



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

February 3, 2010

RE: Payment Error Rate Measurement (PERM) in Medicaid and Children's Health Insurance Program (CHIP)

INFORMATIONAL ONLY

Dear County Director, Medical Assistance Site Director, and School Based Site Director:

The PERM audit program was developed and implemented by the federal Centers for Medicare and Medicaid Services (CMS) in complying with the Improper Payments Information Act of 2002. The purpose of the program is to examine eligibility determinations and claims payment of the Medicaid program and CHIP for accuracy and ensure that the States only pay for appropriate claims. In Colorado, CHIP is called Child Health Plan Plus (CHP+). Colorado has been selected for the PERM Federal fiscal year (FFY) 2010 cycle and previously FFY 2007 cycle.

The eligibility determination reviews for PERM will be conducted by the Department's future contractor and by using the Colorado Benefits Management System (CBMS). The reviews will be comprised of monthly samples of active and negative Medicaid and CHP+ eligibility cases. The monthly active samples will stratify into three strata as following: 1) new applications; 2) redeterminations; and 3) all other ongoing cases. The monthly negative samples will include cases in which the eligibility sites denied an application or terminated ongoing eligibility. The claims review will be conducted by federal contractors.

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

If you have any questions regarding PERM, please feel free to contact me at 303-866-5780 or Vivian.tran@state.co.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vivian Tran'.

Vivian Tran
PERM Program Manager

cc: Donna Kellow
Heather Hewitt