM CAP State Liaison to ensure that all CAP requirements are met
- After the initial review is complete, states will receive one of two letters:
 - an acknowledgement letter stating that the CAP meets all requirements
 - a letter advising what areas do not meet requirements and need to be addressed. States will be asked to submit a revised CAP by the due date on the letter
- Once the state CAP meets all requirements, it will undergo a more substantive review by the CMS PERM Staff, CMS Regional Offices, and the Medicaid Integrity Group

Post CAP Webinars

- Webinars are held to discuss the State's CAP, provide the State with updates on PERM initiatives, eligibility, and proposed improvements to the next PERM cycle.
- States are asked to provide a presentation and high level review of their CAPs

State/CMS Follow Up

- CMS expects the State to report their progress on each corrective action implemented. CMS will also periodically follow up with States via email between their PERM cycles checking on the process of corrective actions and provide any technical assistance if needed

Best Practice Calls

- The purpose of the call is for States to share their best practices related to their corrective action plans (CAPs) submitted so that other States can possibly benefit from their experience. The call is held for all PERM cycles covering a variety of topics related to PERM.

State Cycle Rotation

Cycle	Medicaid and CHIP States Measured by Cycle
Cycle 1	Arkansas, Connecticut, Delaware, Idaho, Illinois, Kansas, Michigan, Minnesota, Missouri, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Virginia, Wisconsin, Wyoming
Cycle 2	Alabama, California, Colorado, Georgia, Kentucky, Maryland, Massachusetts, Nebraska, New Hampshire, New Jersey, North Carolina, Rhode Island, South Carolina, Tennessee, Utah, Vermont, West Virginia
Cycle 3	Alaska, Arizona, District of Columbia, Florida, Hawaii, Indiana, Iowa, Louisiana, Maine, Mississippi, Montana, Nevada, New York, Oregon, South Dakota, Texas, Washington

State CAP Liaison Contact Information

States	CMS PERM CAP State Liaison
Alaska, California, Colorado, Idaho, Illinois, Louisiana, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, Ohio, Oregon, Texas, Utah, Washington, Wisconsin	Felicia Lane Felicia.Lane@cms.hhs.gov 410-786-5787
Arizona, Connecticut, Delaware, District of Columbia, Hawaii, Maine, Maryland, New Hampshire, New Jersey, New York, North Dakota, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, Wyoming,	Wendy Chesser Wendy.Chesser@cms.hhs.gov 410-786-8519
Alabama, Arkansas, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Mississippi, Missouri, Montana, New Mexico, North Carolina, Oklahoma, South Carolina, South Dakota, Tennessee	Tracy smith Tracy.Smith@cms.hhs.gov 410-786-8418