

## PI – Payment Error Rate Measurement (PERM) Process

### Purpose:

The PERM program measures improper payments in Medicaid and CHIP and produces error rates for each program. The error rates are based on reviews of the fee-for-service (FFS), managed care (MC), and eligibility components of Medicaid and CHIP. It is important to note that the error rate is not a “fraud rate” but simply a measurement of payments made that did not meet statutory, regulatory, or administrative requirements.

The process below outlines the process for reviewing and responding to requests pertaining to PERM preliminary error findings.

### Identification of Roles:

<b>RACI Definitions</b>	
<b>RACI</b> - RACI charts are a type of responsibility assignment matrices in project management. These simple spreadsheets or tables highlight the different states of responsibility a stakeholder has over a particular task or deliverable and denotes it with the letters R, A, C, or I.	
<b>(R)</b>	Responsible
<b>(A)</b>	Accountable
<b>(C)</b>	Consulted
<b>(I)</b>	Informed

Iowa Medicaid PI Investigator – Assists the State in the PERM process as requested by State PI. **(R)**

Iowa Medicaid PI Audits & Investigations Manager – Assists the Investigator and State in the PERM process as needed. **(A)**

Iowa Medicaid State PERM Lead – Oversees the PERM process, researching error findings, determining the State departments involved, supporting Difference Resolutions and Appeals, and responding to CMS as needed. **(C,I)**

---

Iowa Medicaid State Departments – Review, research and respond to error findings and support Difference Resolutions and Appeals as needed. **(I)**

### **Performance Standards:**

PI Audits and Investigations will work with the State to provide responses to requests, to support difference resolutions and appeals pertaining to PERM error findings in a timely manner.

### **Path of Business Procedure:**

#### PRELIMINARY ERROR FINDING PROCESS

- 1) The PERM Lead notifies the PI Investigator and Audits and Investigations Manager of a preliminary error finding.
  - a The PERM Lead will obtain any medical records that were reviewed from the PERM Reviewers.
- 2) The PI Investigator pulls the pertinent information from SMERF to conduct a review of the error.
  - a Documentation pulled from SMERF will be saved at [Insert Path].
    - i Claim information.
    - ii PERM Reviewer Notes.
  - b File name to save the documentation will be PERM ID# and “Claim Details”.  
Example: IAC2401M001 Claim Details
- 3) The PI Investigator will coordinate with various SMEs to ensure complete review of the preliminary error.
  - a Information to be sent to pertinent SMEs for review.
  - b Send any questions/concerns received.
- 4) Once the review is complete:
  - a Agree with the preliminary error finding.
    - i No dispute is needed to be submitted.
    - ii Document the details of the review and the reasoning for the error as this information will be needed during the corrective action and root cause analysis phase.
  - b Disagree with the preliminary error finding.
    - i Provide information to the PERM Lead to dispute the preliminary error finding.

- ii The PERM Lead will submit a dispute resolution in SMERF with the information provided from the PI Investigator.

## FINAL ERROR FINDING PROCESS

- 1) The PERM Lead notifies the PI Investigator and Audits and Investigations Manager of the final error findings due to provider error.
- 2) The PI Investigator will pull any pertinent information from SMERF to review the final error finding.
  - a. Documentation pulled from SMERF will be saved at [INSERT PATH].
  - b. Filename is to be PERM ID and “Final Error Finding”. For example: IAC2401M001 Final Error Finding.
- 3) The PI Investigator will draft a Final Error Finding letter to the provider.
  - a. Indicate the finding is from a PERM audit.
  - b. Summary of the finding.
  - c. Identified Overpayment.
  - d. Payment submission information.
  - e. Requirement for a corrective action plan.
  - f. Corrective Action plan template.
  - g. Information to submit the corrective action plan.
- 4) The drafted letter will go to the PERM lead for review and approval.
- 5) Once approved, the PI Investigator will send out the letter to the provider.
- 6) The provider has 30 days to submit the corrective action plan and identified overpayment.
  - a. If nothing received from the provider, send to the Sanctions and Exclusions Manager for sanction.
- 7) The PI Investigator sends the PERM lead the provider’s corrective action plan for review and approval.
- 8) Once the corrective action plan is approved:
  - a. The PI Investigator flags the provider to be reviewed 6 months after the date of the CAP acceptance.
- 9) The PI Investigator drafts a letter to the provider notifying them the corrective action plan has been accepted.
- 10) The PI Investigator sends the letter to the PERM Lead for review and approval.
- 11) The PI Investigator sends the approved CAP acceptance letter to the provider.

**Forms/Reports:**

[Insert Letter Templates]  
[Insert Tracking Document]

**Interfaces:**

Iowa Medicaid State Program Integrity  
Iowa Medicaid State Policy  
Iowa Medicaid Medical Services  
Iowa Medicaid Provider Services  
Iowa Medicaid CORE Unit  
Iowa Medicaid Audits and Investigations

**Attachments:**

None