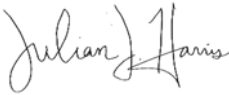




Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
www.mass.gov/masshealth



MassHealth
All Provider Bulletin 231
February 2013

TO: All Providers Participating in MassHealth
FROM: Julian J. Harris, M.D., Medicaid Director 
RE: Payment Error Rate Measurement (PERM) Project

Background

The Improper Payments Information Act (IPIA) of 2002 ([IPIA; Public Law 107-300](#)), with guidance from the Office of Management and Budget, directs federal agency heads to annually review federal programs that are susceptible to significant erroneous payments and to report the improper payment estimates to Congress.

Massachusetts is one of 17 states in the country participating in the federal fiscal year (FFY) 2013 Payment Error Rate Measurement (PERM) project.

The PERM project was developed by the Centers for Medicare & Medicaid Services (CMS) to estimate a national and state-specific Medicaid payment error rate and to identify opportunities for improvement.

Process

CMS and its contractors will randomly select a sample of approximately 3,000 processed claims (paid or denied) from MassHealth in FFY ending September 30, 2013. Sampling will be based on four quarterly claim file extracts throughout FFY 2013. The CMS contractors will test each selected claim for accuracy in data processing and medical necessity.

CMS contractors will directly contact providers whose claims were selected. Providers will be required to provide the contractors with copies of the medical records and/or supporting documentation for each sampled claim.

Provider Response

After initial contact, providers will have 75 days to submit records for review by the PERM contractor. However, sending documentation as early as possible is strongly encouraged, as additional questions about records/documentation often come up and need to be answered within the same time period.

If documentation in the record submitted is insufficient to support the claim, additional documentation will be requested. Providers will have 14 calendar days to submit this documentation.

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Error Classification

Claims will be classified as an error if CMS contractors determine that

- the provider failed to respond to the request for supporting medical records; or
 - documentation of medical necessity was insufficient for the claim; or
 - the claim was incorrectly billed, based on the records supplied; or
 - the provider failed to respond to the request for additional documentation within the 14-calendar-day time limit.
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Recordkeeping

Under the authority of Section 1902(a)(27) of the Social Security Act and MassHealth regulations at [130 CMR 450.205](#) providers are required to retain records necessary to disclose the extent of services provided to individuals receiving assistance. Providers are reminded of the requirement to keep records associated with payments received from Medicaid or CHIP programs for at least six years. Providers also must furnish CMS and the state Medicaid agency with information about any payments claimed by the provider for services.

Supporting Documentation

Studies have shown that the largest cause of errors in the medical reviews is the lack of or insufficient supporting documentation. Supporting documentation must be complete and submitted on time.

Note: All claims that are classified as errors will result in a claim adjustment against the provider's claim. This in turn also may result in an on-site visit.

Additional Resources

For more information on the project, please visit CMS's PERM website www.cms.hhs.gov/PERM, which includes a new section specifically for [providers](#).

A short educational video about the PERM project is available at www.youtube.com/watch?v=Vt3UAdLABUY.

Throughout FFY 2013, CMS will host a number of webinars and conference calls to give providers in the Medicaid and Children's Health Insurance Program (CHIP) communities an opportunity to improve their understanding of specific provider responsibilities during the year's PERM review. Details of these events will be announced when available.

Questions

If you have any questions about the information in this bulletin please contact MassHealth Customer Service at 1-800-841-2900; or send your inquiry by e-mail to providersupport@mahealth.net or by fax to 617-988-8974.
