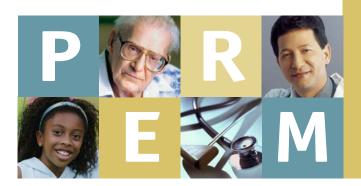## WHAT ARE THE BENEFITS OF THE PERM PROGRAM?

The PERM program:

- Identifies program vulnerabilities that result in improper payments.

- Promotes efficient Medicaid and SCHIP program operations.

- Helps to ensure medical services are provided to the truly eligible.

## WHERE CAN I GET MORE INFORMATION ON PERM?

For more information on PERM, visit the CMS website at: http://www.cms.hhs.gov/PERM

We appreciate the cooperation that states have afforded CMS in the implementation of the PERM program. We look forward to our continued partnership in the forthcoming years as we work to ensure the financial integrity of the Medicaid and SCHIP programs.

# Payment

# Error

# Rate

# Measurement

**CMS**
CENTERS for MEDICARE & MEDICAID SERVICES

PERM is a partnership between Federal and state agencies that enhances collaboration and measures improper payments in Medicaid and the State Children's Health Insurance Program (SCHIP).

# WHAT IS PERM?

The **Payment Error Rate Measurement (PERM)** program measures improper payments in **Medicaid** and the **State Children's Health Insurance Program (SCHIP).** It produces state and national-level error rates for each program to comply with the Improper Payments Information Act (IPIA) of 2002 along with guidelines established by the Office of Management and Budget (OMB).

The IPIA requires each Federal agency to identify programs it administers that are susceptible to significant improper payments, estimate the amount of improper payments, submit those estimates to Congress, and submit a report on actions the agency is taking to reduce the improper payments. OMB identified Medicaid and SCHIP as programs at risk for significant improper payments. The Centers for Medicare & Medicaid Services (CMS) implemented the PERM program in a final rule published on August 31, 2007 (72 FR 50490).

# HOW DID PERM BEGIN?

PERM began as the Payment Accuracy Measurement (PAM) pilot program operated by states on a voluntary basis from fiscal year (FY) 2001 to FY 2004. In FY 2005, and in view of the IPIA, CMS refined the improper payment methodology developed through these pilots and focused on measuring payment error rates rather than payment accuracy rates. In that year, 29 states participated in the PERM pilot. The purpose of this pilot was to further refine the payment error rate methodology in

the fee-for-service (FFS), managed care, and eligibility components of the Medicaid and SCHIP programs. Each of the 29 states, including the District of Columbia, conducted its own measurement study.

# WHO ARE THE PERM PARTNERS?

Successful implementation and ongoing operation of the PERM program depends on the partnership and cooperation of several organizations. The key partners include:

- The Office of Management & Budget (OMB)
- The Department of Health & Human Services (HHS)
- The Centers for Medicare & Medicaid Services (CMS) and its contractors
- State Medicaid agencies
- State SCHIP agencies
- PERM Technical Advisory Group (TAG)

The Federal agencies that oversee the operation of the PERM program are OMB, HHS, and CMS. These Federal agencies structure the parameters for the improper payments measurement under PERM through legal and policy decision-making processes. Within CMS, the Office of Financial Management (OFM) and the Center for Medicaid and State Operations (CMSO) work closely to ensure the measurement process minimizes cost and burden to the states and is implemented consistently across the states.

Medicaid and SCHIP are administered at the state level. States receive Federal Financial Participation (FFP) to administer these programs and to provide medical services to their low-income populations. States work with CMS and its contractors to provide claims data and technical assistance to achieve the PERM program's objective of measuring improper payments.

The PERM TAG is comprised of state PERM representatives who collaborate with CMS to analyze key policy and operational issues and recommend solutions to improve program operations and to gain efficiencies.