

Independent Verification Fast Facts



What is Independent Verification?

Independent Verification (IV) is a process performed by the Eligibility Review Contractor (ERC) to determine if a beneficiary would have been eligible when evidence in the case file for applicable eligibility elements is missing but other case file information is available to apply to the eligibility review.

How is Independent Verification collected?

IV is conducted during the following eligibility case review processes:

- **Documentation Collection and Review:** The ERC will collect eligibility case file information and perform an eligibility case review to confirm that all applicable eligibility elements were verified during the determination that authorized benefits. An eligibility determination may occur because of an initial application, a redetermination, or a change in circumstances. If any elements were not verified during the determination or evidence for verified elements is missing, the ERC will attempt to independently verify the element using information in the electronic case file. The ERC will only use information that would have been available to the state at the time of the determination, including electronic data matches that are available in the eligibility system.
- **Additional Documentation Requests:** If the ERC does not have access to the necessary verification or is not able to use existing eligibility system access to independently verify a missing element, the ERC will request the information from the state using the Additional Documentation Request (ADR) process. The ADR will request the initial documentation used to complete the determination under review. The ADR may also request other types of evidence that was not used for the Medicaid determination but was available in the case file and could support beneficiary eligibility as of the last action date.

When is Independent Verification conducted?

IV is conducted for cases with ER1, ER2, and ER3 error codes where there is missing documentation for eligibility elements. Without this information, the reviewer cannot determine whether the state correctly determined eligibility for the beneficiary. Reviews that contain error codes unrelated to missing documentation are not assessed for IV.

The following error codes are eligible for the IV process:

- **ER1 – Documentation to support eligibility determination not maintained; unable to determine beneficiary eligibility:** The state cannot provide documentation obtained during the state's eligibility determination. Evidence within the eligibility case file or eligibility system indicated that the state verified the eligibility element using an appropriate verification source during the state's eligibility determination, but the documentation of the verification source was not maintained. The beneficiary under review may be financially and categorically eligible, but eligibility cannot be confirmed without the documentation.
- **ER2 – Verification of eligibility element not done/required documentation not collected at the time of determination; unable to determine beneficiary eligibility:** The state cannot provide documentation obtained during the state's eligibility determination. In addition, the state cannot provide evidence the state obtained documentation from an appropriate verification source during the state's eligibility determination. The beneficiary under review may be financially and categorically eligible, but eligibility cannot be confirmed without the documentation.
- **ER3 – Determination not conducted as required; unable to determine beneficiary eligibility:** The state could not provide evidence that the state conducted an eligibility determination, or the state completed an eligibility determination that was not in accordance with timeline standards defined in federal regulation.

If there is no evidence that elements were correctly verified at the time of determination, the appropriate payment error will be cited. States are encouraged to prioritize submitting the initial documentation from an eligibility determination if requested. Although the ERC will collect and accept IV, an ER1, ER2, or ER3 error will still be cited and reported in SMERF; however, if the initial documentation from the eligibility determination is found, these errors could be overturned.

Independent Verification Fast Facts



Why is Independent Verification important?

CMS implemented Payment Error Rate Measurement (PERM) to comply with the Payment Integrity Information Act (PIIA) of 2019 requirements. The goal of PERM is to measure and report an unbiased estimate of the true national improper payment rate for Medicaid and the Children's Health Insurance Program (CHIP).

Improper payments can be grouped into two categories:

1. **Monetary Loss Improper Payment:** A claim is paid on behalf of an ineligible beneficiary, resulting in a loss to the Medicaid program or CHIP. For example, a beneficiary's income was over the applicable threshold; therefore, they should not have received benefits.
2. **Unknown Improper Payment:** CMS is unable to determine if the payment was a loss to the programs due to a lack of information. For example, there is proof that income was verified but was not kept in the case file; therefore, there is insufficient evidence to determine if the correct process was followed before determining eligibility. These issues could represent monetary loss; however, there is not enough information to make that determination.

IV attempts to gain more information for the second category—Unknown Improper Payments. If more information is known about this group of improper payments, CMS can further evaluate the definition of an improper payment. Although the official improper payment rate will include Unknown Improper Payments, the ERC will document eligibility elements that can be independently verified during the cycle, separately record eligibility review findings (if applicable) that result from IV, and provide that information to CMS and states.