



JUL 10 2009

*Administrator*

Washington, DC 20201

The Honorable Joe Barton  
House of Representatives  
Washington, DC 20515-6115

Dear Mr. Barton:

Thank you for your letter regarding State-specific error rates. I apologize for the delay in this response.

Please see the enclosure for the fiscal year 2007 State Children's Health Insurance Program (SCHIP) error rate. The SCHIP error rate is comprised of three components: fee-for-service, managed care, and eligibility. The SCHIP eligibility component error rate is reported two ways: one with "undetermined" cases counted as errors and one not counting "undetermined" cases as errors. A case is cited as undetermined in the Payment Error Rate Measurement (PERM) eligibility reviews when, after due diligence on the part of the PERM reviewer, a definitive determination of eligibility or ineligibility cannot be made.

We state in the PERM regulation (71 FR 51050) that the Centers for Medicare & Medicaid Services (CMS) will track and report the percentage of undetermined cases reported by the States in the eligibility reviews. After further discussions with Department of Health and Human Services' Office of the Inspector General and with the Office of Management and Budget, we determined the most effective policy to ensure compliance with the Improper Payments Information Act of 2002 was to track and report undetermined cases both as part of, and separate from, the payment error rate. We will review this policy after the first complete cycle of the 50 States and the District of Columbia is complete next year.

Furthermore, when considering these error rates, it is important to note that the State-specific error rates were only released to the individual States measured and were not released publicly, as the release of the State error rates could encourage comparisons among the States. Under the PERM program, each State is measured against its own policies and standards. The State error rates reflect how well the State complies with its own program requirements.

I appreciate your interest and attention to the PERM program and hope we can continue to work together to ensure the programs CMS administers are free from payment errors.

Sincerely,

A handwritten signature in black ink that reads "Charlene Frizzera".

Charlene Frizzera  
Acting Administrator

Enclosure

**Payment Error Rate Measurement (PERM) FY 2007 SCHIP Error Rates**

<b>SCHIP</b>	<b>Fee-for-Service (FFS)</b>	<b>Managed Care</b>	<b>Eligibility with Undetermined</b>	<b>Combined Rate (FFS, Managed Care, and Eligibility with Undetermined)</b>	<b>Eligibility without Undetermined</b>	<b>Combined Rate (FFS, Managed Care, and Eligibility without Undetermined)</b>
<b>National</b>	11.0%	0.1%	11.0%	14.7%	2.7%	6.8%
<b>AL</b>	4.0%	n/a	0.0%	4.2%	0.0%	4.2%
<b>CA</b>	19.8%	0.3%	0.1%	6.5%	0.1%	6.5%
<b>CO</b>	n/a	0.1%	6.0%	6.1%	2.7%	2.8%
<b>GA</b>	18.4%	0.0%	53.5%	54.1%	2.6%	3.9%
<b>KY</b>	5.8%	0.0%	0.1%	4.6%	0.1%	4.6%
<b>MA</b>	4.2%	0.0%	0.0%	2.3%	0.0%	2.3%
<b>MD</b>	1.6%	0.0%	7.6%	8.1%	4.0%	4.4%
<b>NC</b>	4.7%	n/a	6.2%	7.2%	6.2%	7.2%
<b>NE</b>	7.6%	4.2%	11.2%	18.0%	11.2%	17.9%
<b>NH</b>	3.2%	0.0%	1.8%	2.0%	1.2%	1.4%
<b>NJ</b>	31.7%	0.0%	22.3%	25.5%	13.1%	16.8%
<b>RI</b>	6.8%	0.0%	16.4%	22.2%	13.6%	19.6%
<b>SC</b>	5.9%	3.4%	15.3%	19.9%	9.2%	14.2%
<b>TN</b>	n/a	n/a	n/a	n/a	n/a	n/a
<b>UT</b>	n/a	0.0%	9.2%	9.2%	9.1%	9.1%
<b>VT</b>	6.2%	n/a	8.4%	14.1%	8.3%	14.0%
<b>WV</b>	8.5%	n/a	5.9%	13.8%	5.9%	13.8%

- n/a indicates the component was not measured under PERM for the FY 2007 measurement
- CMS uses a 17-state rotation for PERM. Each state is reviewed once every three years.