

Henry McMaster GOVERNOR  
Joshua D. Baker DIRECTOR  
P.O. Box 8206 > Columbia, SC 29202  
[www.scdhhs.gov](http://www.scdhhs.gov)

May 3, 2018  
MB# 18-008

# 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 programs on an annual basis that are susceptible to significant erroneous payments and to report the improper payment estimates to Congress. In previous reviews, OMB identified Medicaid and Children's Health Insurance Program (CHIP) as at-risk programs for erroneous payments. As a result, the Centers for Medicare and Medicaid Services (CMS) decided to 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) has agreed to participate in the PERM program for State Fiscal Year 2019. Samples of claims with paid dates of July 1, 2018, through June 30, 2019, will be subject to 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 plans to request medical records from providers beginning December 2018 to review Medicaid and CHIP fee-for-service claims for accuracy. If a claim is selected for further review, CNI Advantage LLC will contact the provider directly. CNI Advantage LLC will verify the provider contact name and address information and specify how they want to receive (e.g., fax or U.S. mail) the request for a copy of the required medical records. Once a provider receives the request for medical records, the provider must submit the information within 75 calendar days. Please note, it will be the responsibility of the provider identified on the claim as receiving payment to obtain any and all supporting medical records from any provider(s) who rendered a service for the claim in a timely manner.

During this timeframe, CNI Advantage LLC will follow-up to ensure identified providers submit the documentation before the deadline. SCDHHS officials may contact providers to assist in identifying the required documentation. For reviews that require extra information, the CNI Advantage LLC will contact the provider for additional documentation. The provider will then have an additional 14 calendar days from the date of the request to submit the documentation.



Providers may be concerned with maintaining the privacy of patient information. However, pursuant to Section 1902(a)(27) of the Social Security Act, providers must retain the records of individuals receiving assistance and make available for review to CMS or its contractors any information regarding payments to the provider for rendering services. In addition, section 2107(b)(1) of the Social Security 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. Finally, the collection and review of protected health information (PHI) 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. Therefore, the release of these records for this purpose does not require patient permission.

Past PERM cycles have shown that the largest cause of error in medical reviews is lack of sufficient documentation. It is important that all information is sent in a complete and timely manner. Failure to provide requested documentation may result in sanctions including payment recoupment and/or termination from participation in the Medicaid program. If you have any questions about this matter, please contact your state PERM contact, Bettina Bennett at [Bettina.Bennett@scdhhs.gov](mailto:Bettina.Bennett@scdhhs.gov) or (803) 898-1133.

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

/s/

Joshua D. Baker  
Director