

SUPPORTING STATEMENT, PART A

Transformed – Medicaid Statistical Information System (T-MSIS)
CMS-R-284, OMB 0938-0345

For inquiries regarding this request, contact:

Cornelius Gibson Cornelius.Gibson@cms.hhs.gov Data and Systems Group Center for
Medicaid and CHIP Services

Brian Johnston Brian.Johnston1@cms.hhs.gov Data and Systems Group Center for Medicaid
and CHIP Services

BACKGROUND

Section 1903(r)(1)(F) of the Social Security Act (the Act) requires States to submit timely and complete Medicaid data for oversight, program integrity, and administration activities. States currently report this program data to CMS through the Transformed Medicaid Statistical Information System (T-MSIS), the only beneficiary- and claims-level data states submit to CMS.

On July 4, 2025, President Trump signed Public Law (P.L.) 119-21, also known as the "Working Families Tax Cut" (WFTC) legislation. This legislation includes eligibility and financing reforms in Medicaid and Children's Health Insurance Program (CHIP) policies that impact T-MSIS data reporting. Section 71119 of the WFTC legislation amends section 1902 to include new community engagement requirements generally for people eligible to enroll or who are enrolled in the adult group as described in §435.119 or those who are eligible to enroll or are enrolled under certain 1115 demonstrations that provide minimum essential coverage (MEC).

This Supporting Statement addresses the T-MSIS data reporting requirements related directly to performing oversight, program integrity, and administration of section 71119 of the WFTC legislation.

A. JUSTIFICATION

1. Need and Legal Basis

CMS collects Medicaid and CHIP administrative data from States through T-MSIS to support program oversight, administration, and program integrity activities.

Medicaid is a joint federal and state program that, together with the CHIP, provides health coverage to over 72.5 million Americans, including children, pregnant women, seniors, and individuals with disabilities.

Medicaid and CHIP are jointly funded and administered by the federal government and states. Timely and complete State submissions support CMS's ability to monitor compliance with statutory and regulatory requirements and to ensure appropriate Federal Financial Participation (FFP).

Legal authority for this collection includes the following:

- **Section 1903(r)(1)(F) of the Act**, as added by the Balanced Budget Act of 1997 and amended by section 6504 of the Affordable Care Act, authorizes the Secretary to require States to submit such data as the Secretary determines necessary for program integrity,

oversight, and administration as a condition of receiving certain Federal matching funds. CMS implements this authority through State reporting to T-MSIS.

- **Section 1902(xx) of the Act**, as added by section 71119 of the Working Families Tax Cut (WFTC) legislation (P.L. 119-21) and included at 42 CFR 435.562, which requires States, beginning January 1, 2027, to condition Medicaid eligibility for applicable individuals on demonstration of community engagement, including a minimum of 80 hours per month of work, community service, job training, or educational enrollment, subject to specified exclusions and exceptions.
- **Sections 1902(a)(6) and (a)(75) of the Act**, which provide authority for CMS to require States to submit data that allow for monitoring of their eligibility and enrollment processes.
- **Section 1903(r)(1)(F) of the Act**, which authorizes the Secretary to require States to report data elements necessary for program integrity, oversight, and administration as a condition of receiving Federal matching funds.
- The **T-MSIS System of Records Notice (SORN)**, titled "Transformed-Medicaid Statistical Information System (T-MSIS), HHS/CMS/CMCS," System No. 09-07-0541, permitting T-MSIS data collection and use to: (i) reduce the number of reports CMS requires of states; (ii) provide data needed to improve beneficiary quality of care; (iii) improve program integrity; and (iv) support the states, the private market, and stakeholders with key information.

The newly added community engagement data elements are being collected to oversee section 1902(xx) of the Act and are not captured in any existing national-level data system. The new T-MSIS community engagement table (known in T-MSIS as a file segment) on the eligibility (ELG) file will support program integrity and ensure state compliance with applicable statutory and regulatory requirements. The data provides insight regarding how adult group beneficiaries and applicable section 1115 demonstration participants qualify for Medicaid and in which enrollment categories, as well as information on reasons beneficiaries are disenrolled from Medicaid.

Additional changes to existing data elements will also support monitoring and oversight of community engagement policies. These changes include:

- The addition of a new valid value to the WAIVER-TYPE data element to identify beneficiaries who are enrolled in an applicable 1115 demonstration.
- The addition of new valid values to the ELIGIBILITY-TERMINATION-REASON data element to identify disenrollments related to community engagement eligibility verifications

2. Information Users

Data collected under this WFTC provision will be primarily used by CMS for oversight, program integrity, and administrative activities. The data will be used by Federal, State, and local officials, as well as by private researchers and organizations with applicable privacy protections and data use agreements.

Specifically, data collected under section 1902(xx) of the Act will enable CMS and States to:

- Track and verify beneficiary compliance with community engagement requirements as a condition of Medicaid eligibility.
- Monitor state implementation of community engagement programs, including enrollment totals, compliance rates, exemption and exclusion determinations, and disenrollment actions.
- Support program integrity by identifying potential compliance and program integrity concerns and enabling CMS to initiate timely engagement with State agencies.
- Inform future policy and operational decisions related to community engagement requirements.
- Support public reporting and transparency on community engagement program outcomes.

3. Information Technology

These provisions leverage the modernized T-MSIS IT infrastructure to offer CMS robust, and current information to:

- Continue electronic transmission of State data and increase processing speed.
- View how each reporting entity implements their community engagement programs.
- Compare the delivery of programs across authorities and States.
- Assess the impact of community engagement requirements on beneficiary outcomes and expenditures.
- Examine beneficiary activities such as application and enrollment history, community engagement compliance status, exemption and exclusion determinations, and appropriateness of eligibility determinations based on enrollment status and applicable statutory authority.
- Use informatics to improve program oversight and inform future policy and operational decisions.
- Answer key Medicaid program questions related to community engagement compliance and outcomes.
- Allow States to receive immediate insight into data quality issues upon file submission.

4. Duplication of Effort / Similar Information

The beneficiary-level T-MSIS community engagement data elements collected under section 1902(xx) of the Act are new additions to the T-MSIS eligibility (ELG) file and are not currently captured in any existing national-level data system. Additionally, the new valid values collected under the WAIVER-TYPE data element and the ELIGIBILITY-TERMINATION-REASON data element are not currently captured in any existing national-level data system. This collection of community engagement data as well as continued collection of existing T-MSIS data does not duplicate any other effort, and the data set cannot be obtained from any other source. States will need to modify existing data elements or create new, additional data elements in these data sets to capture activities associated with implementation of and the impact of the community engagement requirement.

5. Small Business

Outside of standard federal processes in partnership with the Office of Acquisition and Grant Management, data under this provision is submitted by States and Territories. Small businesses or other small organizations are not expected to be impacted.

6. Less Frequent Collection

T-MSIS data, as ingested and processed in a cloud-based system, enables efficient processing to satisfy data collection needs, thus eliminating additional similar duplicate current reporting processes. Monthly data collection significantly enhances the ability of CMS and the States to implement improvements to the quality and accuracy of submitted information by enabling CMS to provide more rapid feedback on data quality and data collection issues with greatly reduced latency from time of data collection to review. In addition, partners who use Medicaid and CHIP data receive more current data to inform program administration, eligibility status, and fraud, waste, and abuse.

Given that community engagement compliance status may change monthly — as beneficiaries complete, fail to meet, or become exempt from requirements — less frequent collection would impair CMS's ability to ensure timely compliance monitoring and accurate Federal Financial Participation (FFP) determinations. Less frequent collection of this data or failure to collect this data would impair performance of these functions, including a material increase in program operation, management, and oversight issues linked to stale, deprecated, incomplete, missing, or inaccurate data related to community engagement compliance determinations.

7. Special Circumstances

Data under this provision 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 § 1903(r)(1)(F) of the Act, 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. The circumstances of monthly data collection provide CMS and its partners with the most current available Medicaid and CHIP program data. There are no other special circumstances associated with this data collection.

8. Federal Register Notice / Outside Consultations

Federal Register

The changes in this June 2026 collection of information request are associated with our Interim Final Rule with Comment Period (CMS-2454-IFC; RIN 0938-AV98) entitled, “Medicaid Program; Community Engagement Requirement for Certain Individuals.” The rule filed for public inspection on June 1, 2026 and published on June 3, 2026.

Consultations

CMS communicates regularly with other Federal agencies, healthcare-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 this WFTC legislation provision has been and will be communicated via face-to-face and external State meetings, the T-MSIS Operations Dashboard, State support sites, webinars, presentations at various Medicaid conferences at a national level, and publicly on the Medicaid.gov website. CMS also issued a CMCS Informational Bulletin on November 18, 2025, providing general information to states and stakeholders on the Medicaid and CHIP provisions of the WFTC legislation, including section 71119.

9. Inducements to Respondents

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 and CHIP Program and the assurance of proper FFP for Medicaid Enterprise Systems and Encounter payments.

10. Confidentiality

The data collected through this WFTC provision will be covered under the existing T-MSIS System of Records Notice (SORN) titled "Transformed-Medicaid Statistical Information System (T-MSIS), HHS/CMS/CMCS," System No. 09-07-0541 (Feb. 6, 2019; 84 FR 2230).

<https://www.federalregister.gov/documents/2019/02/06/2019-01157/privacy-act-of-1974-system-of-records>

Community engagement data collected under section 1902(xx) of the Act will be subject to the same privacy protections and data use agreements applicable to all T-MSIS data. There are no new privacy or confidentiality issues introduced by this provision beyond those already addressed in the existing T-MSIS SORN.

11. Sensitive Questions

There are no sensitive questions associated with this collection beyond those already addressed under the existing T-MSIS SORN. The collection does not solicit questions of a sensitive nature, such as sexual behavior and attitudes or religious beliefs. Community engagement data elements collected under section 1902(xx) of the Act reflect program compliance information — including participation in work, community service, job training, or educational enrollment — that States will collect as part of their eligibility determination processes.

12. Burden Estimates

Wage Estimates

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2025 National Occupational Employment and Wage Estimates for all salary estimates (www.bls.gov/oes/current/oes_nat.htm). The following table presents BLS' mean hourly wage, our estimated cost of fringe benefits and other indirect costs (calculated at 100 percent of salary), and our adjusted hourly wage.

Occupation Title	Occupation Code	Mean Hourly Wage (\$/hr)	Fringe Benefits and Other Indirect Costs (\$/hr)	Adjusted Hourly Wage (\$/hr)
Medical and Health Services Manager	11-9111	67.77	67.77	135.54

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 other indirect costs vary significantly from employer to employer, and because methods of estimating these costs vary widely from study to study. Nonetheless, we believe that doubling the hourly wage to estimate total cost is a reasonably accurate estimation method.

Collection of Information Requirements and Associated Burden Estimates

50 states, DC, 2 territories and 1 program entity will prepare and submit nine T-MSIS electronic data files each month. We estimate it takes 11.25 hours at \$135.54/hr for a Medical and Health Services Manager to prepare and submit nine T-MSIS electronic data files each month. In aggregate, we estimate an annual burden of 7,290 hours (11.25 hr/month x 12 responses/year x 54 respondents) at a cost of \$988,358 (7,290 hr x \$135.54/hr). After taking into account enhanced Federal Financial Participation rate of 75 percent for Medicaid Enterprise Systems, we estimate a state share of \$247,090 (\$988,358 x 0.25).

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr)	Total Time (hr)	Wage (\$/hr)	Total Cost (\$)	Federal Match (\$)	State Share (\$)
T-MSIS Electronic Data Files	54 States and Territories	648 (54 x 12)	Monthly	11.25	7,290	135.54	988,357	741,267	247,090

With regard to the provisions under our June 3 2026 interim final rule with comment period (CMS-2454-IFC; RIN 0938-AV98) entitled, “Medicaid Program; Community Engagement Requirement for Certain Individuals,” CMS has created a new file segment on the T-MSIS eligibility (ELG) file to collect data related to community engagement activities for adult group and applicable 1115 demonstration beneficiaries. The new segment includes a new set of data elements that reflect community engagement data the State would collect as part of a beneficiary’s eligibility determination under section 1902(xx) of the Act. In addition to the new file segments, states are also required to add new valid values to the WAIVER-TYPE data element to identify beneficiaries participating in applicable 1115 demonstrations and the ELIGIBILITY-TERMINATION-REASON to identify disenrollment related to community

engagement requirements. States are required to update their T-MSIS eligibility files to report these new data for adult group and applicable 1115 demonstration beneficiaries.

The burden for this added collection is estimated based on the level of effort required for States to undertake T-MSIS reporting modifications. This comprises a one-time effort to design, build, and test system changes that will ingest enrollment data from the states' Medicaid Enterprise Systems and update the T-MSIS file submission format to incorporate the new community engagement data.

We estimate that States will need between 250 – 500 hours to implement the community engagement reporting changes. Using the upper range, we estimate a one-time burden of 22,000 hours (44 respondents x 500 hr) at a cost of \$2,913,680 (22,000 hr x \$135.54/hr). After taking into account enhanced Federal Financial Participation rate of 75 percent for Medicaid Enterprise Systems, we estimate a state share of \$728,420 (\$2,913,680 x 0.25).

Annual operational costs are not expected to increase above current T-MSIS reporting burden once the one-time T-MSIS file changes are implemented. The one-time implementation costs will allow the states to automate and integrate community engagement data collection into their ongoing T-MSIS file submissions.

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr)	Total Time (hr)	Wage (\$/hr)	Total Cost (\$)	Federal Match (\$)	State Share (\$)
71119 – Community Engagement (CMS-2454-IFC)	44 Jurisdictions	44	One-Time	500	22,000	135.54	2,913,680	2,185,260	728,420

Burden Summary

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr)	Total Time (hr)	Wage (\$/hr)	Total Cost (\$)	Federal Match (\$)	State Share (\$)
Beneficiary Application Updates (Single Streamlined Application)	54 States and Territories	648 (54 x 12)	Monthly	11.25	7,290	135.54	988,357	741,267	247,090
71119 – Community Engagement (CMS-2454-IFC)	44 Jurisdictions	44	One-Time	500	22,000	135.54	2,913,680	2,185,260	728,420

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr)	Total Time (hr)	Wage (\$/hr)	Total Cost (\$)	Federal Match (\$)	State Share (\$)
TOTAL	54	692	varies	Varies	29,290	135.54	3,902,037	2,926,527	975,510

Information Collection Instruments and Instruction/Guidance Documents

- Data Dictionary: Specifications for all the data elements including definition, necessity, coding requirements, and valid value list name for each applicable data element.
- Data Dictionary Appendices: Technical instructions providing additional context and guidance for submission data related to key complex areas such as eligibility, capitation, claims adjustments, financial transactions, and more.
- File Segment Layouts
- Valid Value List (VVL): For each VVL name associated with applicable data elements, a list of value codes and associated descriptions.

13. Estimated Annual Operation and Maintenance Costs

Operating and maintenance costs vary by state. A state's operating expense usually consists of costs associated with internal and external resourcing, funding for MMIS system updates and enhancements necessary to collect, track, and report community engagement data elements. As noted above, States will need to design, build, and test new system functionality to capture community engagement compliance status, hours of activity, exemption and exclusion determinations, and related data for adult group and applicable 1115 demonstration beneficiaries as part of their eligibility determination processes. Once modifications to T-MSIS reporting are implemented, states are not expected to have operating costs above their current reporting costs given automation used to generate and submit T-MSIS files.

14. Federal Cost

The one-time cost to the Federal Government for the implementation of the community engagement T-MSIS data collection requirements is estimated to be \$3,000,000. This figure is based on internal budget projections allocating an additional \$1 million in FY 2026 and \$2 million in FY 2027 for the specific purpose of implementing the new community engagement requirements. This cost covers the necessary contractor and federal staff effort to update the T-MSIS data processing systems, develop the new community engagement file segment and data elements, update the T-MSIS Data Guide and associated documentation, and provide technical assistance to States on the added reporting requirements.

The annual cost to the Federal Government of collecting all T-MSIS data is estimated to be approximately \$18,500,000. This amount is based on T-MSIS contract cost for a one-year period of performance.

15. Program / Burden Changes

With regard to the provisions under our June 3, 2026 interim final rule with comment period (CMS-2454-IFC; RIN 0938-AV98) entitled, “Medicaid Program; Community Engagement Requirement for Certain Individuals,” CMS has created a new file segment on the T-MSIS eligibility (ELG) file to collect data related to community engagement activities for adult group and applicable 1115 demonstration beneficiaries. The new segment includes a new set of data elements that reflect community engagement data the State would collect as part of a beneficiary’s eligibility determination under section 1902(xx) of the Act. In addition to the new file segments, states are also required to add new valid values to the WAIVER-TYPE data element to identify beneficiaries participating in applicable 1115 demonstrations and the ELIGIBILITY-TERMINATION-REASON to identify disenrollment related to community engagement requirements. States are required to update their T-MSIS eligibility files to report these new data for adult group and applicable 1115 demonstration beneficiaries.

The burden for this new collection is estimated based on the level of effort required for States to undertake T-MSIS reporting modifications. This comprises a one-time effort to design, build, and test system changes that will ingest enrollment data from the states’ Medicaid Enterprise Systems and update the T-MSIS file submission format to incorporate the new community engagement data.

States will need between 250 – 500 hours to implement these T-MSIS reporting changes. Using the upper range, we estimate a one-time burden of 22,000 hours (44 respondents x 500 hr) at a cost of \$2,913,680 (22,000 hr × \$135.54/hr). After taking into account enhanced Federal Financial Participation rate of 75 percent for Medicaid Enterprise Systems, we estimate a state share of \$728,420 (\$2,913,680 x 0.25).

Annual operational costs are not expected to increase above current T-MSIS reporting burden once the one-time T-MSIS file changes are implemented. The one-time implementation costs will allow the states to automate and integrate community engagement data collection into their ongoing T-MSIS file submissions.

Requirement	No. Respondents	Total Responses	Frequency	Time per Response (hr)	Total Time (hr)	Wage (\$/hr)	Total Cost (\$)	Federal Match (\$)	State Share (\$)
71119 – Community Engagement (CMS-2454-IFC)	44 Jurisdictions	44	One-Time	500	22,000	135.54	2,913,680	2,185,260	728,420

This submission adds new reporting requirements under section 1902(xx) of the Act, as added by section 71119 of the WFTC legislation (P.L. 119-21). This provision creates a new file segment

on the T-MSIS eligibility (ELG) file to collect enrollment data related to community engagement activities for adult group and applicable 1115 demonstration beneficiaries as part of their eligibility determination. States are required to update their T-MSIS eligibility files to report these new enrollment data beginning January 1, 2027.

These additions result in a one-time estimated burden of 250 to 500 hours per state, reflecting the need to map related community engagement data to the state's existing T-MSIS file submissions to support oversight for adult group and applicable 1115 demonstration beneficiaries. There would be no additional ongoing burden for states as the new community engagement data would be automated into the states' T-MSIS file generation process. This represents a new burden associated with this new data collection, as community engagement data is not currently collected in any existing national-level data system.

16. Publication and Tabulation Dates

States are required to submit T-MSIS data on a monthly basis. This data is edited and compiled. CMS makes T-MSIS data available to States, researchers, and policymakers in accordance with applicable data use agreements and privacy protections, providing a complete and timely picture of the Medicaid and CHIP programs. CMS will provide States with updated T-MSIS reporting guidance, including the newly added community engagement segment specifications and data elements, in advance of the January 1, 2027, statutory applicability date. States are expected to report new data related to community engagement beginning with their January 2027 T-MSIS file submissions.

17. Expiration Dates

The expiration date will be displayed on the applicable data collection instrument.

18. Exceptions to the Certification Statement

This proposal complies with all conditions included in Certification Statement 19. There are no exceptions.

B. STATISTICAL METHODS

T-MSIS collects administrative data submitted monthly by all 50 States, the District of Columbia, Puerto Rico, The Virgin Islands and Guam. The data represents a complete census of Medicaid and CHIP program activity rather than a sample-based collection. No sampling, imputation, or other statistical methodology is applied to the collection itself.