



COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

1570 Grant Street, Denver, CO 80203-1818 • (303) 866-2993 • (303) 866-4411 Fax • (303) 866-3883 TTY

Bill Ritter, Jr., Governor • Joan Henneberry, Executive Director

April 23, 2007

Re: Payment Error Rate Measurement (PERM) in the Medicaid Program and the State Children's Health Insurance Program (SCHIP)

INFORMATIONAL ONLY

Dear County Director and Medical Assistance Site Director:

The Improper Payment Act of 2002 requires federal agencies to annually review and estimate the amount of improper payments for Medicaid and SCHIP. As a result, the Centers for Medicare and Medicaid Services (CMS) has implemented the PERM program to measure the accuracy of Medicaid and SCHIP payments made by States for services rendered to recipients. Colorado has been selected as one of 17 states to participate in the PERM program for federal fiscal year 2007 (October 1, 2006 – September 30, 2007).

The PERM program has two components: eligibility review and claim review. The eligibility reviews will be conducted by using the Colorado Benefits Management System (CBMS) and it comprises monthly samples of active and negative Medicaid and SCHIP (same as CHP+) eligibility cases. The monthly sample of active cases will stratify into three strata as following: 1) new applications; 2) redeterminations; and 3) all other ongoing cases. The negative cases will include those cases in which the local county department of social services (DSS) and medical assistance (MA) sites denied an application or terminated ongoing eligibility. The claim reviews will be conducted by CMS' contractors to look at claims processing and medical records.

Personnel from the Department of Health Care Policy and Financing, Audit Section and our future vendor will be contacting you over the next several months for purposes of conducting the eligibility review component of PERM. The county DSS and MA sites will be asked to provide case records for those eligibility cases that are randomly selected as part of the sample. The county DSS will be notified in advance regarding those records that will be reviewed.

If you have any questions regarding about the PERM project, please contact me at 303-866-3676 or donna.kellow@state.co.us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Donna Kellow', is written over a blue horizontal line.

Donna Kellow
Audit Section Manager

cc: Lisa Esgar
Heather Hewitt
Vivian Tran