



DEPARTMENT OF ECONOMIC SECURITY

*Your Partner For A Stronger Arizona*

## DIVISION OF DEVELOPMENTAL DISABILITIES

Sent on Behalf of DES/DDD

# CENTERS FOR MEDICARE & MEDICAID SERVICES PAYMENT ERROR RATE MEASUREMENT (PERM)

Target Audience - Qualified Vendors and Providers

Transmittal Date - 12/18/2019

The [Office of Management and Budget \(OMB\)](#) has identified Medicaid as a program at risk for significant improper payments. As a result, CMS developed the [Payment Error Rate Measurement \(PERM\)](#) program to comply with the Improper Payments Information Act (IPIA) of 2002 and related guidance issued by OMB.

The PERM program measures improper payments in Medicaid and produces error rates for the program. The error rates are based on review of the fee-for-service (FFS), managed care and eligibility components of Medicaid in the fiscal year (FY) under review. The error rate is not a “fraud rate” but a measurement of payments made that did not meet statutory, regulatory or administrative requirements. FY 2008 was the first year in which CMS reported error rates for each component of the PERM program. Arizona is currently in PERM Cycle 3 RY2021 7/1/2019 – 6/30/2020.

DDD providers are all required to be AHCCCS registered since Medicaid funding is used for covered services provided to DDD members. NCI AdvanceMed, a medical records review company, is in the process of contacting randomly selected DDD providers. AdvanceMed representatives will call all providers in the sample to describe the purpose of the call, explain the authority for CMS to collect medical records for audit purposes and identify the appropriate point of contact for each provider. As recipients of CMS Medicaid funds, DDD providers must comply with these requests.

After confirming that the correct provider has been reached and the location of the medical record needed, a written request will be faxed or mailed to the provider’s office. The request will specify the type of documents needed for each claim type and will provide instructions for how to submit the records to the PERM Review Contractor by fax (please number all pages), mail, a password protected CD or the electronic submission of Medical Documentation.

Requests for provider medical records associated with the sampled FFS claims began in July 2019 and will continue through June 2020. Providers will have 75 calendar days from the date of the request letter to submit the record to AdvanceMed. During this 75 calendar day period, AdvanceMed will conduct reminder phone calls and send written requests to providers if records are not received.

If documentation in the record submitted to support the claim is incomplete, AdvanceMed will request additional documentation before the review is completed. Providers will then have 14 calendar days from the date of the request letter to submit this documentation. AHCCCS and DDD are notified when documentation is submitted or has not been timely received.

All claims from the provider where there is no documentation or the documentation submitted is incomplete, will be determined to be paid in error. If a claim is determined to be in error, AHCCCS may pursue recovery of payment for this claim.

Accurate PERM measurements cannot be produced without provider cooperation in submitting documentation. A correct finding of proper payment cannot be made without the medical records from the provider. All records are equally important, including those for low dollar claims.

Please see the [CMS Frequently Asked Questions \(FAQs\)](#) related to PERM for more information.