



SMD# 13-004

**RE: Transformed Medicaid Statistical
Information System (T-MSIS) Data**

August 23, 2013

Dear State Medicaid Director:

The purpose of this letter is to update you on ongoing efforts to work with states to improve Medicaid and Children's Health Insurance Program (CHIP) data and data analytic capacity through the Medicaid and CHIP Business Information Solutions (MACBIS) initiative. This initiative includes upcoming changes to the Medicaid Statistical Information System (MSIS), which will be known as Transformed-MSIS or T-MSIS. We are implementing T-MSIS with states on a rolling basis, with the goal of having all states submitting data monthly by July 1, 2014.

We are continuing to work with a group of states, and expect them to begin to submit T-MSIS data later this year. Late last year, the Centers for Medicare & Medicaid Services (CMS) conducted readiness assessment calls with all states both to more fully explain the T-MSIS project and requirements, but also to better understand each state's ability to implement T-MSIS, and level of technical assistance each would need. We have formally engaged with all states, providing a liaison and collaborating on state-specific project schedules. This letter further outlines the next steps for the T-MSIS project and explains the available technical assistance. CMS appreciates the effort states have already applied to this initiative, as well as the broadly shared commitment to ensuring timely and accurate data are available to meet the data and analytical needs of states as well as the federal government and the general public.

Background

Programs with the size and scope of Medicaid and CHIP require robust, timely, and accurate data in order to ensure the highest financial and program performance, support policy analysis and ongoing improvement, identify potential fraud or waste, and enable data-driven decision making. Section 4735 of the Balanced Budget Act of 1997 included a statutory requirement for states to submit claims data, enrollee encounter data, and supporting information. Section 6504 of the Affordable Care Act strengthened this provision by requiring states to include data elements the Secretary determines necessary for program integrity, program oversight, and administration.

Based on our conversations with states and other stakeholders, we believe there is widespread support for having robust, timely, and accurate data to support the Medicaid and CHIP programs, and agreement that nationally available data must be improved. 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.

Initially, the enhanced data available from T-MSIS will support improved program and financial management and more robust evaluations of demonstration programs. It will also enhance the ability to identify potential fraud and improve program efficiency. Ultimately, the transformed infrastructure will offer states, CMS, and others the ability to do the following at the state and national levels:

- Study encounters, claims, and enrollment data by claim and beneficiary attributes;
- Analyze expenditures by medical assistance and administration categories;
- Monitor expenditures within delivery systems and assess the impact of different types of delivery system models on beneficiary outcomes;
- Examine the enrollment, service provision, and expenditure experience of providers who participate in our programs (as well as in Medicare);
- Observe trends or patterns indicating potential fraud, waste, and abuse in the programs so we can prevent or mitigate the impact of these activities.

In addition, T-MSIS benefits states in the following ways:

- It will reduce the number of reports and data requests CMS requires of states. T-MSIS will be a main source of Medicaid and CHIP operational data, and CMS intends to use the T-MSIS data to calculate and derive other reports states are currently required to submit, such as Early Periodic Screening, Diagnosis and Treatment Program (EPSDT) and Children’s Health Insurance Program Annual Reporting Template System (CARTS). Availability of T-MSIS will also reduce the number of ad hoc data requests CMS makes of states in the absence of a more robust reporting system.
- States will be able to analyze data in the national repository. Over time, CMS plans to incorporate capabilities for states to conduct their own analyses of data available in the national repository and, eventually, to enable states to bring their own data to analyze alongside the national repository.
- States will have enhanced anti-fraud, waste, and abuse capabilities. They will be able to analyze their data along with other information in the CMS data repositories, including Medicare data, enhancing abilities to better identify potential anomalies for further investigation.

Transformed MSIS (T-MSIS): Status and Next Steps

Over the last two years, CMS has been working with pilot states¹ and other stakeholders to refine and enhance the MSIS data set and to modernize the ongoing submission and quality review process for the dataset. The result is T-MSIS, which encompasses the set of data produced in the daily operation of the Medicaid and CHIP programs. These are the data about enrollees, services, and costs, including: fee-for-service (FFS) claims, encounters performed under managed care arrangements, beneficiary eligibility and demographic information, and provider enrollment data.

CMS is currently building hardware and software to receive, store, and analyze the data. We will also be implementing automated tools to check, review, and provide near real-time feedback to states on their T-MSIS submissions, as well as developing a basic data analytic capability.

Later this year, we will be able to accept and test T-MSIS data submissions to support evaluation of operational readiness of state T-MSIS files. As soon as states demonstrate they are operationally ready, states will begin monthly T-MSIS submission. Implementation will proceed on a rolling basis. When states comply with the T-MSIS data submission requirements and are able to submit T-MSIS data on a monthly basis, CMS will work with state staff to halt MSIS data submissions to avoid redundant state reporting requirements. Final operational readiness criteria will be published to the state project team at a later date as part of project implementation activities.

Through the T-MSIS pilot, the readiness assessments, and other collaborations, we have learned much about the work involved for states to extract and provide T-MSIS data to CMS. To assist states, we have created a suite of tools to accelerate and guide states in preparing to submit T-MSIS data. These include:

- **Collaboration Site and Implementation Toolkit** – We have implemented a dedicated information sharing resource for collaboration and interaction. State technical staff has received log-on information to gain access. Relevant T-MSIS project artifacts available on the collaboration site include an implementation toolkit, templates, project outlines, directions, and recommendations to assist the state project teams in implementing T-MSIS.
- **CMS State Liaison & State Technical Assistance** – CMS state liaisons are assigned for each state to assist in T-MSIS communication, coordination, planning, and oversight. Technical assistance will include support in overall project management, subject matter expertise during all project phases, support of data mapping of T-MSIS data, and oversight of file submissions. Webinars are scheduled throughout the implementation process of the T-MSIS project to address key issues and share best practices.
- **Creation of T-MSIS State Collaboration Workgroup** – We have formed a workgroup consisting of states and CMS whose purpose is to provide guidance, inform project decisions,

¹ States included Texas, California, New Jersey, Michigan, Washington, Oregon, Arizona, North Carolina, New Mexico, Tennessee, Minnesota, and Arkansas

evaluate change for project impact and resolve project issues throughout the T-MSIS project life cycle.

Though states will transition to T-MSIS at different points in time, all states are expected to demonstrate operational readiness to submit T-MSIS files, transition to T-MSIS, and submit timely T-MSIS data by July 1, 2014. This improved data submission is an integral part of state and CMS efforts to modernize the Medicaid and CHIP programs, and we are working with states to integrate T-MSIS into MMIS Advance Planning Document (APD) reviews (including enhanced funding requests for operation and maintenance for Medicaid Eligibility systems (75/25), Center for Medicare & Medicaid Innovation (CMMI) grants, state demonstrations and section 1115 waiver demonstrations. We look forward to working with you and your staff in the coming months and years to make actionable business intelligence a reality for all of us who are responsible for administering the Medicaid and CHIP programs.

Questions about T-MSIS may be directed to Elaine Olin, Director of the Data Systems Group (Elaine.Olin@cms.hhs.gov) and the T-MSIS resource mailbox at T-MSIS@cms.hhs.gov.

Sincerely,

/s/

Cindy Mann
Director

cc:

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