

April 29, 2016  
MB# 16-008

## MEDICAID BULLETIN

ALL

**To: All Providers**

**Subject: Payment Error Rate Measurement (PERM)**

The Improper Payments Information Act of 2002 directs federal agency heads, in accordance with the Office of Management and Budget (OMB) guidance, to review annually, programs that are susceptible to significant erroneous payments and report the improper payment estimates to Congress. OMB identified Medicaid and Children's Health Insurance Program (CHIP) as programs at risk for erroneous payments. The Centers for Medicare and Medicaid Services (CMS) will measure the accuracy of Medicaid and CHIP payments made by states for services rendered to recipients through the Payment Error Rate Measurement (PERM) program.

The South Carolina Department of Health and Human Services (SCDHHS) is participating in the PERM program for Federal Fiscal Year 2016. Samples of claims with paid dates of Oct. 1, 2015, through Sept. 30, 2016, will be selected for review. CMS has contracted with The Lewin Group, who will choose the sample of claims to be reviewed, and CNI Advantage LLC, who will request medical policies from SCDHHS and medical records from Healthy Connections providers, either in hardcopy or electronic format.

CNI Advantage LLC is scheduled to begin requesting medical records from providers in June 2016. Medical records are needed to support required medical reviews for PERM so that CNI Advantage LLC can review the fee-for-service Medicaid and CHIP claims to determine if the claims were correctly paid. If a claim is selected in a sample for a service that is rendered to either a Medicaid or CHIP recipient, CNI Advantage LLC will contact the provider to verify the correct name and address information and to determine how they want to receive (i.e., fax or U.S. mail) the request for a copy of the required medical records to support the medical review of the claim. Once a provider receives the request for medical records, the provider must submit the information electronically or in hard copy within 75 calendar days. Please note that it will be the responsibility of the provider who is identified on the claim to receive payment, to ensure that any and all supporting medical records, from any and all provider(s) who rendered a service for which the claim payment under review was requested, is submitted in a timely manner.

During this 75-day timeframe, CNI Advantage LLC will follow up to ensure identified providers submit the documentation before the timeframe expires. SCDHHS officials may contact providers to assist in

identifying the required documentation for submission. For reviews that require extra information, the contractor will contact the provider for additional documentation. The provider will then have 14 calendar days to submit the requested additional documentation.

Understandably, providers may be concerned with maintaining the privacy of patient information. However, 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 provide CMS, or its contractors, with information regarding any payments claimed by the provider for rendering services. Providing information includes medical records. As for CHIP, section 2107(b)(1) of the Act requires the CHIP state plan to provide assurances to CMS that the state will collect and provide any information required to enable CMS to monitor program administration and compliance and to evaluate and compare the effectiveness of states' CHIP plans. In addition, the collection and review of protected health information 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. No special patient permission is necessary for the release of records.

Providers are required to maintain and provide access to medical records. Past PERM cycles have shown that the largest cause of error in medical reviews is no documentation or insufficient documentation. As such, it is important that information be sent in a timely and complete manner. Failure to provide requested documentation may result in sanctions including payment recoupment and up to termination from participation in the Medicaid program. If you have any questions about this matter, please contact your state PERM contacts, Cindy R. Durrett ([durrett@scdhhs.gov](mailto:durrett@scdhhs.gov), (803) 898-3113) or Sarah Williams ([bishops@scdhhs.gov](mailto:bishops@scdhhs.gov), (803) 898-2597).

Thank you for your continued support of the South Carolina Healthy Connections Medicaid program.

/s/

Christian L. Soura  
Director