

## **Attachment 110-A: Corrective Action Plan Template and Instructions**

### **Enclosure 1: Instructions for Completing the Payment Error Rate Measurement (PERM) Medicaid and CHIP Corrective Action Plan Summary Form**

The corrective action plan summary will provide a brief description (at-a-glance) of the State's PERM measurement and planned corrective actions. The State agency must develop a separate corrective action plan for Medicaid and CHIP. Each corrective action should be designed to reduce improper payments in each program based on its analysis of error causes in the fee-for-service, managed care, and eligibility components. Attached to the summary sheet is the detailed description of the data analysis, program analysis, corrective action planning, implementation and monitoring, and evaluation.

#### **I. Instructions for Completing the Corrective Action Plan Summary**

The Corrective Action Plan summary provides an overview of the major causes of errors in each component of the Medicaid and CHIP program as identified by the State, and a summary of planned corrective actions for purposes of reducing improper payments. Attached are two separate corrective action plan summary forms, one for Medicaid and one for CHIP.

**Line A:** Enter the name of the State submitting this report.

Enter the Federal fiscal year in which the State is being measured in the PERM program. This should also be the same year for which the corrective action plan addresses.

**Line B:** Enter the date that the plan is submitted to CMS (e.g., February 15, 2014).

**Line C:** Enter the name, phone number and e-mail address of the State person assigned as the contact person for the corrective action plan.

**Line D:** Enter the State's payment error rate for the appropriate program (i.e., Medicaid or CHIP) as reported by CMS.

**Line 1.** Enter the State's Fee-for-service error rate as reported by CMS.

**Line 2:** Enter the State's Managed care error rate as reported by CMS.

**Line 3:** Enter the State's Eligibility payment error rate as reported by CMS.

**Line E:** Provide a summary of causes of errors found in each component (fee-for-service, managed care and eligibility). Include a general description of the State's planned corrective actions designed to address the major cause of the errors. Examples of a general description of the corrective actions are systems edits, provider education, and staff training.

**Payment Error Rate Measurement (PERM)  
Medicaid Corrective Action Summary**

A. (State) \_\_\_\_\_ Fiscal Year: \_\_\_\_\_

B. (Date) \_\_\_\_\_

C. State Contact: \_\_\_\_\_

    Phone number: \_\_\_\_\_

    Email address: \_\_\_\_\_

D. Medicaid Error Rate: \_\_\_\_\_

    Fee-for-service rate: \_\_\_\_\_

    Managed care rate: \_\_\_\_\_

    Eligibility payment rate: \_\_\_\_\_

**E. Summary of Error Causes and Applicable Corrective Actions**

**Medicaid**

**Fee-for-service:**

    Error Causes: \_\_\_\_\_

    Corrective Actions: \_\_\_\_\_

**Managed care:**

    Error Causes: \_\_\_\_\_

    Corrective Actions: \_\_\_\_\_

**Eligibility:**

    Error Causes: \_\_\_\_\_

    Corrective Actions: \_\_\_\_\_

**Payment Error Rate Measurement (PERM)**  
**CHIP Corrective Action Summary**

A. (State) \_\_\_\_\_ Fiscal Year: \_\_\_\_\_

B. (Date) \_\_\_\_\_

C. State Contact: \_\_\_\_\_  
Phone number: \_\_\_\_\_  
Email address: \_\_\_\_\_

D. CHIP Error Rate: \_\_\_\_\_  
Fee-for-service rate: \_\_\_\_\_  
Managed care rate: \_\_\_\_\_  
Eligibility payment rate: \_\_\_\_\_

**E. Summary of Error Causes and Applicable Corrective Actions**

**CHIP**

**Fee-for-service:**  
Error Causes: \_\_\_\_\_  
Corrective Actions: \_\_\_\_\_

**Managed care:**  
Error Causes: \_\_\_\_\_  
Corrective Actions: \_\_\_\_\_

**Eligibility:**  
Error Causes: \_\_\_\_\_  
Corrective Actions: \_\_\_\_\_

## **Enclosure 2: Instructions for Completing the Payment Error Rate Measurement (PERM) Medicaid and CHIP Detailed Corrective Action Plan Form**

The State agency must develop a separate corrective action plan for Medicaid and CHIP designed to reduce improper payments in each program based on its analysis of error causes in the fee-for-service, managed care, and eligibility components. Attached are two separate detailed corrective action plan forms, one for the Medicaid program and one for the CHIP program.

### **Line-by-Line Instructions: Complete one form for each component of each program.**

**Line A:** Enter the name of the State submitting this report. Enter the Federal fiscal year in which the State is being measured in the PERM program. This should be the same year for which the corrective action plan addresses.

**Line B:** Enter the name, phone number and e-mail address of the State person assigned as the contact person for the corrective action plan.

**Line C:** Enter the component for which this corrective action plan reflects (i.e., fee-for-service, managed care or eligibility).

**Line D: Narrative Instructions** - for each component of each program (i.e., Medicaid or CHIP), provide a discussion of the results of following elements.

**1. Data Analysis:** What clusters of errors, causes, characteristics, and frequency were identified through the data analysis? All errors should be addressed including deficiencies, technical errors, and eligibility active and negative case errors. Describe the results of the data analysis by:

- Element – specific type of classification of errors (Examples are MR1- no documentation and MR2- insufficient documentation)
- Nature – discuss what was causing the errors

**2. Program Analysis:** This is the most critical part of the corrective action process. Describe why a particular program/operational procedure caused the specific error and identify the root causes of errors (e.g., provider manuals are unclear or outdated; eligibility staff needs training on application of earned income).

**3. Corrective Action Planning:** Describe the corrective action initiatives to be implemented and how they will reduce or eliminate the improper payments. Based on the data and program analysis, States must determine what corrective actions are to be implemented. States must *address* each payment error, deficiency/technical error, and case error, however, it remains the State's decision which corrective actions they take to decrease or eliminate errors. It may not be cost effective to *implement* corrective actions for each and every error. States are encouraged to use the most cost effective corrective actions that can be implemented, to best correct and address the root causes of the errors. A cost benefit analysis will aid the State in calculating the total expected cost of corrective actions against the benefits of corrective actions. If the State determines that the cost of implementing a corrective action outweighs the benefits then the final decision of implementing the corrective action is the State's decision. The cost benefit analysis

and the final decision should be documented in the State's Corrective Action Plans submitted to CMS. Be sure to:

- Address all identified errors including deficiencies, technical errors, and eligibility active and negative case errors
- Include the specific error causes being targeted,
- Include the expected results- listing expected due dates for resolving the causes of errors
- Describe the plan to monitor implementation of the corrective action
- Specify the name and title of the person who has overall responsibility for the CAP

**4. Implementation and Monitoring:** Describe and develop an implementation schedule for each corrective action initiative whether it is statewide or just in certain geographical areas. The implementation schedule must identify major tasks, key personnel or components responsible for each activity, and a timeline for each action including target implementation dates, milestones, and the monitoring process. Describe a systematic approach for tracking and reporting the status of the corrective actions to successful closure and implementation.

**5. Evaluation:** Describe how your State plans to evaluate the effectiveness of the corrective action by assessing improvements in operations, efficiencies, number of errors, and improper payments. Describe your State's systematic approach for tracking and reporting on results of the corrective actions.

**Payment Error Rate Measurement (PERM)  
Medicaid Detailed Corrective Action Plan**

A. (State) \_\_\_\_\_ **Fiscal Year:** \_\_\_\_\_

B. State Contact: \_\_\_\_\_

Phone number: \_\_\_\_\_

Email address: \_\_\_\_\_

C. Component (fee-for-service, managed care, eligibility) \_\_\_\_\_

**D. Medicaid Narrative:**

- **Data Analysis:** (address all errors by listing by clusters of errors, causes, characteristics, and nature of each error).

Error Element:

Nature:

- **Program Analysis:** This is the most critical part of the corrective action process. Describe why a particular program/operational procedure caused the error and identify the root causes of errors.

Specific Causes:

Root Causes of Errors:

- **Corrective Action Planning:** Identify the corrective actions planned for major error causes. For each corrective action planned, describe the expected results. Based on the data and program analysis, States must determine what corrective actions are to be implemented. States must *address* each payment error, deficiency/technical error, and case error, however, it remains the State's decision which corrective actions they take to decrease or eliminate errors. It may not be cost effective to *implement* corrective actions for each and every error. States are encouraged to use the most cost effective corrective actions that can be implemented to best correct and address the root causes of the errors. A cost benefit analysis will aid the State in calculating the total expected cost of corrective actions against the benefits of corrective actions. If the State determines that the cost of implementing a corrective action outweighs the benefits then the final decision of implementing the corrective action is the State's decision. The cost benefit analysis and the final decision should be documented in the State's Corrective Action Plans submitted to CMS.

- Address all identified errors including deficiencies, technical errors, and eligibility active and negative case errors
- the specific errors causes being targeted
- the expected results- listing expected due dates for resolving the causes of errors

- describe the plan to monitor implementation of the corrective action plan
  - specify the name and title of the person who has overall responsibility for the CAP
- **Implementation and Monitoring:** Describe and develop an implementation schedule for each corrective action initiative whether it is statewide or just in certain geographical areas. The implementation schedule must identify major tasks, key personnel or components responsible for each activity, and a timeline for each action including target implementation dates, milestones, and the monitoring process. Describe a systematic approach for tracking and reporting the status of the corrective actions to successful closure and implementation.

- **Example of a Implementation Table**

Corrective Action	Status	Scheduled Implementation Date	Date Implemented	Responsible Party	How State plans to monitor the effectiveness

- **Evaluation:** Describe how your State plans to evaluate the effectiveness of the corrective action by assessing improvements in operations, efficiencies, number of errors, and improper payments. Describe your State’s systematic approach for tracking and reporting on results of the corrective actions.

**Payment Error Rate Measurement (PERM)  
CHIP Detailed Corrective Action Plan**

A. (State) \_\_\_\_\_ **Fiscal Year:** \_\_\_\_\_

B. State Contact: \_\_\_\_\_

Phone number: \_\_\_\_\_

Email address: \_\_\_\_\_

C. Component (fee-for-service, managed care, eligibility) \_\_\_\_\_

**D. CHIP Narrative:**

- **Data Analysis:** (address all errors by listing by clusters of errors, causes, characteristics, and nature of each error).

Error Element:

Nature:

- **Program Analysis:** This is the most critical part of the corrective action process. Describe why a particular program/operational procedure caused the error and identify the root causes of errors.

Specific Causes:

Root Causes of Errors:

- **Corrective Action Planning:** Identify the corrective actions planned for major error causes. For each corrective action planned, describe the expected results. Based on the data and program analysis, States must determine what corrective actions are to be implemented. States must *address* each payment error, deficiency/technical error, and case error, however, it remains the State's decision which corrective actions they take to decrease or eliminate errors. It may not be cost effective to *implement* corrective actions for each and every error. States are encouraged to use the most cost effective corrective actions that can be implemented to best correct and address the root causes of the errors. A cost benefit analysis will aid the State in calculating the total expected cost of corrective actions against the benefits of corrective actions. If the State determines that the cost of implementing a corrective action outweighs the benefits then the final decision of implementing the corrective action is the State's decision. The cost benefit analysis and the final decision should be documented in the State's Corrective Action Plans submitted to CMS.

- Address all identified errors including deficiencies, technical errors, and eligibility active and negative case errors
- the specific errors causes being targeted
- the expected results- listing expected due dates for resolving the causes of errors



- describe the plan to monitor implementation of the corrective action plan
  - specify the name and title of the person who has overall responsibility for the CAP
- **Implementation and Monitoring:** Describe and develop an implementation schedule for each corrective action initiative whether it is statewide or just in certain geographical areas. The implementation schedule must identify major tasks, key personnel or components responsible for each activity, and a timeline for each action including target implementation dates, milestones, and the monitoring process. Describe a systematic approach for tracking and reporting the status of the corrective actions to successful closure and implementation.

- **Example of a Implementation Table**

<b>Corrective Action</b>	<b>Status</b>	<b>Scheduled Implementation Date</b>	<b>Date Implemented</b>	<b>Responsible Party</b>	<b>How State plans to monitor the effectiveness</b>

- **Evaluation:** Describe how your State plans to evaluate the effectiveness of the corrective action by assessing improvements in operations, efficiencies, number of errors, and improper payments. Describe your State’s systematic approach for tracking and reporting on results of the corrective actions.

## **Enclosure 4: Instructions for Completing the Payment Error Rate Measurement (PERM) Medicaid Evaluation of Previous Cycle Corrective Actions Form**

The purpose of the evaluation is to determine the effectiveness of the implemented actions using concrete data. This section documents the outcomes of previously implemented actions in the prior year's CAP and any updates to it.

### **Line-by-Line Instructions: Complete one form for each component of the Medicaid Program.**

**Line A:** Enter the name of the State submitting this report  
Enter the Federal fiscal year in which the State is being measured in the PERM program. This should be the year of the previous corrective action plan.

**Line B:** Enter the name, telephone number and e-mail address of the State person assigned at the contact person for the corrective action plan.

**Line C:** Enter the component for which this corrective action plan reflects (i.e., fee-for- service, managed care or eligibility).

**Line D:** **Medicaid Narrative instructions** - for each component of each program provide a discussion of the following elements.

For each corrective action listed in the states previous cycle CAP, specify whether the action was implemented or not implemented.

- For implemented corrective actions:
  - Specify when the action was implemented and whether it was implemented in accordance with the original schedule
  - Discuss the status of the corrective action. Specify if the action is complete, in progress, ongoing, etc. Provide the expected completion date and whether or not progress is on target
  - Evaluate the effectiveness of the corrective action using concrete data. Define the methods and procedures used for evaluation purposes
  - For short term corrective actions be sure to discuss the findings and for long term corrective actions be sure to provide a status
- For actions not implemented:
  - Discuss why the action was not implemented
  - Specify whether the action was discontinued, modified, terminated, or replaced with another corrective action

Include an overall discussion of your state's ability to meet PERM error rate targets and whether or not your state was satisfied with the results.

**Payment Error Rate Measurement (PERM)  
Medicaid Evaluation of Previous Cycle Corrective Actions**

A. (State) \_\_\_\_\_ Fiscal Year: \_\_\_\_\_

B. State Contact: \_\_\_\_\_

Phone number: \_\_\_\_\_

Email address: \_\_\_\_\_

D. Component (fee-for-service, managed care, eligibility) \_\_\_\_\_

**E. Medicaid Narrative:**

For each corrective action listed in the states previous cycle CAP, specify whether the action was implemented or not implemented:

- For implemented corrective actions:
  - Specify when the action was implemented and whether it was implemented in accordance with the original schedule
  - Discuss the status of the corrective action. Specify if the action is complete, in progress, ongoing, etc. Provide the expected completion date and whether or not progress is on target
  - Evaluate the effectiveness of the corrective action using concrete data. Define the methods and procedures used for evaluation purposes
  - For short term corrective actions be sure to discuss the findings and for long term corrective actions be sure to provide a status
- For actions not implemented:
  - Discuss why the action was not implemented
  - Specify whether the action was discontinued, modified, terminated, or replaced with another corrective action

Include an overall discussion of your state's ability to meet PERM error rate targets and whether or not your state was satisfied with the results.