



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

April 10, 2000

Dear State Medicaid Director:

The purpose of this letter is to clarify the Health Care Financing Administration's (HCFA) expectations for State implementation of the Medicaid Statistical Information System (MSIS) reporting system, and the implications of delayed implementation.

Effective in Federal Fiscal Year (FFY) 1999, the Balanced Budget Act (BBA) of 1997 requires that MSIS replace the annual hard-copy HCFA-2082 report as the primary source of Medicaid program statistical information. MSIS requires quarterly tape submittals of Medicaid data extracted from State eligibility and claims history files. These tapes must pass data quality reviews that include edit checks and distributional analysis of the data. During the implementation period for FFY 1999 MSIS, we have requested that States work to address data quality issues for a single quarter before submitting data for subsequent quarters.

HCFA recognized that the systems changes needed to implement the 1999 MSIS system came at a time when States faced a number of systems challenges, including Y2K. In recognition of these demands, HCFA allowed States significant flexibility in the timing of the submittal of the quarterly MSIS files for 1999, as long as the State was able to provide their MSIS file documentation, build the data files, clear the files through our data quality review, and submit the files for all four quarters in time to allow HCFA to create the needed FFY reporting.

The due date for submittal of the full set of FFY 1999 tapes was December 15, 1999. Currently, we have many States who have not successfully submitted their data. Although we have allowed significant implementation flexibility, the MSIS data are critical to our ability to be accountable for a program representing over \$190 billion in State and Federal expenditures.

We have provided the enclosed chart showing the general status of State MSIS tape submittal for FFY 1999. Given the number of States that have been unsuccessful in implementing MSIS at this point in time we wanted to share this status with you and clarify our expectations for the time line to receive all required MSIS submittals. **We expect all States to have submitted their required MSIS documentation, initial quarter's tapes, and follow up tapes that meet our data quality criteria for all four quarters no later than July 31, 2000.** This time line represents a compromise between the normal due date of December 15, 1999 and our recognition of States' needs for lead time to complete this effort.

For States that are unable to successfully mobilize the resources to implement MSIS on this timetable, we will require that States submit a hard-copy HCFA-2082 report by July 31, 2000. Section 2700 of the State Medicaid Manual requires that States not successfully implementing MSIS for the full FFY 1999 must submit the hard-copy HCFA-2082. This report is NOT in lieu of continued expectations for State efforts to implement MSIS for 1999. States are expected to continue their efforts to implement MSIS.

You need to know that failure to submit MSIS data violates a BBA-mandated Medicaid Management Information System (MMIS) requirement, and places your MMIS enhanced Federal matching in serious jeopardy of being reduced to 50-percent Federal financial participation.

We plan to continue working with your staff as partners in this effort, and we expect that we will successfully implement MSIS in most States by the July 31, 2000 date. We are committed to continuing to work with States with an appreciation of the demands they face, and we will do everything in our power to help the States implement this critical reporting system with as little disruption as possible.

I want to thank you for the efforts of your staff in this endeavor, and for your continued support. Please refer any questions related to this letter to Betty Kern of my staff at 410-786-0141 or bkern@hcfa.gov.

Sincerely,

/s/

Timothy M. Westmoreland
Director

cc:

All HCFA Regional Administrators

All HCFA Associate Regional Administrators
for Medicaid and State Operations

Lee Partridge
Director, Health Policy Unit
American Public Human Services Association

Joy Wilson
Director, Health Committee
National Conference of State Legislatures

Matt Salo
Director of Health Legislation
National Governors= Association

