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MEDICAID BULLETIN

TO: All Providers

SUBJECT: Payment Error Rate Measurement Requests

The Centers for Medicare and Medicaid Services (CMS) has informed the South Carolina Department of Health and Human Services (SCDHHS) that South Carolina Healthy Connections Medicaid providers will participate in the Payment Error Rate Measurement (PERM) program for state fiscal year 2025. CMS' PERM program was developed to measure the accuracy of Medicaid and Children's Health Insurance Program (CHIP) payments made by states. Each state is reviewed once every three years. Samples of claims with paid dates of July 1, 2024, through June 30, 2025, will be subject to review.

CMS has contracted with The Lewin Group, who will choose the sample of claims to be reviewed, and Empower AI, Inc., who will request medical records from South Carolina Healthy Connections Medicaid-enrolled providers, either in hardcopy or electronic format.

Empower AI, Inc. plans to request medical records from providers beginning January 2025 to review Medicaid and CHIP fee-for-service claims for accuracy. If a claim is selected for further review, Empower AI, Inc. will contact the provider directly. Empower AI, Inc. will verify the provider contact name and address information and specify how they want to receive (e.g., fax or U.S. mail) the requested medical records. Once a provider receives the request for medical records, they must submit the information within 75 calendar days. It is the responsibility of the provider identified on the claim, who received payment, to obtain all supporting medical records from any provider(s) who rendered a service for the claim within the above referenced timeframe.

During the 75 calendar days, Empower AI, Inc. will follow-up to ensure identified providers submit the documentation before the deadline. SCDHHS officials may contact providers to assist in identifying the required documentation. For reviews that require additional information, Empower AI, Inc. will contact the provider for additional documentation. The provider will then have an additional 14 calendar days from the date of the request to submit the documentation.

The release of payment records to CMS or a contractor acting on behalf of CMS does not require patient permission. CMS is authorized to monitor administration and compliance of payments made through state Medicaid programs, including through the review of records of individuals receiving services through Medicaid and CHIP by federal regulation (section 1902 (a)(27) and section 2107 (b)(1) of the Social Security Act). The collection and review of protected health information contained in individual-level medical records for payment review purposes is authorized by the Health Insurance Portability and Accountability Act of 1996 regulations (45 Code of Federal Regulations, Parts 160 and 164).

Past PERM cycles have shown the largest cause of error in medical reviews is lack of sufficient documentation. It is important all information is sent in a complete and timely manner. Failure to provide requested documentation may result in sanctions, including payment recoupment and/or termination from participation in the South Carolina Healthy Connections Medicaid program. If you have questions about this matter, please contact the PERM team at PERM@scdhhs.gov.

Thank you for your continued support of the South Carolina Healthy Connections Medicaid program.

/s/

Robert M. Kerr