BACKGROUND AND JUSTIFICATION STATEMENT

For the

**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

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 2016 through 2019 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. 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 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.

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 (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. Three of which are new files; provider, managed care plans, third party liability along with the original 5 files which are eligibility, inpatient, outpatient, prescription, and long term care.

CURRENT DATA DISSEMINATION ENVIRONMENT

Medicaid Statistical Information System (MSIS) as known today is moving to a future Enterprise Data solution known as Medicaid and CHIP Business Information Solutions (MACBIS). 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 will be 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. 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 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

CMS is requesting that states increase 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 (SSA) § 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.

The change in frequency of states automated data submission to CMS from once quarterly to once monthly should not create undue burden on the State, but will increase the ability to detect fraud waste and abuse; resulting in increased efficiency of the Medicaid and CHIP programs, and unknown cost savings to the Federal Government.

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.

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.

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 now 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 & 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.
- 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 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 TMSIS 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 & 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 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, 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' Medicaid Management Information Systems.

(12) Estimate of Burden (Hours and Wages)

Wage Estimates:

To derive average costs, we used data from the U.S. Bureau of Labor Statistics' May 2014 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	Fringe Benefit	Adjusted Hourly Wage
Medical and Health Services Manager*	11-9111	$49.84	$49.84	$99.68

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.

To complete and return the templates, we estimate an average cost of $99.68 per hour. Under the above scenario, the total annual cost to respondents is $99.68 per hour * 120 hours = $11,961.60. ($99.68/hr x 612 responses/yr x 10 hr/response = $610,042)

Burden

MSIS

The following calculation 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
48 States Producing MSIS Tapes/Data Files:
Note: Three States have moved to T-MSIS Production and are no longer producing MSIS Tapes
10 hours per response x 4 quarterly responses x 48 States = 1,920 Hours

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

Estimates of Cost Burden

1,920 hours x $99.68/hour = $ 191,386

The annual cost for the burden from April 2016 – March 2018 is $191,386 for State staff time.

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 $99.68/hour = $610,042

The annual cost for the burden from April 2016 – March 2018 is $610,042 for State staff.

(13) Estimated Annual Operation and Maintenance Costs

MSIS / T-MSIS

Operating and maintenance costs vary by state.

(14) Federal Cost

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.

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 for each fiscal year thru 2018.

(15) Program/Burden Changes

MSIS/T- MSIS

State data 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 now referred to as T-MSIS incorporates 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.

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 has provided states with comparison documents for the data dictionary, record layout, validation rules and change log which assist states with easily identifying updates for their assessment.

(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

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.

(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