

# PERM FY06 and FY07 Best Practices Findings

## Orientation

1. Put together a complete orientation manual that houses all requirements, guidelines, procedures, and best practices examples. Instructions for the states should include clearer, more complete instructions for requirements and standards, including examples. For example, states would like to be provided with documentation checklists and letters to give to their providers, and a “best case” example of a sampling plan. The manual should be available online and updated frequently. When changes are made to the manual, notify the states.

*CMS Response: CMS is putting together a PERM manual which will include the overview of our program, the instructions for submitting PERM requirements, and the instructions in planning the overall program. The manual will be part of the State Medicaid Manual and State SCHIP Manual in the near future. The manual is expected to be completed in fall 2008 and will be available on the CMS website. Notification of changes in the manual will follow the usual CMS manual publication process. The DDC has included a checklist of the required documentation for medical records requests and a sample copy of the medical requests letter will be posted on the website. A sample sampling plan will be included in the PERM Manual.*

2. In addition to a manual, create a cheat sheet for each cycle that outlines all the requirements and guidelines that have changed since the prior cycle. For example, a cheat sheet should be created that lists all 2006 requirements alongside the 2009 requirements so that states can see the differences between what was expected of them in 2006 and what will be expected of them in 2009.

*CMS Response: CMS is implementing a “pre-cycle” beginning with the FY 2009 PERM measurement. The kickoff call with states was held on July 30, 2008. Regular cycle calls will occur on the second Tuesday of each month, beginning September 9, 2008. A survey requesting contact information, program structure, payment structure, and data structure will be distributed to the FY 2009 PERM states in mid-August. The survey will be useful in tailoring intake calls to the individual states, and for detecting state payment and processing idiosyncrasies. Also included in the survey is a cheat sheet that lists all 2006 PERM requirements alongside 2009 PERM requirements. Data submission instructions are due from the SC by the end of September, approximately 3 months before the due date for previous cycles.*

3. In order to improve orientation and training, begin orientation as early as possible and hold targeted trainings for the individuals from each state responsible for each specific aspect of PERM (e.g., universe and details submission, policy collection, data processing review, eligibility). May want to

consider annual PERM conferences and/or trainings similar to what was offered during the PAM pilot and PERM pilot grant opportunity years.

*CMS Response: As stated above, CMS intends to conduct training and orientation with the states earlier in the cycle to ensure a complete understanding of PERM. We agree that annual PERM conferences would provide benefit to all PERM stakeholders; however, the program operates in a limited budget so it is unlikely we could sponsor annual conferences.*

4. Do not eliminate all state calls, but try to moderate them better. Develop an agenda for every call, allot a specified amount of time to every agenda item, and try to adhere to the schedule as best as possible. Avoid giving any state the opportunity to dominate a call with questions that are specific to their state.

*CMS Response: CMS views the cycle calls as an opportunity for states to ask questions and discuss issues with the CMS PERM staff, PERM contractors, and other states. We encourage the states to submit their questions in advance of the calls to ensure that there is adequate time to discuss significant issues.*

5. Since states will have state-specific questions, consider creating a forum for states to find answers to these types of questions. An all-state call with no one from CMS present could work. This would give states the opportunity to ask questions to one another. Or, individual calls between CMS and a single state could work too (perhaps on a quarterly basis).

*CMS Response: CMS has established a PERM Technical Advisory Group (TAG) as a forum for discussions and recommendations to improve the PERM program. We will ask the TAG to consider creating a state-only forum. Additionally, states have the opportunity to ask questions and discuss PERM related issues with CMS, the PERM contractors, and the states on the monthly cycle calls. Finally, states are free to create their own forum for discussions.*

## Communication

1. Give states as much notice as possible for upcoming deadlines.

*CMS Response: CMS is in the process of creating a timeline that details due dates for each of the PERM components (fee-for-service, managed care, and eligibility) for state use.*

2. When requirements or policies change, notify all the states rather than only notifying the states in the current PERM cycle.

*CMS Response: We will adopt this recommendation and notify states of requirement and policy changes via the CMS PERM website, State Health Official letters, and in the future, the PERM manual.*

3. States want to be informed about other states' experiences and concerns. If one state asks a question that may be applicable to other states, forward the answer to all the states. They also want to see examples of what other states are doing well.

*CMS Response: We encourage states to communicate among themselves and, as stated above, we will ask the TAG to consider creating a state-only forum for such discussions.*

4. E-mail is the most effective method of communication.

*CMS Response: CMS agrees that email is an effective method of informal communication. It is important that states keep CMS up to date on the list of contacts that should be receiving PERM information to ensure the appropriate individuals are informed.*

5. Appropriate professionals should participate in conference calls to answer technical questions.

*CMS Response: CMS intends to issue an agenda and hot topics in advance of scheduled conference calls provided states submit questions and discussion points. With sufficient advanced notice, CMS can seek to have subject matter or technical experts participate in relevant portions of the conference.*

6. No one should be allowed to participate in cycle calls or all state calls who do not work with PERM regularly and therefore aren't up to speed with the process. It wastes time.

*CMS Response: CMS believes that states, especially those experiencing personnel changes, are responsible for training their PERM staff so that they are able to effectively participate in cycle calls.*

## Websites

1. Reorganize the CMS website to make it easier to navigate. Include a "frequently asked questions and answers" section, an index, a contact list, and a PERM manual.

*CMS Response: CMS has been updating the PERM website as more policies are formalized. A contractors' contact list is already posted on our website at <http://www.cms.hhs.gov/PERM>. We are in the process of putting together a PERM manual which is expected to be available in fall 2008. We are unable to adopt frequently asked questions (FAQ) and an index on our website due to agency website requirements. In lieu of the FAQ, we have compiled a list of PERM Policy Issues on our website under the PERM Process page that may help with common concerns we received from the states. Also, we are in the process of creating a sitemap so our website can serve as a better reference for the states.*

- 2. Consolidate all PERM websites into a single website. (A few states specifically mentioned wanting the Livanta tracking website and the SMERF website to work together.) If the websites can not be combined into one, some states recommend developing a cheat sheet that lists exactly what can be found on each website and ensuring that date formatting is standard across all websites.**

*CMS Response: A cheat sheet will be created in fall 2008 to list out fields available on each of the contractors' websites. Our contractors are working on standardizing the formatting of the fields among websites. In the meantime, the instructions for the PERM Contractor websites, including the Database / Documentation Contractor's (DDC) Medical Records Tracking Website and the Review Contractor's (RC) State Medical Error Rate Findings (SMERF) website are currently available. The DDC has been emailing the user manual to the state when the log-in information is sent out and the RC is in the process of creating a user manual.*

*Also, beginning with the FY 2008 cycle, a unique PERM ID will be assigned to each sampling unit at the time the samples are drawn. This number will be used across contractors, enabling the states to track a sampling unit throughout the PERM process.*

- 3. Date everything that is posted on the website using a standard format and notify the states via e-mail when important changes/updates to the website have occurred.**

*CMS Response: All downloads will be dated on the link in the near future. CMS is in the process of creating a Listserv for the PERM website so that the states will be notified every time we make changes to the website.*

- 4. States should not have to wait until their data starts coming in to be given access to the websites. They should be given access as soon as the PERM cycle starts.**

*CMS Response: Prior to the receipt of the data from the states, no data will be available to be imported into the contractors' websites. In order to ensure the information security, login*

*access will only be available to states when their data is available to avoid unnecessary access to the websites.*

5. The Livanta tracking website should maintain a history of records in addition to current records. States want to be able to pull up a claim number and see the history of that claim number, rather than just the current status.

*CMS Response: The Medical Records Tracking Website is aimed to provide states with the most updated information in regards to medical records submission from providers. After the initial medical record request, the DDC will follow-up with the providers at day 15 (second request) and day 35 (third request) if the medical records are not received. By day 61 (final), a letter of non-response will be sent to the providers and the state PERM representative. The initial letter date of the request is posted on the website.*

6. An “in progress” category should be added to the SMERF site rather than only putting claims up on the site once an error code is assigned. This would allow states to go into the site, look at a particular claim and look at the reviewers’ notes to help the provider understand why the reviewer asked for additional information that the documentation contractor didn’t collect. If the claim is going to be placed in error anyway, states would rather know sooner than later.

*CMS Response: The RC’s website has been modified to allow states to view each sampling unit and its findings. If a sampling unit has been coded as insufficient documentation, MR2, the state can see the reviewers’ notes which indicate what information was missing and has been requested from the provider.*

7. Ensure that participants have a basic understanding of websites before giving them an orientation that they aren’t able to follow. One state had this experience with the SMERF website.

*CMS Response: CMS views basic understanding of websites, and any training of state staff to achieve this, as a state responsibility. CMS is responsible for providing training of the websites used in the PERM program, and has and continues to do so.*

8. Instructions for using websites should be posted to the website, including what different fields mean.

*CMS Response: CMS has requested that the contractors place user instructions on the front page of the website. We are anticipating this change will be completed for the FY08 measurement. We are in the process of posting the user manuals for each website on their respective homepage.*

9. States should receive automatic notifications when there is a change to the websites.

*CMS Response: The DDC's medical records tracking website will not send any notifications because the data in the website is updated constantly as they receive the medical records. The most updated information will be available on the website at all times.*

### Cycle progress

1. Give every state periodic updates about which stage of the PERM process they are in and about what percentage of their reviews that have completed.

*CMS Response: CMS believes that it's the states responsibility to track their progress through the stages of the PERM process and to monitor the completion of their reviews. The RC has developed a tool to aid the states in tracking their progress. On the RC's website a completed versus pending report is available to all states once any data is received. It shows states the sampling units that have been selected (once we receive the data) and the DP reviews and MR reviews that have been completed for each sampling unit and those that are n/a for medical or still pending. States can use the report to calculate percent completed at any given time.*

2. Tell the states when you will be sending letters to their providers requesting documentation. Also, if a provider contacts CMS or one of the contractors with questions, inform that state so they can reach out to the provider and help them understand the PERM process.

*CMS Response: The DDC emails state PERM representatives prior to contacting their providers for medical records requests. CMS strongly advises state representatives to initiate provider education so their providers use them as a reference if they have any questions in regards to PERM. State representatives can find out provider contact information from the data details and the DDC website to contact specific providers for education. Some states have contacted the specific providers and find it helpful to educate providers on the PERM requirements.*

3. Give each state a consolidated report of all sampled claims and include data processing reviews and medical record reviews on the same report.

*CMS Response: Each state has access to reports of all sampled claim findings, both data processing and medical reviews, in the RC's website. These reports can be downloaded as a Microsoft Excel spreadsheet to allow states to manipulate the data, such as sorting, including combining the findings of the two review processes.*

4. Allow states to track the status of erroneous claims via the CMS website.

*CMS Response: The states are able to track the status of claims via the RC's website. The CMS website was designed for the dissemination of information and policies rather than duplicating information contained on the contractor's websites.*

5. Notify states of their official, final error rates sooner. States would like to have the calculator as early as possible so that they can track progress as they go.

*CMS Response: CMS' ability to calculate final error rates is largely dependent on state cooperation in completing the several phases of the PERM process. Also, the medical review portion is highly dependent on receipt of medical records from the providers. We understand the importance of the timeliness of notifying states of their final error rates and do so as soon as possible.*

*The calculator will not become available to the states any sooner and CMS urges the states to use other ways to track progress. The calculator would not give an accurate reflection of progress because it does not include important steps in the PERM process such as reconciling data. CMS strongly recommends that states make a copy of the sample details that they send to the DDC, and copy as a tracking tool. A spreadsheet format is highly recommended. States will, at that point, have exactly the same information that CMS or its contractors have. CMS and its contractors do not have the resources to notify states of daily changes to the individual states' samples.*

### Policy/regulatory issues

1. One state said they had questions about what comparisons will be made between states and other "political" issues that CMS is avoiding answering.

*CMS Response: CMS caveats the PERM reports to urge the reader not to compare state error rates. Further clarification on what is being asked is needed to better answer the question.*

2. States should not be required to stratify their eligibility samples.

*CMS Response: The PERM Final Rule states that the stratification allows for an equal number of reviews of an equal number of applications, redeterminations and all other cases. We also say that if we did not stratify the universe, states would incur additional cost and burden associated with verifying eligibility for all cases in the sample at up to 12 months prior to the sample month. It could also increase cases where eligibility can not be determined due to a "cold case trail".*

3. CMS should consider re-structuring PERM into 5-year cycles.

*CMS Response: CMS is continually working to get PERM policies and operational procedures finalized, and as such we do not anticipate any significant changes to the structure of the program at this time.*

4. PERM would be a less burdensome process if states did small error calculations every month rather than one big process every three years. This would also give states grounds for hiring a permanent PERM staff.

*CMS Response: See response to question above.*

5. If states consistently find that they have no errors in their denials, they should no longer be required to review denials.

*CMS Response: The purpose of the negative case reviews for eligibility is to ensure that eligible persons are not being denied or terminated from Medicaid or SCHIP erroneously. We believe this purpose is a means of protecting beneficiaries.*

6. One state asked why MSIS data wasn't used for PERM.

*CMS Response: As stated in the PERM Interim Final Rule (71FR 51050), "...the Medicaid Statistical Information Statistics (MSIS) data for Medicaid [is] too old to produce meaningful data on which states could base effective corrective actions."*

7. One state thinks there should be fewer contractors.

*CMS Response: Starting in FY 2009, Livanta is serving as the PERM statistical contractor and documentation/database contractor.*

### Universe and details submission

1. States should not be responsible for compiling the universe themselves.

*CMS Response: CMS has to rely on states to compile universes because there is no national database with current information for Medicaid and no database exists for SCHIP.*

2. There should be a complete handoff between the state and the contractor for one quarter's data before beginning another quarter.

*CMS Response: CMS agrees that there should be a complete hand off, but in certain cases states find it necessary to submit two or more quarters of universe data at once to prevent a small amount of data in one quarter from holding up the submission of the next quarter's data.*

3. In 2006, one state had an experience in which the review contractor did not receive the entire procedure code. They want to avoid this in 2009.

*CMS Response: PERM states are asked to verify and provide quality control of their own data prior to submitting it to contractors. The new PERM ID allows states to track sampling units and all data elements, including the entire procedure code, belonging to a sampling unit. This should prevent loss of information through out the entire PERM review process.*

### Medical records request

1. No state's providers should be given their 60 day window to submit medical records during the month of December.

*CMS Response: We have developed a policy for school-based services which establishes a partnership effort between the DDC and state PERM representatives to locate records during vacation time.*

2. It would be helpful if the contractor notified the state when one of the providers notified them that they had confusion or needed clarification on their request. Some providers have been through the audit process and don't need it, but others do need some orientation. States need to know who they need to help understand the process.

*CMS Response: The states are aware of the claims that were sampled and, thus, have the ability to target providers involved in the PERM process for provider education.*

3. CMS should think about developing a list of definition of terms they use in the requests they send to providers. One state mentioned that some providers were not sending in records because they felt their services did not fall under the heading of what CMS was asking for. If CMS made these definitions clearer, problems like these could be avoided.

*CMS Response: CMS needs further details from the states to clarify the issue. It will be discussed in the September 2008 Technical Advisory Group (TAG) call.*

## Data processing reviews

1. Contractors should bring copies of the states' policies with them when they do on site visits.

*CMS Response: CMS explored this recommendation, but will not implement it at this time. Currently, states submit policies to the DDC pertaining to medical reviews only. While the state could also submit policies pertaining to data processing reviews, often the reviewers have specific questions pertaining to an individual claim, not a broad-based policy. Therefore, this would place a burden on the state to submit additional policies to the DDC, without eliminating the need to provide the reviewers specific policies*

2. Would be helpful to have SMERF training before DP orientation visit.

*CMS Response: Orientation to the RC's website will happen before any reviews start for a state. Orientation typically occurs when a state's information becomes available, allowing the various screens to be filled with data for viewing.*

## Medical record reviews

1. States should not be required to do re-pricing themselves.

*CMS Response: The RC is unable to re-price claims because they are not in possession of the state's rate schedules and it would be burdensome on the states to supply these to the contractor. Therefore, states will continue to provide the contractor with the necessary information to re-price claims.*

2. Only one error description that is most applicable to the finding should be entered on the medical review screen.

*CMS Response: The medical review screen lists one error type (MR1-MR9), but then a descriptor for the error code is displayed to better explain the cause of the error.*

## Difference resolution process/recoveries

1. States would like a cheat sheet on Sampling Unit Dispositions (SUDs) and final recoveries.

*CMS Response: The RC is developing a SMERF State User Guide, which will incorporate screen shots of the SUD report and the final error for recoveries report with explanations or descriptors, and a process flow diagram and narrative explanation for each report.*

2. States should have the option to appeal an error regardless of the dollar amount.

*CMS Response: This concern has been addressed in the PERM Final Rule dated August 31, 2007, Federal Register Vol. 72, No. 169, p. 50499. This limitation prevents de minimis disputes and ensures that appeals to CMS address only claims that are substantial enough to warrant reconsideration and that they are completed in a timely manner.*

## Eligibility

1. The PETT calculator is inconsistent for different versions of Excel.

*CMS Response: CMS is working with its contractor to explore ways to have the PETT calculator accommodate all Excel versions.*

2. It is not clear when it is appropriate to leave cells blank and when it is appropriate to enter a zero on the PETT website.

*CMS Response: CMS is working on revising the eligibility forms and instructions for clarity. We are working towards providing reformatted forms to begin for FY 2009 on the PETT site. In the meantime, states should closely follow the existing instructions, as the forms and calculator are adjusted for the different ways the states currently complete them.*

3. States should be able to do broad queries on the PETT website and to pull several months' reports at once.

*CMS Response: States are able to see all of their most recent PETT submissions with broad queries. If states have troubleshooting needs on the PETT site, they should contact the statistical contractor.*

4. There was also a formatting issue with the dollar signs that caused problems with the PETT site.

*CMS Response: The eligibility forms do not require dollar signs to be entered on the forms.*

5. States are particularly interested in information about how other states are conducting their eligibility reviews.

*CMS Response: CMS is open to states sharing their PERM experiences by contacting each other.*

### Corrective action

1. Developing a comprehensive corrective action plan might be difficult for some states whose error rates are almost entirely due to providers refusing to send in records.

*CMS Response: Provider education on the importance of a timely response to PERM medical records requests and additional documentation requests is key to determining a correctly paid claim. To aid states in this process, CMS has developed a provider education letter which states can incorporate in their training. The letter can be viewed on the PERM website at: <http://www.cms.hhs.gov/PERM/Downloads/ProviderEducationLetter.pdf>.*