

P ERM OVERVIEW

The **Payment Error Rate Measurement (PERM)** program measures improper payments for **Medicaid** and the **Children's Health Insurance Program (CHIP)**. The program was implemented to comply with the Improper Payments Information Act (IPIA) of 2002 and the Office of Management and Budget (OMB) guidance.

CMS uses a 17- state rotation for PERM. Each State and the District of Columbia is reviewed once every three years.

W HAT IS A CORRECTIVE ACTION PLAN (CAP)?

Specifically, a Corrective Action Plan is a step by step plan of action that your State develops to achieve targeted outcomes for resolution of identified problems in an effort to:

- Identify the most cost-effective actions that can be implemented to correct error causes.
- Develop and implement a plan of action to improve processes or methods so that outcomes are more effective and efficient.
- Achieve measureable improvement in the highest priority areas.
- Eliminate repeated deficient practices.



“Success is where preparation and opportunity meet.”

—BOBBY UNSER

W HY DO STATES NEED A CORRECTIVE ACTION PANEL?

The corrective action process is the means by which States take administrative actions to reduce errors which cause the misspending of Medicaid and CHIP dollars. The key to a successful corrective action process is the participation and commitment of top management who can coordinate efforts across the agency and ensure the participation of major department heads in the process. The top management would typically include managers responsible for policy and program development, field operations, research and statistics, finance, data processing, human resources (for staff development) and the legal department. These managers would make up the corrective action panel. Leadership of the panel should rest with the State Medicaid or CHIP Director.

CMS believes that an essential step in the corrective action process is the formulation of a corrective action panel.

The corrective action panel would provide insight on possible errors causes in an effort to develop error reduction goals and make all major decisions on planning, implementation and

evaluation of corrective actions. The panel would communicate error reduction goals at the State and local levels and would be accessible to staff responsible for error reduction.

5 STEPS OF A CAP

1. Data Analysis

- Identify the root cause of the error.
- When did the error occur?
- Who or what caused the error?

2. Program Analysis

- Identify operational policies and procedures that cause the error.

3. Corrective Action Planning

- Focus on error concentrations that have the most significant impact on the error rate.

4. Implementation

- Identify major tasks required to implement the corrective action. Such as, timelines including target implementation dates, and key personnel/components responsible for each action.

5. Evaluation and Monitoring

- Access whether the corrective actions in place are effective at reducing or eliminating error causes.