



State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

**DATE:** March 20, 2019

**TO:** ALL MEDI-CAL DENTAL MANAGED CARE PLANS

**SUBJECT: APL 19-003: PAYMENT ERROR RATE MEASUREMENT (PERM) PROVIDER UPDATE**

**PURPOSE:**

The purpose of this Dental All Plan letter (APL) is for the Department of Health Care Services (DHCS) to remind Dental Managed Care (DMC) plans about the upcoming quadrennial Payment Error Rate Measurement (PERM) review conducted in California by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS). The review, most recently conducted in 2016, will repeat in Review Year (RY) 2020.

**BACKGROUND:**

The PERM program is designed to measure improper payments in the Medicaid Program and the Children's Health Insurance Program (CHIP), as required by the Improper Payments Information Act of 2002 (amended in 2010 by the Improper Payments Elimination and Recovery Improvement Act (IPERIA) and IPERIA of 2012). The error rates are based on reviews of the fee-for-service (FFS), managed care, and eligibility components of Medicaid and CHIP in the fiscal year under review. The upcoming review will include claims and payments originally paid between **July 1, 2018 and June 30, 2019**. It is important to note that the error rate is a measurement of payments made that did not meet statutory, regulatory or administrative requirements.

Although the review conducted in RY 2016 was an overall success, there were a few identified challenges to the process. DHCS is sending this information to providers to prepare for the upcoming cycle, to help address some of the challenges and facilitate a fluid and successful review for RY 2020 PERM cycle.

**REQUIREMENTS:**

- 1. PROVIDER RESPONSE AND PARTICIPATION:** For each sampled claim, providers will be required to send the associated dental records to the Review Contractor (RC) for review and a duplicate copy to DHCS. DHCS is urging all providers to comply with requests for dental records from the RC and DHCS. During the 2016 review, some providers failed to respond to DHCS and RC requests for documentation related to the claims selected for review. DHCS is required to recover the claim payment amount from non-responsive providers,

applicable to the selected claims. The following documentation will be requested for the selected claim(s).

- a. Dental Chart
- b. Dental History
- c. Dental or orthodontic Assessment
- d. Dental or orthodontic Clinical Notes
- e. Dental or orthodontic Plan of Care
- f. Dental X-Ray Notes
- g. Note: Clinical Documentation (notes, plan of care, etc.) issued from electronic records must be signed and dated (electronic signature acceptable if permitted by state regulations)
- h. Prior Authorization
- i. Procedure Record/Notes

In subsequent communications, DHCS and/or the RC will contact applicable providers who are required to send in documentation related to selected claims for RY 2020 review. Please be advised that documentation requests will have a limited turnaround time. Following the specified period, DHCS will consider non-responsive provider claims as those warranting the initiation of recoupment proceedings, to recover payments made.

2. **COMPLIANCE WITH CURRENT BILLING PROCEDURES AND PROPER DOCUMENTATION PROCESSES:** Providers must render services utilizing the appropriate and applicable [Current Dental Terminology \(CDT\) billing procedure codes](#), in accordance with the [Manual of Criteria](#), and in compliance with all other program guidelines in the Medi-Cal Dental [provider handbook](#). Providers must also adhere to documentation requirements and processes as required by the California Code of Regulations, Title 22, section 51476 - to retain, maintain, and have readily retrievable, records as are necessary to fully disclose the type and extent of services provided to a Medi-Cal beneficiary. DHCS is authorized to recover overpayments for services that are not sufficiently documented in a provider's records.

If you have any questions, please contact [dmcdeliverables@dhcs.ca.gov](mailto:dmcdeliverables@dhcs.ca.gov). Providers are also encouraged to forward all PERM related inquiries to [PERM@dhcs.ca.gov](mailto:PERM@dhcs.ca.gov).

Sincerely,

*Original signed by:*

Alani C. Jackson, MPA  
Chief, Medi-Cal Dental Services Division  
Department of Health Care Services