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PERM & MEQC Updates
August 28, 2019

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PERM CAP Update



Program Overview & New Corrective Action Plan Process

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PERM Components

- The PERM program includes three components:
 - Fee-For-Service (FFS) - FFS claims selected from the FFS universe are subject to as many as three different reviews: data processing , medical necessity, and eligibility
 - Managed Care (MC) - Payments selected from the managed care universe are subject to as many as two different reviews: data processing and eligibility
 - Eligibility - FFS claims and managed care payment reviews on the eligibility determination of the sampled claim

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PERM Cycle Schedule

Cycle	States	Recent Measurement	Review Timeframe	Improper Payment Rates Reported
Cycle 1	Arkansas, Connecticut, Delaware, Idaho, Illinois, Kansas, Michigan, Minnesota, Missouri, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Virginia, Wisconsin, Wyoming	RY 2019	July 1, 2017 – June 30, 2018	November 2019 Next rates-reported Nov 2022
Cycle 2	Alabama, California, Colorado, Georgia, Kentucky, Maryland, Massachusetts, Nebraska, New Hampshire, New Jersey, North Carolina, Rhode Island, South Carolina, Tennessee, Utah, Vermont, West Virginia	RY 2020	July 1, 2018 – June 30, 2019	November 2020 Next rates–reported Nov 2023
Cycle 3	Alaska, Arizona, District of Columbia, Florida, Hawaii, Indiana, Iowa, Louisiana, Maine, Mississippi, Montana, Nevada, New York, Oregon, South Dakota, Texas, Washington	RY 2021	July 1, 2019 – June 30, 2020	November 2021 Next rates reported Nov 2024

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PERM End of Cycle Process

- Once the national improper payment rates are published in the Agency Financial Report (AFR):
 - States receive official notification of their state-specific improper payment rates
 - States are required to return the federal share of overpayments identified on sampled FFS and managed care payments
 - State corrective action process begins

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CMS CAP Review Process

- States are required to submit a Corrective Action Plan (CAP) to address each error and deficiency identified during the PERM cycle
 - CMS provides a state specific CAP template
 - CMS holds individual state CAP calls to go over requirements and findings
 - The CAP is due to CMS 90 days after state-specific improper payment rate information is released
 - States receive detailed data analysis of their Medicaid and CHIP error finding

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CMS CAP Review Process

- Post-CAP webinars are held with each state
 - States are asked to provide a presentation and high level review of their CAPs
 - States will receive collective comments on their CAP prior to scheduled webinars
 - Webinars are held between CMS and each state following CAP review and review of their comments
 - States are given 30 days to revise CAP if needed
- CMS will follow-up with states on their progress

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New Process for PERM CAPs

- Each state is assigned a CMS CAP liaison from the Division of State Partnership (DSP) to assist with CAP creation
- DSP provides CAP monitoring and assistance
- Multiple components at CMS review the CAPs
- DSP coordinates all CMS responses
- OFM will remain responsible for the production of the Error Rate Report

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New Process for PERM CAPs

- DSP will hold Quarterly Cohort meetings with the cycle to set milestones and evaluate implementation of CAPs on a quarterly basis
- The CPI/DSP CAP Liaison follows up every other month for a status on corrective actions
- DSP will hold an annual meeting of all state partners at the MII to discuss best practices and barriers to implementation of corrective actions
- DSP will share feedback with other CMS components

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Additional Information

For further information on PERM:

<https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicaid-and-CHIP-Compliance/PERM/Downloads/FY17PERMManual.pdf>.

For further information on the IPERIA:

<https://www.govinfo.gov/content/pkg/PLAW-112publ248/pdf/PLAW-112publ248.pdf>.

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Contact Information

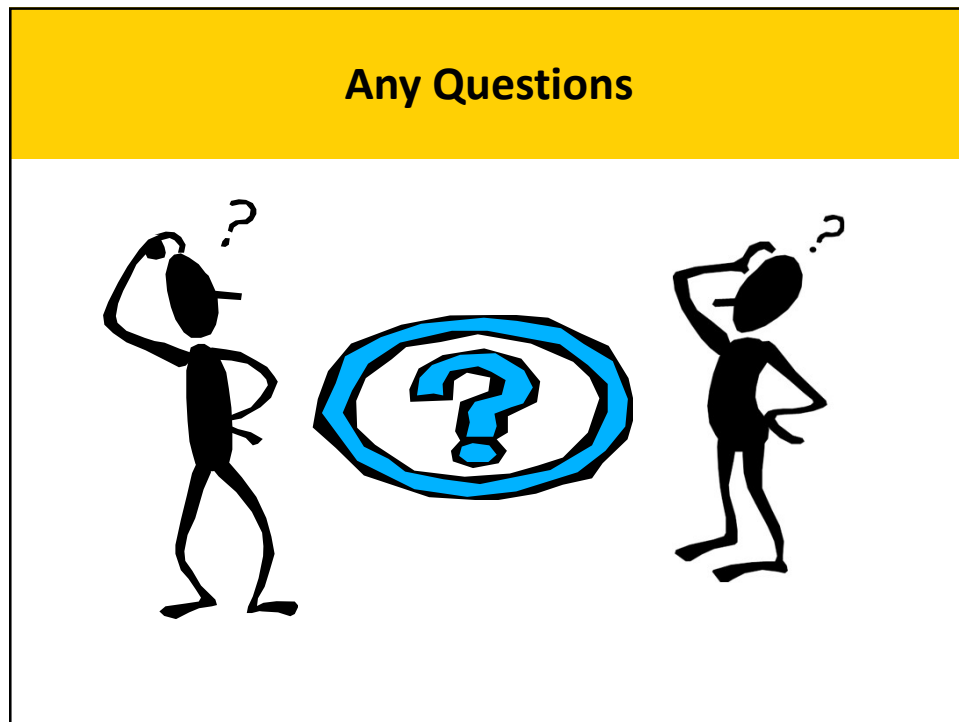
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CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Medicaid Eligibility Quality Control (MEQC) Program Overview



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August 25, 2019

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Regulatory Basis for Current MEQC Program

- The Payment Error Rate Measurement (PERM) final rule published on July 5, 2017 (82 FR 31158) restructured the MEQC program into an ongoing series of pilot projects that states will be required to develop and conduct during their off-years from the PERM program.
- MEQC is closely coordinated with PERM:
 - States in each PERM cycle will conduct an MEQC pilot during the 2 off-years between PERM cycles.
 - MEQC pilots will permit states to conduct focused active case reviews on areas identified as error prone through PERM.
 - The most recently calculated PERM eligibility improper payment rate will remain frozen at that level during each state's 2 off-years when it conducts its MEQC pilot.

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Some Differences Between PERM and MEQC

- Government contractor vs state-run pilots
- Claims-based sampling vs. sampling of cases
- Half of MEQC workload consists of negative case actions

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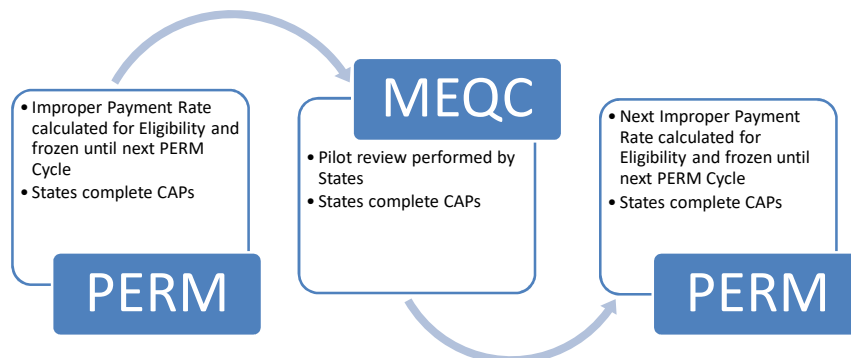
PERM Cycle Schedule

Cycle	Medicaid and CHIP States Measured by Cycle
Cycle 1	Arkansas, Connecticut, Delaware, Idaho, Illinois, Kansas, Michigan, Minnesota, Missouri, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Virginia, Wisconsin, Wyoming
Cycle 2	Alabama, California, Colorado, Georgia, Kentucky, Maryland, Massachusetts, Nebraska, New Hampshire, New Jersey, North Carolina, Rhode Island, South Carolina, Tennessee, Utah, Vermont, West Virginia
Cycle 3	Alaska, Arizona, District of Columbia, Florida, Hawaii, Indiana, Iowa, Louisiana, Maine, Mississippi, Montana, Nevada, New York, Oregon, South Dakota, Texas, Washington

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PERM-MEQC Operational Relationship



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MEQC Timeline

PERM Cycle	PERM Review Period	MEQC: Planning Document Due to CMS	MEQC Review Period	MEQC: Case-level report on findings and CAP Due to CMS
Cycle 1	July 1, 2017 - June 30, 2018	November 1, 2018	January 1 - December 1, 2019	August 1, 2020
Cycle 2	July 1, 2018- June 30, 2019	November 1, 2019	January 1 - December 1, 2020	August 1, 2021
Cycle 3	July 1, 2019 - June 30, 2020	November 1, 2020	January 1 - December 1, 2021	August 1, 2022

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Basic Elements of the MEQC Program

General Requirements

- The state **must** operate the MEQC pilot in accordance with the regulations at sections §§431.812 through 431.820, as well as other instructions established by CMS.

Review Requirements

- The state **must** conduct reviews for the MEQC pilot in accordance with the requirements specified in §431.812 and other instructions established by CMS.

Pilot Planning Requirements

- The state **must** develop a MEQC pilot planning proposal in accordance with requirements specified in §431.814 and other instructions established by CMS.

Reporting Requirements

- The state **must** report the finding of the MEQC pilots in accordance with the requirements specified in §431.816 and other instructions established by CMS.

Corrective Action Requirements

- The state **must** conduct corrective actions based on the findings of the MEQC pilots in accordance with the requirements specified in §431.820 and other instructions established by CMS.

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Review Requirements

- Each state is **required** to conduct a MEQC pilot during the 2 years between required PERM cycles
 - The MEQC pilot review period will span 12 months of a calendar year, beginning the January 1 following the end of the State's PERM year through December 31
- The agency and personnel responsible for the development, direction, implementation, and evaluation of the MEQC reviews and associated activities, **must** be functionally and physically separate from the State agencies and personnel that are responsible for Medicaid and CHIP policy and operations, including eligibility determinations
- MEQC case reviews include both active case reviews and negative case reviews
- Payment reviews **must** also be conducted to identify improper payments associated with active case errors. States will be asked to identify the individual's understated or overstated liability and report payment findings in accordance with instructions established by CMS

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Review Requirements

Active Case Reviews

- The state **must** review all active cases selected from the universe of cases to determine if the cases were eligible for services, as well as to identify deficiencies in processing subject to corrective actions.
- The state **must** select and review, at a minimum, 400 active cases in total from the Medicaid and CHIP universe.
 - At least 200 of these cases must be Medicaid.

Negative Case Reviews

- The state **must** review negative cases selected from the state's universe of cases that are denied or terminated in the review month to determine if the denial, or termination, was correct, as well as to identify deficiencies in processing subject to corrective actions.
- The state **must** review, at a minimum, 200 negative cases from Medicaid and 200 negative cases from CHIP.

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Review Requirements

- Focus of Active Case Reviews
 - The state **may** propose to focus the active case reviews on the following:
 - Recent changes to eligibility policies and processes
 - Areas where the state suspects vulnerabilities
 - Proven error prone areas
- The state **must** propose its active case review approach in the pilot planning document or perform a comprehensive review, unless otherwise directed by CMS.
- When the state has a PERM eligibility improper payment rate that exceeds the 3 percent national standard for two consecutive PERM cycles, the state **must** follow CMS direction for its active case reviews.
 - CMS guidance will be provided to any state meeting this criteria.

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Pilot Planning Document Requirements

- The state **must** submit an MEQC pilot planning document that meets the requirements of this section to CMS for approval by the November 1 of the year following the end of the state's PERM year.
 - The state **must** receive approval for its planning document before it can be implemented.
- The state **must** have an approved pilot planning document that includes, at a minimum, a discussion of the following:

Active Case Reviews

- Focus of the active case reviews in accordance with §431.812(b)(3) and justification for focus
- Universe development process
- Sample size per program
- Sample selection procedure
- Case review process
- Payment review process

Negative Case Reviews

- Universe development process
- Sample size per program
- Sample selection procedure
- Case review process

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Phase 1 MEQC Guidance

- On Aug. 28, 2018, CMS released a sub-regulatory guidance document that discussed the requirements of the 7/5/17 MEQC regulation and how states must operationalize those requirements.
- The guidance also discussed in detail the specifications of the MEQC pilot planning documents and the range of eligibility factors that states should consider in carrying out their MEQC pilots.
- A slightly updated version of the Phase 1 MEQC guidance was issued on Oct. 22, 2018.
- The guidance included a template and summary cover sheet for states to use in setting up their planning document.
- The guidance was accompanied by a cover letter discussing the background of the MEQC regulation and a short set of Frequently Asked Questions.
- The Phase 1 guidance, cover sheet and FAQ document are all posted on CMS's Medicaid.gov website at:
<https://www.medicaid.gov/medicaid/eligibility/quality-control/index.html>⁵

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MEQC Reporting Requirements

- After completing the evaluation of sample cases, each state **must** submit a detailed case-level report, in a format provided by CMS, for all active and negative cases reviewed.
- All case-level findings are due by August 1 following the end of the MEQC review period. The 17 Cycle 1 states, that are in the middle of their MEQC review years now, will be expected to submit case level reports and also corrective action plans (CAP) by **8/1/20**.
- Specifications for the case level and CAP reports and a reporting tool are forthcoming under Phase 2 of our MEQC guidance

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Corrective Action Requirements

- Each state **must** take action to correct any active or negative case errors and deficiencies found in the cases they sample as part of their MEQC pilots.
- Per 42 CFR 431.820, by the August 1 following the MEQC review period, the state **must** submit to CMS a report that:
 - Identifies the root cause and any trends found in the case review findings
 - Offers corrective actions for each unique error and deficiency finding
- In the corrective action report, the state **must** provide updates on corrective actions reported for the previous MEQC pilot.

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Phase 2 MEQC Guidance

- To assist states in developing their case level reports and CAPs, CMS will be releasing Phase 2 of MEQC guidance in the near future. The guidance will consist of:
 - a spreadsheet to be used by states for submitting both the required case level report and the CAP, and
 - a narrative guidance document explaining how to complete all required fields in the reports. It will include detailed examples of how to code errors and technical deficiencies and how to report the results of payment reviews where applicable. It will also explain how and where to submit the required reports.

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MEQC Facilitators

- MEQC Workgroup—multi-component internal advisory group
 - Comprised of representatives of PERM and MEQC Teams and CMS eligibility policy experts from Center for Medicaid & CHIP Services
 - Meets weekly
- State Advisory Committee—12 states (AK, AZ, CA, CO, GA, KS, NY, OH, OK, PA, VT, and WA).
 - Mix of large, medium and small states representing all CMS Regions and all 3 PERM cycles
 - Meets biweekly
- State assistance in beta testing of reporting instrument

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Process for Updating Guidance to States

- Guidance development is an iterative process. Though linked to a regulatory framework, occasional modifications and updates will be necessary based on:
 - Questions or issues raised by states (Example: Parameters of payment review period).
 - Need to align MEQC to the extent possible with PERM (Example: handling of late redeterminations)
 - Overriding imperative of limiting improper payments in Medicaid program and CHIP (Examples: policies on CHIP enrollees in Medicaid expansion programs, use of Asset Verification Systems, Medicaid premium payments)

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Cycle 1 State MEQC Pilots: Tentative Observations

- The Cycle 1 states are in the middle of the first series of MEQC pilots. Thus far only limited information has been reported on pilot findings. States that have completed part of their reviews report patterns of errors pretty much consistent with what was seen in the past.
- But quarterly discussions with states have identified other issues. These do not affect all states but represent potential obstacles that states must be aware of. They include:
 - Greater overlap than expected between PERM activities and MEQC pilots
 - Lower priority assigned to MEQC than to QC activities in other programs (SNAP, TANF) with greater compliance penalties.
 - Programming and data runs for MEQC not always a priority with IT departments
 - Adequacy of resources for MEQC activities varies widely from state to state.

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MEQC Mailbox

- CMS has established a dedicated MEQC mailbox to take questions from states and the general public.
- You can contact us with questions, suggestions, or requests for technical assistance at:

CMS-MEQC-Inquiries@cms.hhs.gov

- To date we have received many valuable suggestions from states. Keep them coming!!

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Contact Information

Besides writing the MEQC mailbox at CMS-MEQC-Inquiries@cms.hhs.gov, please feel free to call or write me with any questions, comments or suggestions: My contact information is below:

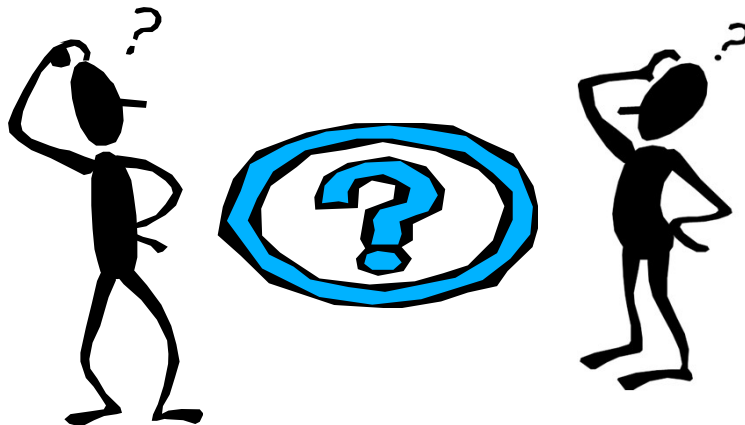
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Any Questions



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