



Payment Error Rate Measurement (PERM) Report Year (RY) 2025

The Centers for Medicare & Medicaid Services (CMS), in partnership with the Minnesota Department of Human Services (DHS), is measuring improper payments in the Medicaid (MA) and Children's Health Insurance Program (CHIP) under the Payment Error Rate Measurement (PERM) program. CMS follows a 17-state rotation for PERM, reviewing each state once every three years. CMS conducts a medical record review of fee-for-service payments to determine the appropriateness of the payment.

Claim Selection and Records Submission

The CMS review contractor (Empower AI) randomly selects a claim for review that you or your organization submitted to DHS for payment, or that was submitted on your behalf. DHS staff in the Program Compliance and Audits department will call all providers in the sample to explain the purpose of the audit and the authority for CMS to collect medical records for audit purposes. DHS staff will request contact information from you and submit this to Empower AI.

Empower AI will identify which patient's record is needed to review for a specific date of service that matches the provider's claim. If your claim is randomly selected for the sample, Empower AI will request the medical record. Empower AI will confirm the location of the medical record needed and mail the written request for the medical record to that address. Providers have the option to request the letter also be faxed to them. (Note, the request will NOT be emailed to providers.) The letter will specify the types of documents needed for each claim type. The letter will include instructions for how to submit the records to Empower AI by fax, mail, encrypted USB flash drive, CD, DVD or the electronic submission of medical documentation (esMD).

Process for the 2025 Audit Cycle

Medical record requests for the current PERM cycle begin in July of the state fiscal year in review and continue through the following year. The current cycle is from July 2023 through June 2024.

Providers have 75 calendar days from the date of the request letter that Empower AI sends to submit the record. During this 75-calendar-day period, Empower AI and the DHS liaisons will call to remind you of your requirement to comply with the request. In addition, Empower AI will send you reminder letters at 30 and 60 days if the documentation is not received. If still not received, Empower AI will send a "no response" letter and **you may lose your ability to bill Medicaid** until you submit the documentation.

Documentation Requirements

If documentation in the record submitted is insufficient to support the claim, Empower AI will request additional documentation before the review is completed. You will then have 14 calendar days from the date of the request letter Empower AI sends to submit this additional documentation.

All claims with no documentation or insufficient documentation from the provider will be determined as a payment error. DHS will pursue recovery of payment for a claim determined a payment error. Providers may have to attend additional training or may lose their ability to bill Medicaid, or both.

Record Request Documentation Guidelines

Providers are expected to be knowledgeable about DHS' policies for their provider type. Monitor the [DHS website](#) for policy updates and maintain documentation as required by DHS policies. Follow these guidelines.

- Designate a point of contact to handle record requests.
- Make the request a priority and begin to process the request as soon as you receive it.
- Read the request thoroughly, paying close attention to the dates of service requested.
- Research thoroughly with appropriate areas within your agency if you are unable to locate the member's record for the date of service requested.
- Cross-reference records for name changes, including for newborns. Confirm that the member's name on the record is the same as on the claim sampled.
- View the record for document or image readability quality and monitor photocopy service turnaround time.
- Understand that sending billing information is not sufficient proof that services were provided.
- Understand the importance of submitting records requested no matter how small the amount of the payment.
- Maintain a copy of documentation for services performed elsewhere that supports the claim.
- Understand that if it wasn't documented, you cannot receive payment on the claim.

Resources

Remember that DHS is your partner in PERM audits and we will assist whenever we can.

Review the PERM overview video on the CMS Health and Human Services YouTube channel:
[PERM: Responding to Medical Records/Documentation Requests](#)

If you have questions, call:

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