

SUPPORTING STATEMENT, PART A

**Medicaid Statistical Information System (MSIS) and
Transformed – Medicaid Statistical Information System (T-MSIS)**

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

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BACKGROUND

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. Section 6504 of the Affordable Care Act strengthened the provision by requiring states to include data elements the secretary determines necessary for program integrity, program oversight and administration.

Through Medicaid and CHIP Business Information Solutions (MACBIS) and the Data Analytics Learning Collaborative, CMS has been working with states and with Medicaid and CHIP data stakeholders to envision and move towards a modernized Medicaid and CHIP data infrastructure. T-MSIS modernizes and enhances the way states will submit operational data about beneficiaries, providers, claims and encounters and will be the foundation of a robust state and national analytic data infrastructure.

This iteration, whose 30-day notice published in the Federal Register on April 12, 2016, would enable states to continue to fulfill their Medicaid data reporting requirements in parallel from 2016 through 2019 and would 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.

Current Data Collection Environment

Medicaid Statistical Information is reported via the MSIS. States submit all claims and eligibility data contained in the States' Medicaid Management Information System (MMIS) 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: provider, managed care plans, third party liability, eligibility, inpatient, outpatient, prescription, and long term care.

Current Data Dissemination Environment

MSIS as known today is moving to a future Enterprise Data solution known as MACBIS (Medicaid and CHIP Business Information Solutions). A major component of this solution is transforming our operational data (MSIS) to a more robust set of data that is known as Transformed-MSIS (T-MSIS). T-MSIS modernizes and enhances the way states will submit

operational data about beneficiaries, providers, claims, and encounters and will be the foundation of a robust state and national analytic data infrastructure. This new infrastructure is hosted in the cloud, will be able to share data sooner and that is more complete. The data sharing will also support the utilization of data marts and a more robust data warehouse. Support for a variety of business analysis/reporting tools as well.

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 T-MSIS addresses these issues. The enhanced data from T-MSIS will support improved program and financial management, more robust evaluations of demonstration programs, enhance ability to identify potential fraud, improve program efficiency, and reduce the number of duplicative data requests from states.

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 MSIS 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 has improved greatly. However, the potential for higher data quality will increase with the implementation of T-MSIS. 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 business intelligence tools, CMS seeks to create an integrated view of the Medicaid and CHIP programs.

Detail: The current 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 will expand data collection to include Provider Demographics, Managed Care plan data, and Third Party Liability information. Furthermore, additional elements were added to existing eligibility and claims files.

Timeliness: Quality review compares data across quarters. As such, quarterly reporting of MSIS data does not allow for early detection of problems and for trending of data for each quarterly periods.

T-MSIS data is submitted monthly, 30-45 days after the close of the month. Monthly submissions 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. The 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 eligible, 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, 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

States have already increased their data submission frequency from quarterly to monthly under the authority determined by the Secretary of Health and Human Services and based on legislative authority given via The Medicaid Data Reporting Requirements found at the Social Security Act § 1903(r)(1)(F) as added by the Balanced Budget Act of 1997, P.L. 105-33 § 4753(a)(1), and amended by the ACA, P.L. 111-148 § 6504, to include data elements the Secretary determines are necessary for program integrity, oversight, and administration.

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.

The Medicaid program is of critical importance to American society. It is the largest health program as measured by enrollment and represents one-sixth of the national health economy. Medicaid expenditures are estimated to have increased 9.4 percent to \$498.9 billion in 2014, which includes the expenditures for newly eligible enrollees. Because the Federal government paid for 100 percent of the costs of newly eligible enrollees, the Federal share of all Medicaid

expenditures is estimated to have increased to 60 percent in 2014, and Federal expenditures are estimated to have grown 13.9 percent to \$299.7 billion.

Over the next 10 years, expenditures are projected to increase at an average annual rate of 6.2 percent and to reach \$835.0 billion by 2023. Like other projections of future health care costs and coverage, these projections are subject to uncertainty. However, having timely and consistent data will provide the ability for better and informed decision-making by Medicaid state and federal officials.

(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.

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 were manually loaded and copied onto the mainframe. States have since moved to electronic transmission of MSIS files to CMS, which has expedited the process significantly.

b. T-MSIS

T-MSIS will build more flexible file formats that can be used, leveraging state of the art information technology infrastructure to offer CMS and State partners robust, up to date, and current information to be able to:

- Continue electronic transmission of state data and increase processing speed.
- 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 and 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.
- Answer key Medicaid and CHIP program questions.
- Allow states to receive immediate responses on quality issues upon process completion.

(4) Duplication of Effort/ Similar Information

a. MSIS

There is no duplication of effort or information associated with this information collection 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 replace MSIS long term and will focus on integration of legacy system that required duplicate asks from state where data can be extracted from the T-MSIS data collection

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

b. T-MSIS

Although T-MSIS reports more frequently than MSIS, 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.

7. Special Circumstances_

T-MSIS data is submitted monthly under the authority determined by the Secretary of Health and Human Services and based on legislative authority given via The Medicaid Data Reporting Requirements found at the Social Security Act § 1903(r)(1)(F) as added by the Balanced Budget Act of 1997, P.L. 105-33 § 4753(a)(1), and amended by the ACA, P.L. 111-148 § 6504, to include data elements the Secretary determines are necessary for program integrity, oversight, and administration.

Otherwise, there are no special circumstances that would require an information collection to be conducted in a manner that requires respondents to:

- Prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- Submit more than an original and two copies of any document;
- Retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- Collect data in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study,
- Use a statistical data classification that has not been reviewed and approved by OMB;
- Include a pledge of confidentiality that is not supported by authority established in statute or regulation that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- Submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

(8) Federal Register Notice/Outside Consultations

Federal Register

The 60-day notice published in the Federal Register on December 31, 2015 (80 FR 81828). Two comment letters were received; they have been added to this package along with our response. We did not change any requirements or burden estimates as a result of the comments.

Comments were submitted by the National Indian Health Board and the Tribal Technical Advisory Group.

Consultations (MSIS and T-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.

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, giving states access to a designated sharepoint site for state specific information, webinars and presentations at various Medicaid conferences at a national level.

(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 were 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.

(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' MMIS.

(12) Estimate of Burden (Hours and Wages)

12.1 Wage Estimates

To derive average costs, we used data from the U.S. Bureau of Labor Statistics’ May 2015 National Occupational Employment and Wage Estimates for all salary estimates (http://www.bls.gov/oes/current/oes_nat.htm). In this regard, the following table presents the mean hourly wage, the cost of fringe benefits (calculated at 100 percent of salary), and the adjusted hourly wage.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits (\$/hr)	Adjusted Hourly Wage (\$/hr)
Medical and Health Services Manager	11-9111	50.99	50.99	101.98

As indicated, we are adjusting our employee hourly wage estimates by a factor of 100 percent. This is necessarily a rough adjustment, both because fringe benefits and overhead costs vary significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, there is no practical alternative and we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

12.2 Annual Burden Estimates

MSIS (Tape Production)

The burden on the States includes the hours associated with producing MSIS tapes. Note: Seven States have moved to T-MSIS production and are no longer producing MSIS tapes. The territories do not provide MSIS/T-MSIS to CMS.

44 States produce MSIS tapes/data files:

10 hours per response x 4 quarterly responses x 44 States = **1,760 total hours**

1,760 hours x \$101.98/hour = **\$179,485 (total)**

Associated information collection instruments and instruction/guidance documents consist of the following:

- MSIS Data Dictionary

T-MSIS (Electronic submission)

The territories do not provide MSIS/T-MSIS to CMS.

51 States produce T-MSIS electronic data files:

10 hours per response x 12 monthly responses x 51 States = **6,120 total hours**

6,120 hours x \$101.98/hour = **\$610,042 (total)**

Associated information collection instruments and instruction/guidance documents consist of the following:

- T-MSIS Data Dictionary
- T-MSIS Data Dictionary Appendices
- T-MSIS Record Layouts
- T-MSIS Validation Rules

Changes to the above are set out in the following attached documents:

- Crosswalk - T-MSIS Data Dictionary
- Crosswalk - T-MSIS Data Dictionary Appendices
- Crosswalk - T-MSIS Record Layouts
- Crosswalk - T-MSIS Validation Rules
- Change Request Log

12.3 Burden Summary

Annual Recordkeeping and Reporting Requirements

Information Collection	Respondents	Responses (per respondent)	Total Responses	Time per Response	Total Annual Burden (hr)	Labor Rate (\$/hr)	Total Capital/Maintenance Costs (\$)	Total Cost (\$)
MSIS	44	4	176	10 hr	1,760	101.98	0	179,485
T-MSIS	51	12	612	10 hr	6,120	101.98	0	624,118
TOTAL	Varies	16	788	10 hr	7,880	101.98	0	803,603

(13) Estimated Annual Operation and Maintenance Costs

MSIS / T-MSIS

Operating and maintenance costs vary by state. A states operating expense usually consists of costs associated with internal and external resourcing, funding for MMIS system updates and or enhancements.

(14) Federal Cost

a. *MSIS*

The annual cost to the Federal Government of collecting the requested data is estimated to be approximately \$202,500. These estimates will be reduced as states move into T-MSIS production and 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 \$15,620,540. These estimates are based upon costs for administrative expenses.

T-MSIS costs exceeds MSIS cost as a result of change in reporting from quarterly to monthly file submissions, processing of two new files, and CMS holding state accountable for month over month improvement of data quality issues through state submitted plan of actions.

(15) Program/Burden Changes

MSIS/T- MSIS

CMS continues to work with states to improve the quality of data received via T-MSIS. As a result of this collaboration, an updated version of the data dictionary, which incorporates the

modifications to field definitions, file layouts, and data element validations discussed with states, has been generated and shared with states for feedback.

In addition CMS provides comparison documents (Crosswalks) that identify changes to the data dictionary, record layout, validation rules and change log which assist states with easily identifying updates for their assessment.

The revisions have no impact on our burden estimates.

Burden Adjustments

Seven (7) States have moved to T-MSIS production and are no longer producing MSIS tapes. Consequently, we are adjusting the number of MSIS respondents from 51 to 44.

(16) Publication and Tabulation Dates

a. MSIS

States are required to submit MSIS data on a quarterly basis. This data is 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. 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. This data is 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 impractical.

(18) Exceptions to the Certification Statement

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

B. STATISTICAL METHODS

MSIS / T-MSIS

While Supporting Statement B has been attached to the package, the information collection requirements do not employ statistical sampling methods.