

## § 431.950

error reduction initiatives. The following are minimum requirements:

(1) Accuracy of eligibility and liability determinations and timely processing of case actions are used as quantitative measures of employee performance and reflected in performance standards and appraisal forms;

(2) Selective second-party case reviews are conducted. The second-party review results are periodically reported to higher level management, as well as supervisors and workers and are used in performance standards and appraisal forms; and

(3) Regular operational reviews of local offices are performed by the State to evaluate the offices' effectiveness in meeting error reduction goals with periodic monitoring to ensure that review recommendations have been implemented.

(vi) A State that meets the performance standards specified in paragraphs (e)(2)(v) (A) through (D) of this section will be considered for a full or partial waiver of its disallowance amount. The State must submit only specific documentation that verifies that the necessary actions were accomplished. For example, a State could submit worker performance standards reflecting timeliness and case accuracy as quantitative measures of performance.

(3) The failure of a State to act upon necessary legislative changes or to obtain budget authorization for needed resources is not a basis for finding that a State failed to meet the national standard despite a good faith effort.

(f) *Disallowance subject to appeal.* (1) If a State does not agree with a disallowance imposed under paragraph (e) of this section, it may appeal to the Departmental Appeals Board within 30 days from the date of the final disallowance notice from CMS. The regular procedures for an appeal of a disallowance will apply, including review by the Appeals Board under 45 CFR part 16.

(2) This appeal provision, as it applies to MEQC disallowances, is not applicable to the Administrator's decision on a State's waiver request provided for under paragraph (e) of this section.

[55 FR 22171, May 31, 1990, as amended at 61 FR 38398, July 24, 1996; 66 FR 2666, Jan. 11, 2001]

## 42 CFR Ch. IV (10–1–11 Edition)

### Subpart Q—Requirements for Estimating Improper Payments in Medicaid and CHIP

SOURCE: 71 FR 51081, Aug. 28, 2006, unless otherwise noted.

#### § 431.950 Purpose.

This subpart requires States and providers to submit information necessary to enable the Secretary to produce national improper payment estimates for Medicaid and the Children's Health Insurance Program (CHIP).

[71 FR 51081, Aug. 28, 2006, as amended at 75 FR 48847, Aug. 11, 2010]

#### § 431.954 Basis and scope.

(a) *Basis.* The statutory bases for this subpart are as follows:

(1) Sections 1102, 1902(a)(6), and 2107(b)(1) of the Act, which contain the Secretary's general rulemaking authority and obligate States to provide information, as the Secretary may require, to monitor program performance.

(2) The Improper Payments Information Act of 2002 (Pub. L. 107-300), which requires Federal agencies to review and identify annually those programs and activities that may be susceptible to significant erroneous payments, estimate the amount of improper payments, report such estimates to the Congress, and submit a report on actions the agency is taking to reduce erroneous payments.

(3) Section 1902(a)(27)(B) of the Act requires States to require providers to agree to furnish the State Medicaid agencies and the Secretary with information regarding payments claimed by Medicaid providers for furnishing Medicaid services.

(4) Section 601 of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) (Pub. L. 111-3) which requires that the new PERM regulations include the following: Clearly defined criteria for errors for both States and providers; Clearly defined processes for appealing error determinations; clearly defined responsibilities and deadlines for States in implementing any corrective action plans; requirements for State