

**BACKGROUND AND JUSTIFICATION STATEMENT**

**For the**

**Medicaid Statistical Information System and  
Transformed – Medicaid Statistical Information System**

**OMB Control No. 0938-0345  
CMS-R-284**

Address inquiries regarding this request to:

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## **BACKGROUND**

The Centers for Medicare and Medicaid Services (CMS) requests the Executive Office of Management and Budget (OMB) clear the Medicaid Statistical Information System (MSIS, IBC Form R-284) and allow additional data collection of MSIS data for what CMS now refers to as the Transformed Medicaid Statistical Information System (T-MSIS) data collection. This approval would enable States to continue to fulfill their Medicaid data reporting requirements in parallel from 2013 through 2016 and reduce the burden on states by eliminating multiple disparate requests for data; allowing states to have one consolidated reporting requirement; and to better perform its responsibilities of Medicaid and CHIP program oversight, administration, and program integrity.

From 1972 until December 1998, CMS required the annual submission of Medicaid program data in hard-copy format from all States and territories that operate Medicaid programs under Title XIX of the Social Security Act. In 1984 CMS offered States the option to submit enrollment and claims data electronically through MSIS.

Since January 1999, the Balanced Budget Act of 1997 (BBA) has required States to submit their Medicaid data through MSIS. The statutory requirement for a national database provided an impetus for CMS to make a number of significant changes to improve the quality of the data reported starting with fiscal year 1999.

The Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) required use of the 2003 MSIS data to develop baseline statistics for the phased-down State contribution process for States to pay back a portion of the prescription drug monies for dually eligible Medicaid/Medicare beneficiaries not expended due to the MMA. Changes necessary to update the procedures to the ICD – 10 format have already been made. No changes to MSIS are anticipated for 2013 through 2016.

## **CURRENT DATA COLLECTION ENVIRONMENT**

Medicaid statistical information is reported via the Medicaid Statistical Information System (MSIS). States submit all claims and eligibility data contained in the States' Medicaid Management Information System and ancillary systems. After an automated data edit process and a data quality review performed by CMS contractors, CMS inputs the granular data into a national database. Five data files are submitted each quarter--45 days after the end of the quarter, over 1,000 files flow into CMS a year.

T-MSIS has identified data elements and file structures for eight T-MSIS files. Three of which are new files which are provider, managed care plans, third party liability along with the original 5 files which are eligibility, inpatient, outpatient, prescription, and long term care. This expanded the current MSIS structure of approximately 400 data elements to an estimated 1000 data element. T-MSIS seeks to move from quarterly submission to monthly submission.

## **CURRENT DATA DISSEMINATION ENVIRONMENT**

The Medicaid enrollment data for over 60 million individuals and their 3 billion claims each year are submitted by States and input into the national MSIS database. The national State Summary mart allows CMS and partners, through a web based application, to perform data analyses. In addition, a high-level summary drug mart is available for use on the web. CMS produces and sends 24 annual statistical tables to States for individual State use. A person summary data mart was developed for CMS, along with an

inpatient hospital mart which provides data on inpatient procedures and diagnoses. These marts, although more powerful than the previous marts, are ONLY available to CMS due to privacy issues. However, CMS is able to respond to very specific data needs with these more powerful marts.

## IMPROVEMENTS NEEDED IN MEDICAID STATISTICAL REPORTING

As the Medicaid program has become more complex and Medicaid expenditures consume a greater proportion of State and Federal budgets, improvements in quality, detail, and timeliness of Medicaid statistical reporting have been required. CMS believes that MSIS addresses this issue. The data marts answer actuarial, policy, forecasting, and research needs. In addition the marts respond to issues regarding managed care, welfare reform, the Child Health Insurance Program (CHIP), and MMA Dual Eligibles.

However, notwithstanding significant investments, both state and federal governments require additional data to improve the cost, quantity, and quality of health care provided to Medicaid and CHIP beneficiaries. While data does exist at the state level and is provided to the federal government, the data is incomplete, non-standard, and not timely enough to enable basic analysis, for improving business processes and examining the access, cost, and quality problems that plague the U.S. health care system.

QUALITY: The current quality of national Medicaid and CHIP data is greatly improved. However the potential for higher quality data will increase with the implementation and utilization of a national database. Although individual State categorizations and programs complicate the ability for consistent definitions of data, the improved overall standardization of information will allow for more comprehensive national analyses.

In collaboration with state partners CMS aims to initiate a vision and strategy for establishing a dependable data infrastructure that provides access to accurate and timely data to support Medicaid and CHIP programs. By utilizing national data standards whenever possible, implementing Medicaid Information Technology Architecture (MITA) principles, and employing Master Data Management (MDM) and business intelligence tools, CMS seeks to create an integrated view of the Medicaid and CHIP programs.

MDM will be testing, in a real-time environment, the ability of CMS and its state partners to execute a robust identification and validation of beneficiary information across Medicaid authorities; validate beneficiary submitted information at enrollment; access the identities of providers suspected of provider fraud, waste and abuse activities; and identify other insurance coverage for beneficiaries to pursue third party-liability for claims.

DETAIL: The national MSIS database contains details (e.g., diagnosis and procedure codes) to allow constructive or predictive analysis of today's Medicaid and CHIP issues. Analysis of individual eligibility groups (elderly, infants, duals, etc.), utilization and payments are simplified with MSIS. MSIS allows for detailed person-level analysis of eligibility and claims information.

In addition to the MSIS level detail, T-MSIS also collects data on Provider Demographics, Managed Care plan data and Third Party Liability information. Furthermore additional elements were added to existing eligibility and claims files.

TIMELINESS: Quarterly reporting of MSIS data 45 days after the end of each quarter allows for early detection of problems and for trending of data for each quarterly time periods. The data quality reviews compare across quarters.

T-MSIS will submit data at monthly reporting intervals, 30 -45 days after the close of the month, which will enhance the early detection of problems and current trending of data.

## **A. JUSTIFICATION**

### (1) Need/Legal Basis

#### *a. MSIS*

The Balanced Budget Act of 1997 (Section 4753) mandated that States report their Medicaid data via MSIS. This Act required that all States implement MSIS by January 1, 1999. MSIS (and the preceding HCFA-2082) is used by States and other jurisdictions to report fundamental statistical data on the operation of their Medicaid program. Data provided on eligibles, beneficiaries, payments and services are vital to those studying and assessing Medicaid policies and costs. Medicaid statistical data are routinely requested by Central and Regional Office CMS staffs, Department agencies, the Congress and their research offices, State Medicaid agencies, research organizations, social service interest groups, universities and colleges, and the health care industry. The MMA utilized MSIS data to develop a per capita payment amount for full dual eligible individuals.

#### *b. T-MSIS*

In fiscal year 2012, Medicaid will cover an estimated 57 million people at an annual cost exceeding \$269 billion in federal funds.<sup>1</sup> With recent legislation, an additional 16 million people may become beneficiaries by 2019, and spending may increase by more than \$464 billion (\$21 billion paid by States and over \$443 billion paid by the federal government) between 2014 and 2019.<sup>2</sup>

Medicaid and CHIP Business Information Solutions (MACBIS) is a CMS enterprise-wide initiative to ensure the Agency's infrastructure and technology are commensurate to its role in the evolving health care marketplace. In response to the Health Care reform CMS has designed a "transformed" Medicaid and CHIP data enterprise (MACDE) that will ensure CMS and State obligations for high performing Medicaid and CHIP programs.

### (2) Information Users

#### *MSIS / T-MSIS*

The data reported in MSIS/T-MSIS are used by Federal, State, and local officials, as well as by private researchers and corporations to monitor past and projected future trends in the Medicaid program. These data provide the only national level information available on enrollees, beneficiaries, and expenditures. They also provide the only national level information available on Medicaid utilization. This information is the basis for analyses and for cost savings estimates for the Department's cost sharing legislative initiatives to Congress.

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<sup>1</sup> U.S. Department of Health and Human Services, *HHS Budget In Brief: Advancing the Health, Safety, and Well-being of Our People (FY 2012)*. <http://www.hhs.gov/about/FY2012budget/fy2012bib.pdf> (July 2011).

<sup>2</sup> Kaiser Commission on Medicaid and the Uninsured, *Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL*, <http://www.kff.org/healthreform/upload/Medicaid-Coverage-and-Spending-in-Health-Reform-National-and-State-By-State-Results-for-Adults-at-or-Below-133-FPL.pdf> (May 2010).

The data collected by MSIS are also crucial to CMS and HHS actuarial forecasts. The forecasting model used by CMS relies heavily on beneficiary and expenditure data acquired from MSIS/T-MSIS.

### (3) Information Technology

#### *a. MSIS*

States' participation in MSIS by submitting eligibility and claims data has historically been by mailing data tapes to the CMS Data Center. The tapes are manually loaded and copied onto the mainframe. States have now moved to electronic transmission of MSIS files to CMS which has expedited the process significantly.

#### *b. T-MSIS*

T-MSIS will use state of the art information technology to offer CMS and State partners (robust, up to date and current information to be able to:

- View how each State and the district implements their programs.
- Compare the delivery of programs across authorities/States.
- Assess the impact of service options on beneficiary outcomes and expenditures.
- Examine the enrollment, service provision, and expenditure experience of providers who participate in our programs (as well as in Medicare);
- Examine beneficiary activity such as application & enrollment history, services received, appropriateness of services received based on enrollment status and applicable statutory authority;
- Use informatics to improve program oversight and inform future policy and operational decisions; and
- Answer key Medicaid and CHIP program questions.

### (4) Duplication of Effort/ Similar Information

#### *a. MSIS*

There is no duplication of effort or information associated with this request. MSIS provides complete Medicaid and CHIP program statistics on a national scale and there is no other similar information or report available.

#### *b. T-MSIS*

T-MSIS will remove current multiple reporting for similar data by the state to CMS

### (5) Small Business

#### *MSIS / T-MSIS*

Small businesses or other small organizations are not involved and, therefore, will not be affected.

### (6) Less Frequent Collection

*a. MSIS*

Medicaid & CHIP policy makers, which include Congress, HHS, and State governments, rely heavily upon Medicaid statistical data captured by MSIS. The MSIS data provide necessary relevant information essential for effective decision making on the management and future directions of the Medicaid program. The quarterly processing cycles for MSIS are necessary to keep transmission volumes at a reasonable level, and to facilitate timely data quality review and reconciliation. This cycle also improves the availability of data for timely trend analysis.

*b. T-MSIS*

Although T-MSIS will report more frequently, (monthly vs. Quarterly) the amount of data collected through the expanded dataset will enable efficient processing to more efficiently satisfy data collection needs, thus eliminating additional similar duplicate current reporting processes.

(7) General Collection Guidelines

*MSIS / T-MSIS*

This collection effort complies with the guidelines in 5 CFR 1320.6.

(8) Federal Register Notice/Outside Consultations

CMS published the 60-day Federal Register notice on August 15, 2012 (77 FR 48987). No comments were received.

*a. MSIS*

CMS is constantly in communication with other Federal agencies, health care oriented groups and associations, State Medicaid agencies, independent researchers and others in the health care community. These users and providers of Medicaid statistical data often convey their judgments on the availability of data, frequency of data collection, and other characteristics of the reporting system.

*b. T-MSIS*

Information on the T-MSIS effort has been communicated via, state interaction and participation in the T-MSIS pilot project, face to face and external state meetings, and presentations at various Medicaid conferences.

(9) Inducements to Respondents

*MSIS / T-MSIS*

CMS provides no payments or gifts to States responding to this data collection. The primary benefit of participation is the availability of national data on the Medicaid Program.

(10) Confidentiality

*MSIS / T-MSIS*

The data collected through MSIS/T-MSIS are added to the existing System of Records, “Medicaid Statistical Information System (MSIS)” (Nov. 8, 2006; 71 FR 65527). Provisions of the Privacy Act apply and are strictly enforced. The web-based State Summary Mart does not contain individual identifying information.

(11) Sensitive Questions

*MSIS / T-MSIS*

This request does not contain information of a sensitive nature. The data reported are data already stored in States' Medicaid Management Information Systems.

(12) Estimate of Burden (Hours and Wages)

**a. MSIS**

The following table shows the detailed summary of the reporting burdens associated with this request. The burden on the States includes the hours associated with producing MSIS tapes for all States.

MSIS Tape Production

Annual burden

51 States Producing MSIS Tapes/Data Files:

10 hours per response x 4 quarterly responses x 51 States = 2,040 Hours

(The territories do not provide MSIS/T-MSIS to CMS)

*Estimates of Cost Burden*

2,040 hours x \$35/hour = \$ 71,400

The annual cost for the burden from April 2010 – March 2012 is \$71,400 for State staff time.

**b. T-MSIS**

T-MSIS Electronic submission

Annual burden

51 States Producing T-MSIS electronic data Files:

10 hours per response x 12 Monthly responses x 51 States = 6,120 Hours

(The territories do not provide MSIS/T-MSIS to CMS)

*Estimates of Cost Burden*

6,120 hours x \$35/hour = \$ 214,200

The annual cost for the burden from April 2013 – March 2016 is \$214,200 for State staff.

(13) Estimated Annual Operation and Maintenance Costs

*MSIS / T-MSIS*

There are no annual operating or maintenance costs.

(14) Federal Cost

*a. MSIS*

The annual cost to the Federal Government of collecting the requested data is estimated to be approximately \$225,000. These estimates are based upon costs for administrative expenses.

*b. T-MSIS*

The annual cost to the Federal Government of collecting the requested data is estimated to be approximately \$360,000. These estimates are based upon costs for administrative expenses.

(15) Program/Burden Changes

*MSIS/T- MSIS*

State data are reported by the Federally mandated electronic process, known as MSIS is currently collecting eligibility and claim data in 5 separate files. The expanded version of MSIS is now referred to as T-MSIS will incorporate 3 additional files (Provider, Managed Care Plans, and Third Party Liability). Subsequent to the publication of the 60-day Federal Register notice (August 15, 2012; 77 FR 48987), T-MSIS has been added to this PRA package.

(16) Publication and Tabulation Dates

*a. MSIS*

States are required to submit MSIS data on a quarterly basis. These data are edited and compiled. Monthly, quarterly and annual tables are available the end of each fiscal year on the internet and used by a wide variety of federal components, State and local agencies, and private research organizations. A set of 24 annual tables are e-mailed to each State annually. National tables are published on the CMS website. Other major publications utilizing these data include the HCFA Data Compendium and the House Committee on Energy and Commerce "Medicaid Source Book."

*b. T-MSIS*

States are required to submit T-MSIS data on a monthly basis. These data are edited and compiled. Monthly, quarterly and annual tables are available the end of each fiscal year on the internet and used by a wide variety of federal components, State and local agencies, and private research organizations. A set of 24 annual tables are e-mailed to each State annually. National tables are published on the CMS website. Other major publications utilizing these data include the HCFA Data Compendium and the House Committee on Energy and Commerce "Medicaid Source Book."



(17) Expiration Dates

*MSIS / T-MSIS*

Display of an expiration date on the MSIS system is impossible. The disclosure statement is printed in the instructions in the State Medicaid Manual.

(18) Exceptions to the Certification Statement

This proposal complies with all conditions included in Certification Statement 19.

**B. STATISTICAL METHODS**

*MSIS / T-MSIS*

These information collection requirements do not employ statistical sampling methods.

**C. TERMS OF CLEARANCE**

None