



STATE OF MARYLAND

DHMH

Office of Health Services
Medical Care ProgramsMaryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

**Maryland Medical Assistance Program
General Provider Transmittal No. 74
April 17, 2009**

TO: Medicaid Providers

FROM: Susan J. Tucker, Executive Director
Office of Health Services

NOTE: Please ensure that the appropriate staff members in your organization are informed of the contents of this transmittal.

SUBJECT: Providers' Recordkeeping Requirements

Background

The Centers for Medicare and Medicaid Services has implemented the Payment Error Rate Measurement (PERM) program to measure improper payments in the Medicaid program and the State Children's Health Insurance Program (SCHIP). Every three years, starting in FY 2007 Maryland Medicaid claims will be audited by CMS.

CMS recently employed contractors to audit a random sample of FY 2007 MD Medicaid claims. The next PERM audit will begin soon and will be conducted on Maryland's FY 2010 Medicaid claims. A new random sample of providers and claims will be drawn for the FY 2010 audit.

If you have claims that are selected for the PERM audits, federal contractors will examine those claims' medical records to ensure there is documentation that supports medical necessity and to verify coding accuracy. You may be requested to provide additional documentation. If the auditors still determine that there is insufficient documentation of medical necessity or that the claim was incorrectly billed, you will have to reimburse DHMH for the overpayment.

Medicaid Providers Must Produce Records Upon Request

This transmittal serves as a reminder, pursuant to your provider agreements and to COMAR 10.09.36.03, that you are required to produce records upon request by the Department or its designee. This is a key aspect of the PERM audit process, and you must respond in a timely fashion to all requests for documentation from the Department, the federal contractors, and other Department designees.

Medicaid Providers Must Keep Adequate Records

Also pursuant to your provider agreements and COMAR 10.09.36.03, you are required to keep adequate records and to maintain them for six years. As part of the FY 2010 PERM audit, federal contractors will be reviewing records for documentation of medical necessity and for coding accuracy.

Where Providers Can Seek Assistance

The Medical Care Training and Liaison Unit offers free training sessions to providers about billing requirements related to services rendered under the Maryland Medicaid Program.

Regularly scheduled trainings are offered at various sites throughout the State; a list of dates and locations can be found at http://www.dhmh.state.md.us/mma/providerinfo/html/train_info.htm. If you are unable to attend the regularly scheduled trainings, one-on-one trainings are available. Out-of-state providers may request telephone-based trainings.

If you need assistance or are interested in any of these options, contact the Provider Training & Liaison Unit at (410) 767-6024. Please consider taking advantage of these sessions in order to ensure that you have a better understanding of the Medicaid process.

Providers can also find up-to-date information on the Department's website at <http://www.dhmh.state.md.us/mma/providerinfo/index.html>.

Conclusion

The Department appreciates your cooperation with our recordkeeping requirements and with the PERM audit process. If you have additional questions concerning the upcoming PERM audit, CMS has posted supplementary information on their website at <http://www.cms.hhs.gov/perm/>.