



APR 18 2007

Administrator
Washington, DC 20201

Mr. Jerry W. Friedman
Executive Director
American Public Human Services Association
810 First Street, NE, Suite 500
Washington, DC 20002

Dear Mr. Friedman:

Thank you for your letter regarding the Payment Error Rate Measurement (PERM) program.

In compliance with the Improper Payments Information Act of 2002, the Centers for Medicare & Medicaid Services (CMS) is committed to strengthening the financial integrity of the Medicaid program and the State Children's Health Insurance Program (SCHIP) through the identification of improper payments. The PERM program would not be possible without the participation of the States, since they administer these programs and issue payments to providers.

We appreciate your comments and recommendations. We have implemented the fiscal year 2007 eligibility measurement and are working with the States during this process. We continue to identify and consider methods to reduce cost and burden to the States associated with the eligibility reviews. We are dedicated to working with the States throughout the national implementation of the PERM program and to improving all aspects of the program as it matures.

We routinely communicate with the states through teleconferences and national conferences. We continue to communicate with the States using different media such as CMS' State Health Official letters and *Federal Register* publication. Finally, we provide up-to-date information to the States via the CMS and PERM Web sites (www.cms.hhs.gov and www.cms-perm.org).

The PERM program is now in its second year of implementation, and we remain committed to the financial integrity of the Medicaid and SCHIP programs. The States and CMS have a wealth of knowledge to gain, both independently and as equal partners, as we identify and reduce improper payments in Medicaid and SCHIP. As such, we agree that open communication among all stakeholders is essential to ensure the program's success.

We look forward to our continued relationship with the American Public Human Services Association and the States to efficiently and effectively provide health care through Medicaid and SCHIP to our country's needy families and children.

Sincerely,

Leslie V. Norwalk, Esq.
Acting Administrator