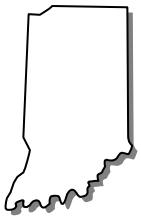

P R O V I D E R B U L L E T I N

B T 2 0 0 7 3 5 — D E C E M B E R 2 7 , 2 0 0 7

To: All Providers

Subject: Payment Error Rate Measurement Requirements

Overview

This communication serves as notification to providers of the Improper Payments Information Act of 2002 (IPIA) and providers' responsibilities in connection with the IPIA. The IPIA requires providers to submit selected medical record documentation to federal contractors during the 2008 Federal Fiscal Year (FFY) Payment Error Rate Measurement (PERM) audit cycle.

The IPIA directs Federal agencies, in accordance with the Office of Management and Budget (OMB) guidance, to review their programs to determine those that are susceptible to significant erroneous payments and to report the improper payment estimates to Congress. The OMB identified Medicaid and the State Children's Health Insurance Program (SCHIP) as programs at risk for significant erroneous payments.

With the assistance of states participating in pilots, the Centers for Medicare and Medicaid Services (CMS) developed the PERM program to measure the accuracy of Medicaid and SCHIP enrollment, as well as payments for services rendered to recipients. States are reviewed on a rotating three-year schedule which began in FFY 2006. Indiana is one of 17 states participating in the PERM program in FFY 2008 (October 1, 2007 through September 30, 2008).

The Medicaid and SCHIP programs are reviewed separately in three areas:

- Fee-for-service claims
- Managed care claims
- Program eligibility

PERM Review Responsibilities

- Three federal contractors will share responsibilities to conduct a review of the Medicaid and SCHIP fee-for-service claims and managed care claims. Responsibilities are broken out in the following manner:
  - Statistical Contractor (SC) – responsible for selection of claims sample and conducting the calculation of the claim error rates
  - Documentation/Database Contractor (DDC) – responsible for the collection of medical policies, medical records, and tracking
  - Review Contractor (RC) – responsible for conducting the medical reviews and claim adjudication reviews

- Additional information will be provided upon final selection of the contractors involved.
- States and providers will assist the Federal contractors in gathering the data and providing medical record documentation for the review of the claims. If the States disagree with the Contractor determinations, CMS has outlined a process for States to resolve disagreements within prescribed limits.
- States will conduct the Medicaid and SCHIP program eligibility reviews.

Medical Record Collection Process

The RC will conduct reviews of selected Medicaid and SCHIP claims to determine if the claims were paid correctly. If a claim is selected in the sample for a service that you, the provider, rendered to either a Medicaid or SCHIP recipient, the DDC will contact you directly for a copy of your medical records to support the medical review of the claim.

It is important that provider enrollment information be kept current. Provider enrollment information is viewable within Web interChange by clicking the Provider Profile button. This screen allows the provider to verify that the correct name and address information is on file with the Indiana Health Coverage Programs (IHCP).

The DDC will ask providers whether they prefer to receive the request for medical records by facsimile or US mail. After receipt of the request for medical records, the provider must submit the information electronically or a hard copy within 60 days. The DDC and/or State staff will follow up with the provider at regular intervals to ensure that requested information is submitted on time. Providers will not receive reimbursement for responding to a PERM request for medical records.

Past studies have shown that the largest cause of errors during the medical review is due to insufficient documentation. A lack of documentation is an easily preventable error. The Office of Medicaid Policy and Planning (OMPP) therefore requests that providers submit complete information before the 60-day timeline.

Any documentation requested from providers that is not received by the DDC for review is considered an error against a States' Medicaid or SCHIP program. The timeline provided will not be extended, and this error cannot be disputed with the RC. If federal financial participation (FFP) is disallowed for a claim, or a portion of a claim, the amount will be recovered from the provider.

Protected Health Information Concerns

Providers should submit documentation using the methods described by the DDC. Understandably, providers are concerned with maintaining the privacy of patient information. Remember that providers are required by *Section 1902(a)(27)* of the Social Security Act to retain records necessary to disclose the extent of services provided to individuals receiving assistance and furnish CMS with information regarding any payments claimed by the provider for rendering services, including medical records. In addition, the collection and review of protected health information (PHI) contained in individual-level medical records for payment review purposes is permissible by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and implementing regulations at *45 Code of Federal Regulations, parts 160 and 164*.

Contact Information

The DDC will provide contact information to providers. Communication with this federal contractor and with the State OMPP PERM contact is encouraged.

The primary PERM contact in the OMPP office is:

Catherine Snider, Program Integrity Manager
402 W. Washington Street
W382 – MS07
Indianapolis, IN 46204
317-234-2927
catherine.snider@fssa.in.gov

The OMPP appreciates the cooperation and continued participation of providers in the IHCP.

If you need additional copies of this bulletin, please download them from the IHCP Web site at http://www.indianamedicaid.com/ihcp/Publications/banner_results.asp. To receive e-mail notifications of future IHCP publications, subscribe to the IHCP E-mail Notifications at http://www.indianamedicaid.com/ihcp/mailing_list/default.asp.