



# The New PERM Eligibility Review and Other Final PERM & MEQC Changes (Cycle 1)



*Centers for Medicare & Medicaid  
Services*

*Office of Financial Management  
Payment Accuracy & Reporting Group*

*July 20, 2017*

*Call in: 1-877-267-1577*

*Meeting Number: 991 908 375*

# Background

- The Affordable Care Act (ACA) included significant changes to Medicaid and CHIP eligibility processes that impacted the PERM program.
- CMS implemented the Medicaid and CHIP Eligibility Review Pilots which took the place of the PERM and MEQC eligibility reviews for four years. These pilots enabled CMS to update the eligibility component measurement methodology in order to accurately measure improper payments based on the new provisions implemented under the ACA.
- CMS issued the proposed rule outlining the changes to the PERM and MEQC programs in response to the new requirements under the ACA on June 22, 2016 (81 FR 40596).
  - *We received 20 public comments*
- The final rule published on July 5, 2017 (82 FR 31158)

# Summary of Final Provisions

- Review Period
- Eligibility Review Responsibility
- Eligibility Universe
- Inclusion of Federally- Facilitated Exchange (FFE) Determination Cases
- System Access Requirements
- Federal Improper Payments
- Sample Sizes
- Difference Resolution/Appeals
- Corrective Actions Plans (CAPs)
- Payment Reduction/Disallowances
- MEQC

# Review Period Shift

October 2017

September 2018

Report Error Rates

November 2019

Previous Review Period



July 2017

June 2018

Report Error Rates

November 2019

New Review Period

# Eligibility Review Responsibility

Item	Component Impacted	Previous Regulation	New Regulation	Rationale
<b>Eligibility Review Responsibility</b>	Eligibility	States are required to conduct their own eligibility reviews and report results to CMS	A federal contractor performs the PERM eligibility reviews with support from the state	<ul style="list-style-type: none"> <li>• Reduce state burden</li> <li>• Decrease review inconsistencies across states</li> <li>• Confirmed experienced contractor can review consistently across states while continuing to recognize state-specific factors</li> <li>• Developed processes to ensure effective and collaborative communication with states that minimizes burden</li> </ul> <p><u>State Involvement:</u></p> <ul style="list-style-type: none"> <li>• Provide policy information and case documentation to contractor as requested</li> <li>• Provide access to eligibility system</li> <li>• Monitor findings and request difference resolution/CMS appeal as necessary</li> <li>• Develop corrective action plans to address findings</li> </ul>

# PERM Contractor Team

## *Statistical Contractor (SC):*

### **The Lewin Group**

3130 Fairview Park Drive, Suite 500

Falls Church, VA 22042

703-269-5500

Central PERM mailbox:

[PERMSC.2019@lewin.com](mailto:PERMSC.2019@lewin.com)

## *Review Contractor (RC):*

### **Chickasaw Nation Industries**

1300 Piccard Drive, Suite 204

Rockville, MD 20850

301-987-2180

General Mailbox:

[perm@permrc.com](mailto:perm@permrc.com)

## *Eligibility Review Contractor (ERC):*

### **Booz Allen Hamilton**

One Preserve Parkway, Suite 200

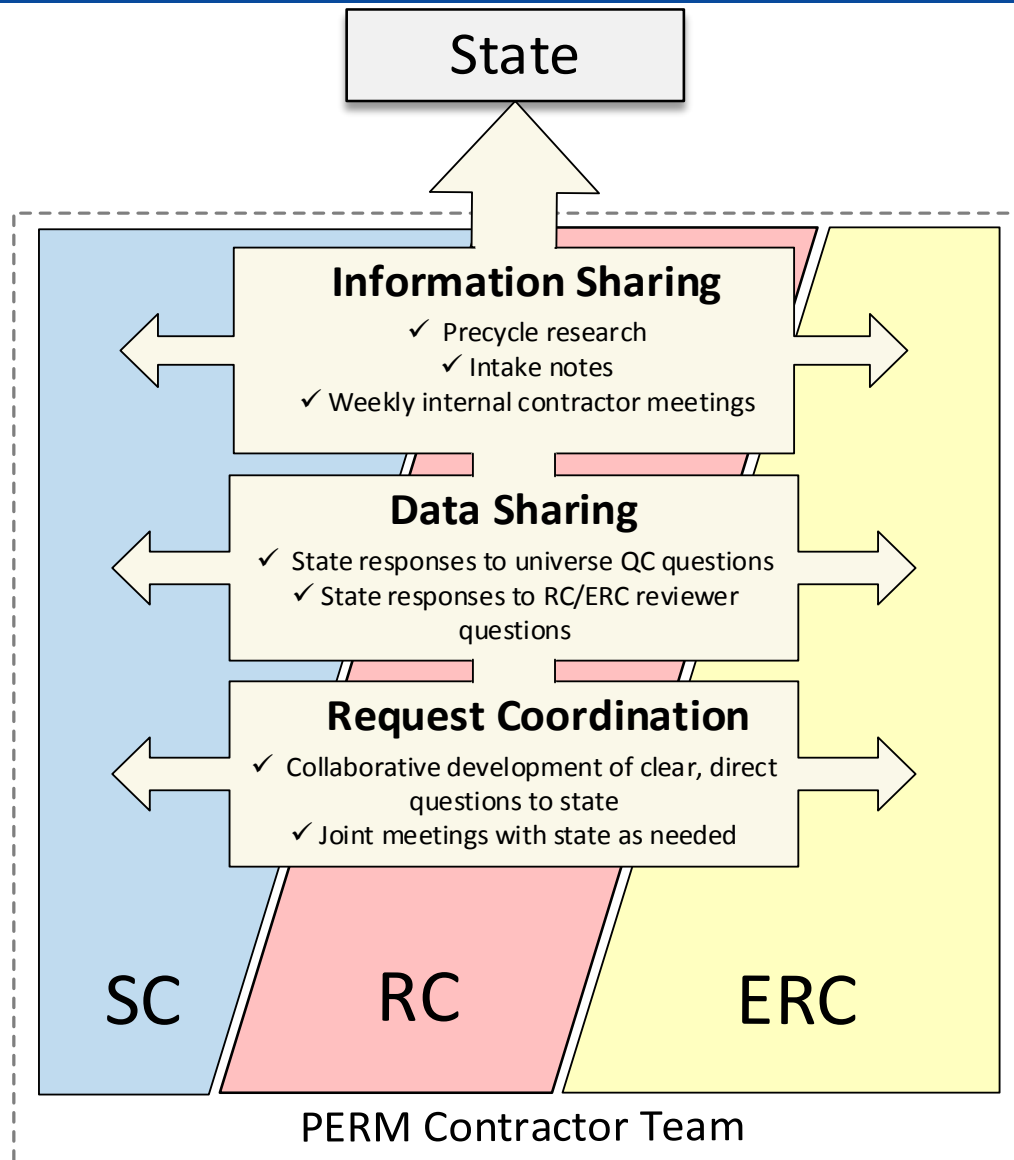
Rockville, MD 20852

301-838-3600

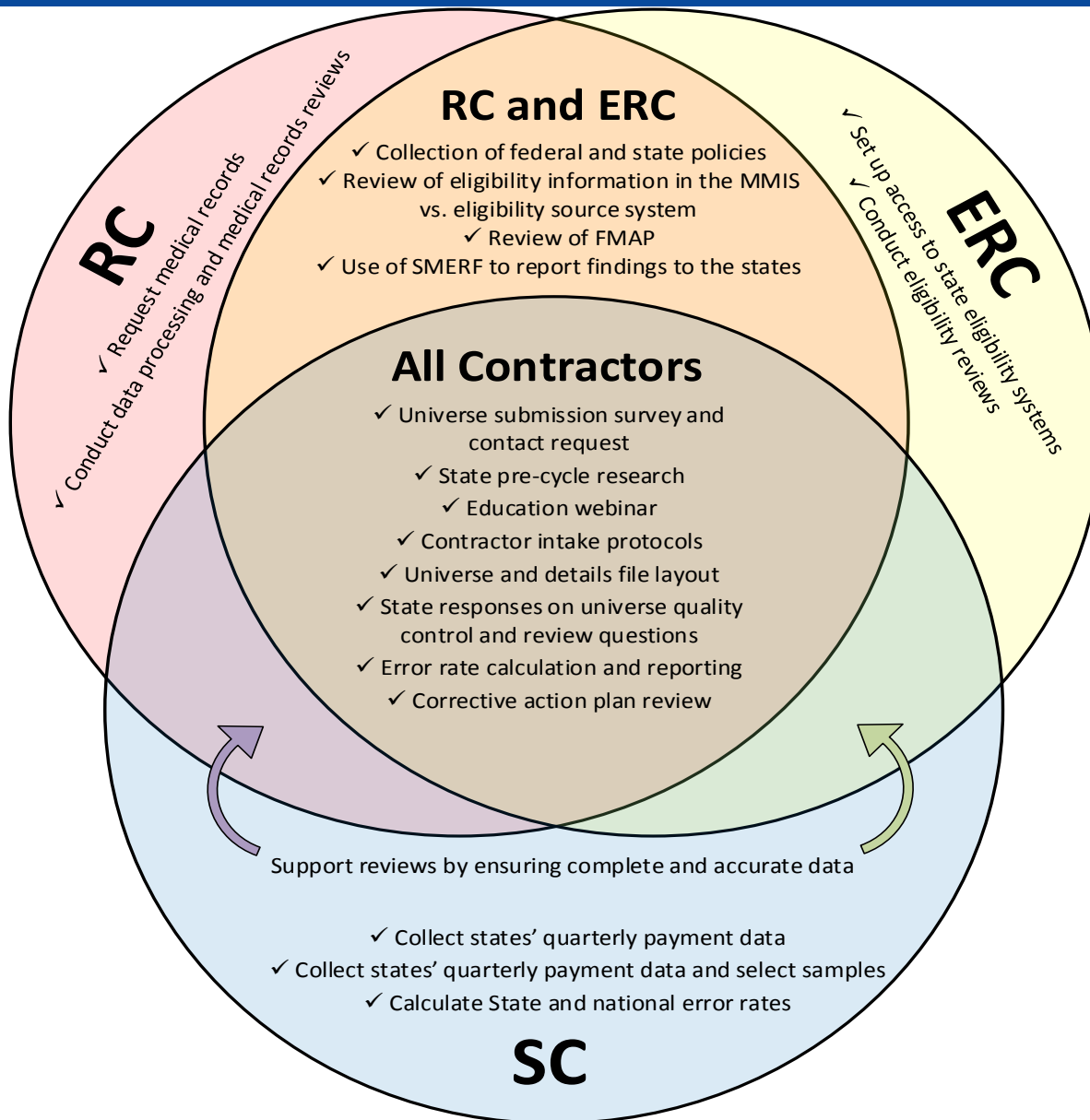
Central PERM mailbox:

[PERM\\_ERC\\_RY2019@bah.com](mailto:PERM_ERC_RY2019@bah.com)

# Contractor Collaboration



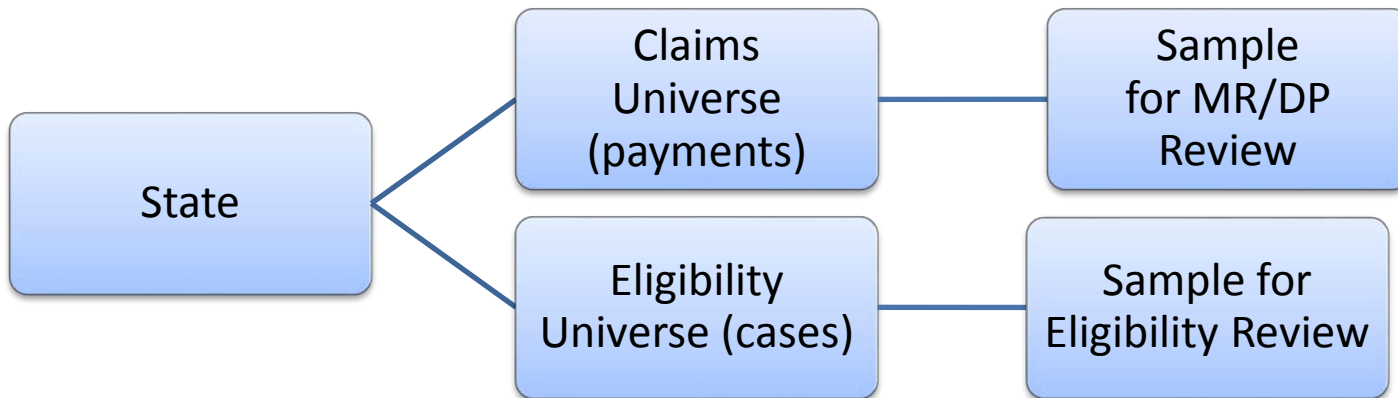
# Reducing State Burden



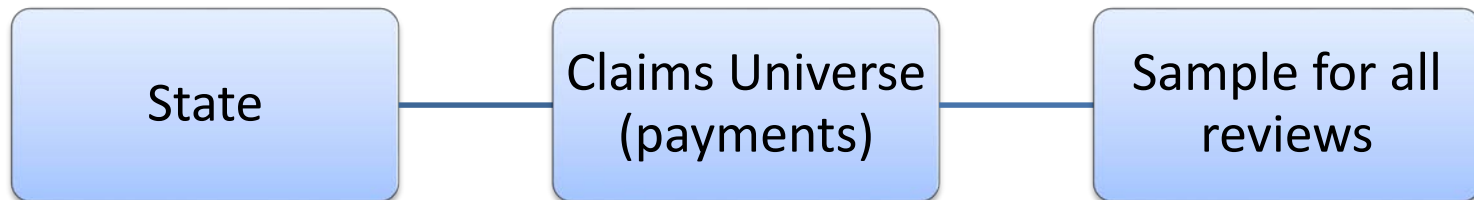


# Eligibility Universe

## Previous



## New



# Federally- Facilitated Exchange (FFE)

Item	Component Impacted	Previous Regulation	New Regulation	Rationale
Inclusion of Federally-Facilitated Exchange (FFE) Determination Cases	Eligibility	N/A	<p>Errors that result solely from an incorrect determination of eligibility by the FFE will be included in the national improper payment rate, but not in state improper payment rates</p> <p>States are only required to submit corrective actions for errors included in state improper payment rates</p>	States that delegate authority to the FFE are required to accept FFE eligibility determinations with no further action

Conversely, errors resulting from incorrect state action taken on cases determined and transferred from the FFE or from the state's annual redetermination of cases initially determined by the FFE will be included in state and national improper payment rates

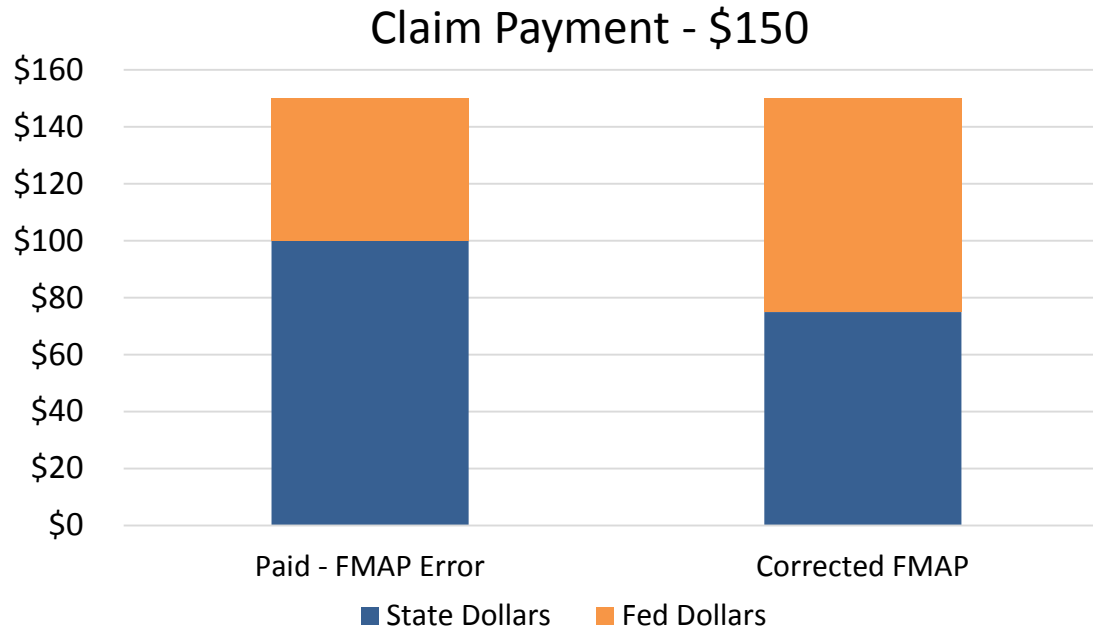
# System Access Requirements

Item	Component Impacted	Previous Regulation	New Regulation	Rationale
<b>System Access Requirements</b>	All	N/A	States grant access to federal contractors to facilitate reviews to eligibility systems, and all systems that authorize payments, contain beneficiary demographics and provider enrollment information	Decrease delays and burden associated with the review process

# Federal Improper Payments

Item	Component Impacted	Previous Regulation	New Regulation	Rationale
<b>Federal Improper Payments</b>	All	Improper payments only cited on total computable amount (i.e., federal share + state share)	Improper payments cited if the federal or state share is incorrect (even if total computable amount correct)	<ul style="list-style-type: none"> <li>• An incorrect eligibility category assignment can result in the incorrect federal medical assistance percentage (FMAP) being claimed by the state</li> <li>• Size of the newly eligible adult category makes this change necessary to accurately identify federal improper payments</li> </ul>

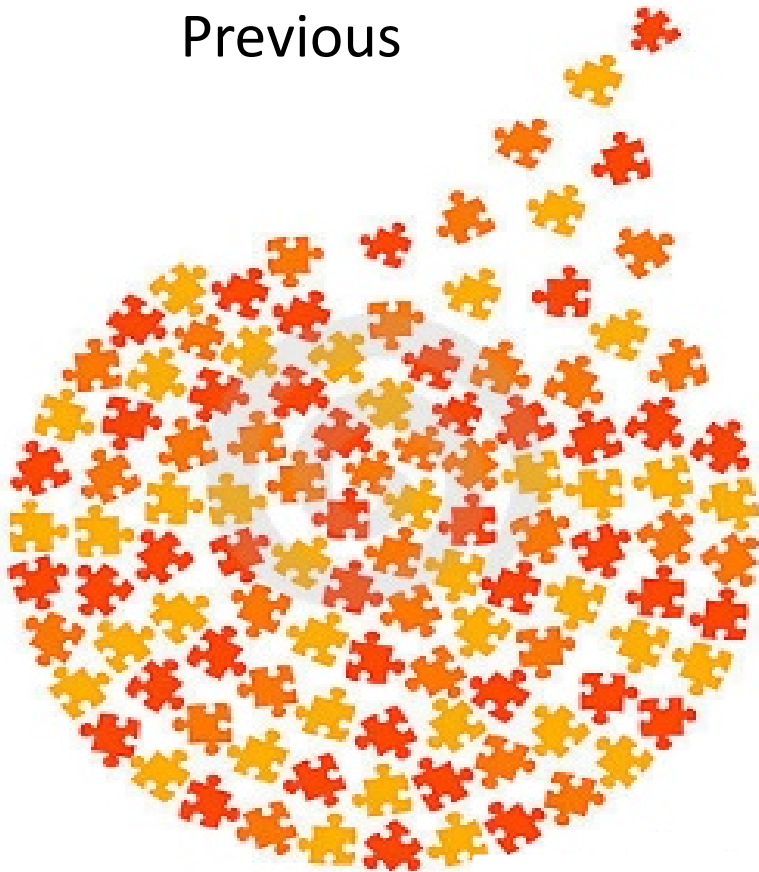
# Federal Improper Payments



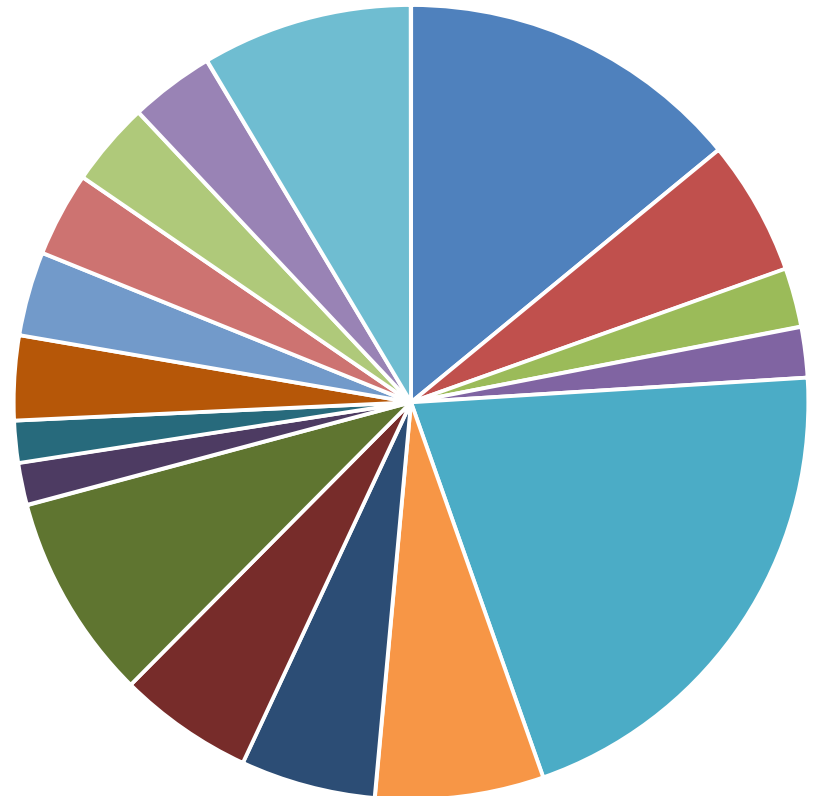
	Total Amount in Error Cited	State Dollars in Error Cited	Federal Dollars in Error Cited
Previous Regulation	\$0	N/A	N/A
New Regulation	\$0	\$25 (overpayment)	\$25 (underpayment)

# Sample Size

Previous



New



# National Sample Size

Component	Medicaid	CHIP
FFS	9,000	5,400
Managed Care	1,000	600
Eligibility	6,000	4,000

# Difference Resolution/Appeals

Item	Previous Regulation	New Regulation	Notes
<b>Difference Resolutions / Appeals</b>	Difference Resolution: 20 business days Appeals: 10 business days	Difference Resolution: 25 business days Appeals: 15 business days	Extended the difference resolution time allowance and the appeal time allowance to allow states more time to research errors while still allowing the PERM process to be completed within a reasonable timeframe.



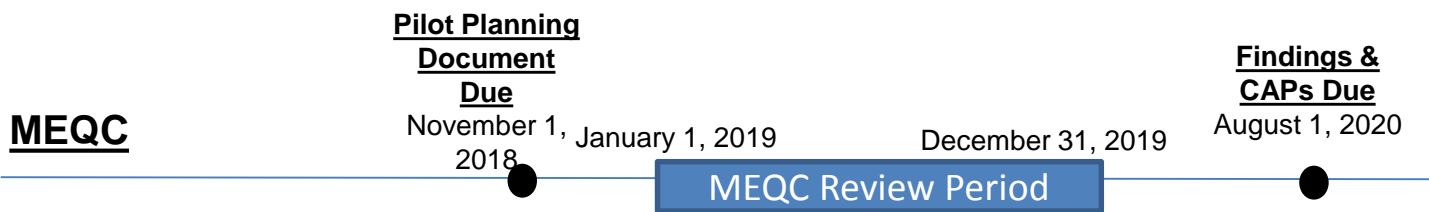
# Corrective Action Plans (CAPs)

Item	Component Impacted	Previous Regulation	New Regulation	Rationale
Corrective Action Plans (CAPs)	Eligibility	States implement CAPs for all errors and deficiencies identified in the FFS, managed care and eligibility reviews	<p>States continue to implement CAPs for all errors and deficiencies</p> <p><b>*States will provide an evaluation of whether actions they take to reduce eligibility errors will also avoid increases in improper denials*</b></p> <p>More stringent requirements added for eligibility should a state have consecutive PERM eligibility improper payment rates over the 3% national standard set per 1903(u) of the Act</p>	Allowable threshold for eligibility error rates is set by section 1903(u) of the Act

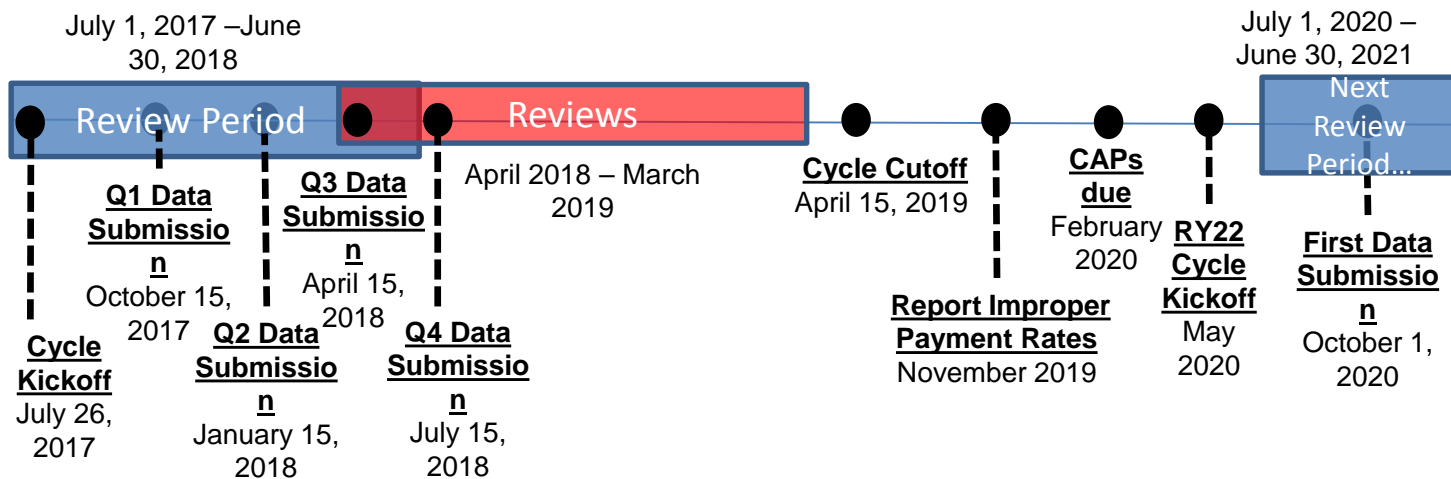
# Payment Reductions/ Disallowances

Item	New Regulation	Notes
<b>Payment Reductions/ Disallowances</b>	<p>Payment reductions/disallowances under 1903(u) of the Act will only be applicable for eligibility reviews conducted during PERM years</p> <p>States have the ability to demonstrate a good faith effort if unable to meet the national standard; A good faith effort is defined as meeting PERM CAP and MEQC pilot requirements</p>	<ul style="list-style-type: none"> <li>• Eligibility improper payment rates only calculated in a state's PERM year</li> <li>• CMS will only pursue disallowances if a state does not demonstrate a good faith effort to meet the national standard</li> <li>• Not effective until a state's second PERM eligibility measurement under the new final rule</li> <li>• Disallowance amount is the percentage by which the <u>lower limit</u> of the state's eligibility improper payment rate exceeds 3%</li> </ul>

# Cycle 1 PERM & MEQC Timeline



## PERM



# Cycle 1 MEQC Timeline

## Cycle 1 States

- **First PERM review period:** July 2017 – June 2018
- **MEQC planning document due:** November 1, 2018
- **MEQC review period:** January 1 – December 31, 2019
- **MEQC findings and CAP due:** August 1, 2020

# Cycle 1 Timeline

- RY19 Cycle kick-off – **July 26, 2017**
- Complete data submission survey sent to states after kick-off – due back in two weeks
- PERM General Education Webinars hosted by SC- August
- PERM+ presentations offered early August
- Data submission instructions distributed to states - August
- SC data intake sessions begin - August
- ERC Eligibility Welcome Webinars begin – August/September
- ERC intake meetings begin with states in September
- System(s) access discussions - August

# Cycle 1 Timeline (cont'd)

- Select PERM or PERM+ –August
- Q1 data request 9/20 – Due October 16th
- DP, MRR/MR questionnaires sent to states – October/November
- Details intake meetings begin November – January for routine PERM states
- CMS 64/21 intake meetings
- Q2 data request 12/20 – Due January 15th
- RC system access – December
- ERC case review begins January 2018 and continue through April 2019

# Cycle 1 Timeline (cont'd)

- RC hosts educational webinars January - March
- Medical record request begin in January
- Q3 data request March 20th – Due April 16th
- DP orientation begins early spring 2018
- SMERF orientations begin March
- DP reviews begin April
- Medical review begins June
- RC individual state check-in meetings June
- Q4 data request June 2 – Due July 16th

# PERM Next Steps

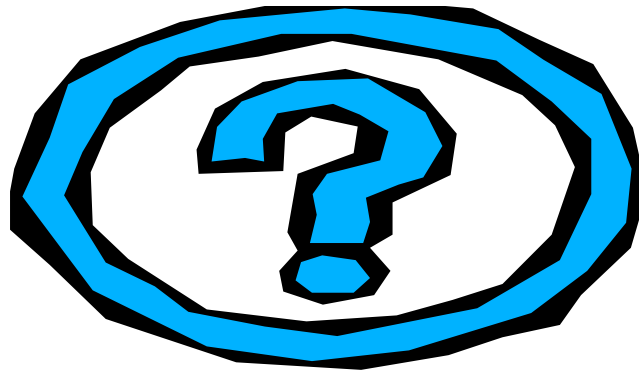
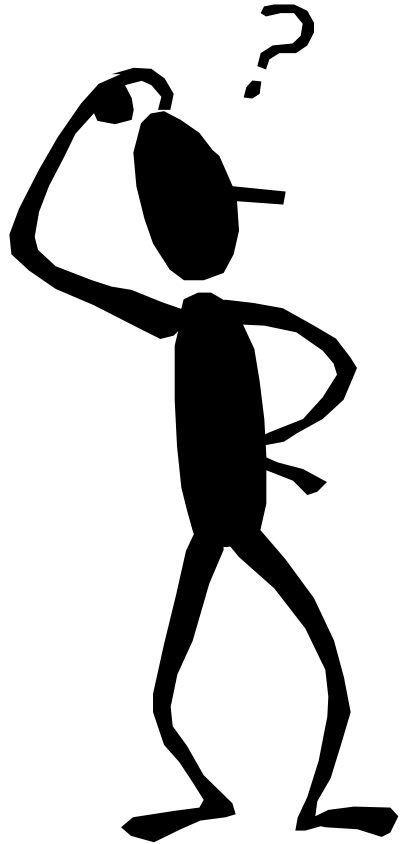
- **July 2017**
  - Attend cycle kick-off call – July 26, 2017
- **August-September 2017**
  - Complete universe data submission survey by August 9
  - Sample sizes sent to states after the cycle kick-off
  - Attend PERM General Education Webinars hosted by SC
  - Work with SC to schedule intake meetings
  - Communicate decision between PERM+ and routine PERM
  - Data submission instructions distributed to states
  - Prepare for universe data submission
  - Eligibility Welcome Webinars
  - Eligibility Intake Meetings
  - Eligibility system access
- **October**
  - Submit Q1 data



# Key Points

- Training/assistance
- Participate in the cycle kick-off meetings, education webinars, and in monthly cycle calls with CMS
- Keep in mind states will have additional meetings as a result of integration
- Include eligibility staff for monthly cycle calls
- Make sure to discuss any state specific concerns during the intake meetings
- Collaboration essential

# Questions



# CMS PERM Contacts

Please direct all questions related to the Regulation to the PERM/MEQC Regulation mailbox at

[PERM-MEQCRegulation@cms.hhs.gov](mailto:PERM-MEQCRegulation@cms.hhs.gov)

For all other cycle questions, please contact your cycle manager, Wendy Chesser, at

[Wendy.Chesser@cms.hhs.gov](mailto:Wendy.Chesser@cms.hhs.gov) or 410-786-8519

Final Regulation located @

<https://federalregister.gov/d/2017-13710>