

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

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Dear Provider:

This letter is to inform you about the Payment Error Rate Measurement (PERM), an upcoming federal review of Alaska's Medicaid Program. The Centers for Medicare and Medicaid Services (CMS) instituted PERM in response to federal requirements of the Improper Payments Information Act of 2002 (Public Law 107-300). The act requires audits of programs at risk of major payment errors. All 50 states must participate.

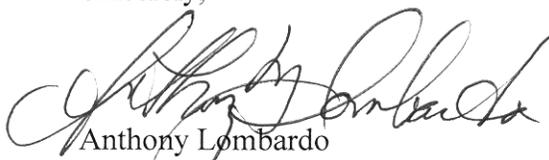
Your participation in this review is crucial to protect Alaska's access to Medicaid funding. The State of Alaska Medicaid Program pays over \$1 billion every year to providers. A high error rate calculated through PERM may lead to significant financial consequences for Alaska and other states.

This is how PERM will work in Alaska: In January 2008, CMS will start its review of Alaska's Medicaid claims. Throughout the year, CMS' contractor Livanta could contact you for medical records to support a claim paid by Medicaid between October 1, 2007, and September 30, 2008. Documentation to support the claim must be submitted within 90 days of the request. Sharing these records is not a breach of patient privacy. Federal acts allow you to share such information for payment reviews.

All healthcare providers in Alaska share the risk of potentially driving up the error rate by not responding appropriately and promptly if documents are requested. Even legitimate claims will count as errors if CMS doesn't get the requested medical record documentation on time. Past studies – including the one in Alaska – found that the largest sources of payment errors were no response or insufficient documentation.

To effectively address PERM, we must start now to make sure we're ready for the review. Please feel free to contact us at (907) 269-0478 to discuss any questions you may have regarding PERM and how you can best prepare your office/facility. The State of Alaska appreciates the dedication of our Medicaid providers, and I look forward to working with you to minimize the potential negative impact of PERM.

Sincerely,



Anthony Lombardo
Deputy Commissioner
Alaska Department of Health and Social Services