RY 2024 Contractor Roles and Responsibilities

RY 2024 Statistical Contractor (SC) – The Lewin Group – Responsible for Sample Selection, Populating Claims, and Improper Payment Rate Calculation

Each quarter throughout the fiscal year, the SC collects the universe of claims data for Medicaid and Children's Health Insurance Program (CHIP) Fee-for-Service (FFS) and managed care from the states. The universe includes claims that are matched with Title XIX (Medicaid) or Title XXI (CHIP) Federal Financial Participation (FFP), including payments made outside of the state's Medicaid Management Information System (MMIS).

The SC draws a random sample of claims from the quarterly Medicaid FFS, CHIP FFS, Medicaid managed care, and CHIP managed care universes submitted by the states. There are also state-specific sample sizes based on the prior cycle improper payment rates and margin of error, as well as state expenditures, with a sample size cap for Medicaid (1,800 FFS, 200 managed care, and 1,200 eligibility) and CHIP (1,080 FFS, 120 managed care, and 800 for eligibility). Since claims data is submitted quarterly by the states, each quarter is treated as a separate universe and sampled accordingly. After drawing the samples, the SC sends the samples to the Review Contractor (RC), the Eligibility Review Contractor (ERC), and the state.

For routine PERM states, the FFS sample list contains minimum data information so the states must enhance the information on the sampled FFS claims (submitting details). After the samples are populated and returned to the SC, the SC standardizes the format of the claims data and sends it to the RC for medical records requests. For PERM+ states, enhanced information is submitted in the original universe and the SC sends claims data to the RC for medical records request without the need for states to populate the sample.

At the end of the PERM process, the SC calculates state-specific and national Medicaid and CHIP improper payment rates overall and by component.

RY 2024 Review Contractor (RC) – Empower AI (formerly known as NCI, Inc.) – Responsible for Policy Collection, Medical Records Requests, Medical Reviews, Data Processing (DP) Reviews and maintenance of the State Medicaid Error Rate Findings (SMERF) system

The RC collects state Medicaid and CHIP policies and federal policies that are used for medical and data processing reviews.

When the RC receives the sample list from the PERM SC, the RC begins collecting documentation from state systems for each sampled claim. For FFS claims, the data processing review includes examining line items of each claim to validate that it was processed correctly. DP reviews are conducted on managed care claims to check the accuracy of the processing of the capitation payment or premium.

When the full claims details files are received from the SC, the RC begins sending medical records requests to the providers. The RC's customer service representatives contact providers associated with the sampled FFS claims to obtain copies of the associated medical records. Providers have 75 calendar

days to send copies of medical records for the selected claim. If the provider does not respond, the state is notified of an error due to no documentation.

Once the records are received, the RC performs medical reviews (MR) on these FFS claims. The RC examines the medical record to ensure there is documentation that supports the service(s) were: covered according to state policy, medically necessary and coded accurately. If the record does not contain sufficient documentation, the provider has 14 days to provide the missing documentation. Errors are cited for reviews with missing documents. (Managed care claims are not subject to medical reviews because there is no specific service rendered on which to make a medical necessity determination.)

The findings of the MR, DP reviews and the findings of the eligibility reviews (performed by Eligibility Review Contractor) are posted to the RC's secure website, State Medicaid Error Rate Findings (SMERF), which can be reviewed by each state. Using SMERF, states may monitor error citations. If a state disagrees with an error, a Difference Resolution (DR) may be requested in SMERF within 25 business days of the error posting to the Statistical Unit Disposition (SUD) report. If a state disagrees with the DR decision, an appeal request may be filed in SMERF within 15 business days of the DR decision. CMS will make the final appeal decision.

After the review cycle ends, the RC sends the full set of detailed findings for all review types to the SC for use in the improper payment calculations.

RY 2024 Eligibility Review Contractor (ERC) – Booz Allen Hamilton – Responsible for Eligibility Policy Collection and Eligibility Case Review

The ERC is responsible for obtaining, organizing, and maintaining federal and state eligibility policies for the PERM program by working with states and CMS to coordinate and conduct all tasks. This ensures the ERC is familiar with the eligibility policies in each state (policy content and application, location, and format) prior to the PERM eligibility review.

The ERC is also responsible for obtaining remote access to state eligibility and document management systems, prior to the start of the eligibility review cycle, to collect case file documentation needed to complete eligibility reviews.

The ERC reviews state eligibility determinations that made individuals eligible on the Date of Service (DOS) for each claim payment sampled. The ERC reviews the state's eligibility determination in accordance with federal and state policies. If the eligibility case file does not contain sufficient documentation to support the state's determination, states have 30 days to provide missing documentation. Starting in RY 2022, the ERC will accept additional documentation submitted by the state in support of case reviews through the end of the cycle for ER1s, ER2s and ER3s and will update error findings when appropriate.

Once reviews are completed, the findings are posted to the SMERF system. At the time that findings are posted to the Sample Unit Disposition (SUD) report, states can formally request Difference Resolution (DR) or appeal the findings of the DR with CMS.

The ERC is also responsible for collecting eligibility information from the state's eligibility system(s) for the RC's data processing reviews.

Upon completion of the eligibility case reviews, the ERC assists CMS with reviewing findings, providing guidance on origin of errors, summarizing state findings, and answering any state findings questions.