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**State of Wisconsin
Governor Jim Doyle**

**TO: Income Maintenance Supervisors
Income Maintenance Lead Workers
Income Maintenance Staff
W-2 Agencies
Workforce Development Boards
Job Center Leads and Managers
Training Staff
Child Care Coordinators**

**FROM: Amy Mendel-Clemens, Chief
Technical Assistance and Training Section
Bureau of Enrollment Management
Division of Health Care Access and Accountability**

BEM/DFS OPERATIONS MEMO		
No: 08-55 (Amended)		
DATE: 03/23/2009		
FS <input type="checkbox"/>	MA <input checked="" type="checkbox"/>	BC+ <input checked="" type="checkbox"/>
SC <input type="checkbox"/>	CTS <input type="checkbox"/>	FSET <input type="checkbox"/>
CC <input type="checkbox"/>	W-2 <input type="checkbox"/>	EA <input type="checkbox"/>
CF <input type="checkbox"/>	JAL <input type="checkbox"/>	JC <input type="checkbox"/>
RAP <input type="checkbox"/>	WIA <input type="checkbox"/>	Other <input type="checkbox"/> *
		EP
PRIORITY: HIGH		

SUBJECT:

EFFECTIVE DATE: 10/1/2008

PURPOSE:

This memo provides local agencies with information about the FFY2009 (10/1/08 – 9/30/09) Medicaid and State Children’s Health Insurance Program (SCHIP) PERM project along with requirements for local agency participation.

BACKGROUND:

Every third year, the Centers for Medicare and Medicaid Services (CMS) requires states to conduct claims-based PERM eligibility reviews using prescribed methodologies. Wisconsin is required to conduct these reviews during the FFY 2009.

PROJECT GOALS

The goals of the FFY 2009 PERM project are to:

- Establish case and payment error rates for Medicaid and SCHIP cases; and
- Identify areas for program improvement and cost savings.

PROJECT OVERVIEW

A monthly sample will be randomly selected from the State's Medicaid and SCHIP cases. For the purpose of the PERM reviews, a "case" is defined as an individual member, not a household or family unit. The cases in the sample will be reviewed to determine if the eligibility determination was correct and whether any applicable cost sharing (e.g. patient liability, premium, cost share, deductible) amount was correctly calculated

The sample will be broken down into two main groups: active and negative cases. The active cases are those in which an individual was certified for Medicaid or SCHIP in the sample month. The negative cases are selected from cases in which an individual's Medicaid or SCHIP benefits were denied or terminated in the sample month.

The active sample will include individuals open for all types of Medicaid and SCHIP eligibility, except cases where the member is eligible only for:

- Benefits for which the State receives no Federal matching dollars;
- Supplemental Security Income (SSI) Medicaid; or
- Foster Care and Adoption Assistance Medicaid;

The active sample will also exclude cases under active fraud investigation.

When an individual is selected for a PERM review QA will review all components that impact the selected individual's eligibility. The member and/or third parties will be contacted when additional information is needed to complete the review process.

QUALITY ASSURANCE REVIEWS

The Division of Health Care Access and Accountability (DHCAA) began conducting quality assurance reviews under the Federal PERM project in October 2008.

Note: The PERM project does not replace the MEQC project. MEQC remains in effect and agencies may receive records requests for that project as well.

DHCAA staff will use information from data exchanges, collateral contacts, etc. to determine accuracy of eligibility in the month under review. Notice requirements and reporting timeframes are taken into consideration in the review determination.

PERM QA Review Methodology

Sample month = the month that the individual was included in the random sample.

Review month = the month the action was taken – QA is reviewing the action taken in that month.

Benefit month = the month the action taken in the review month impacts the benefits.

Per CMS guidelines, if the QA review of eligibility determines that the individual was certified for an incorrect category of Medicaid or SCHIP and the funding source (Title XIX, or Title XXI) changes, the entire amount of claims or capitation payments for that individual is considered an eligibility error.

There is no administrative period consideration in the Federal PERM reviews because the QA review is generally based on the most recent action that impacts the month under review, unless the most recent action is more than 12 months prior to the sample month. In the event that the last action was not within the 12 months prior to the sample month, QA would be required to verify the eligibility as of the sample month.

Although the IM agency is allowed to accept self declared information, according to policy, for many components in the eligibility determination, QA may be required to obtain verification.

FINDINGS

The Quality Assurance contact in each agency will receive a letter explaining the review findings for each case review. If the local agency disagrees with the Quality Assurance review findings, the local agency must respond in writing (e-mail or regular mail) to the Quality Assurance reviewer within 14 calendar days. Quality Assurance staff may contact the local agency by phone to further discuss the case circumstances.

If the final determination is that an eligibility error occurred, the local agency must initiate corrective action within 30 calendar days. Corrective action may include:

- Re-determination, restoration and/or termination of Medicaid or SCHIP eligibility;
- Requesting verification or additional information from the member or a third party; and/or
- Initiating the benefit recovery process when it is determined that an overpayment occurred due to member error.

The local agency must notify Quality Assurance staff of the corrective action taken and provide supporting documentation. A form titled "[Agency Response to the State Quality Assurance \(QA\) Medicaid Finding form, F-10172](#)" (see attachment 1) will be included with the review findings letter and should be returned to the PERM project manager.

The CY 2009 IM Appendix to the DHS/Agency Contract provides that when the Department identifies an error in benefits, the agency has 30 calendar days from receipt of written notification of the error to correct the error. If the error is not corrected within the 30 days, liquidated damages may be assessed. The amount of the liquidated damages will be \$250 per case. For each additional 30 days the IM agency fails to correct the case specific error, an additional \$250 in damages may be assessed. Further, if DHS corrects the error, additional liquidated damages will be assessed in the amount of \$250 per case.

Similarly, when the Department identifies an overpayment which requires claims establishment, the IM Agency will have 30 calendar days from receipt of notification to calculate the overpayment and establish a claim. If the overpayment claim is not established within the 30-day time period, damages may be assessed in the amount of \$250 per case. For each additional 30 days that the claim is not established, additional damages will be assessed in the amount of \$250 per case. Further, if the Department takes action to calculate the overpayment and establish the claim, additional liquidated damages will be assessed in the amount of \$250 per case.

Local Agencies receive a 15 percent incentive for claims they establish for FoodShare, Medicaid and SCHIP fraud and client error collections in accordance with Department guidelines and as defined in Sections 49.497 and 49.793 of the Wisconsin Statutes. Under the 2009 IM Appendix to the state/county contract, if the State establishes the claim, the county will not receive the 15 percent incentive.

ATTACHMENT

[F-10172, Agency Response to the State Quality Assurance \(QA\) Medicaid Finding form.](#)

CONTACTS

BEM CARES Information & Problem Resolution Center

*Program Categories – FS – FoodShare, MA – Medicaid, BC+ – BadgerCare Plus, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – FoodShare Employment and Training, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, Other EP – Other Employment Programs.

DHFS/DHCAA/BEM/BF