DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

SHO #25-002

RE: Data Reporting Compliance for the Transformed-Medicaid Statistical Information System (T-MSIS)

May 28, 2025

The Centers for Medicare & Medicaid Services (CMS) is issuing this State Health Official (SHO) letter to reaffirm CMS expectations regarding the quality of Medicaid and Children's Health Insurance Program (CHIP) data in the Transformed Medicaid Statistical Information System (T-MSIS) and outline the compliance impact of deviating from T-MSIS reporting requirements.

Compliance requirements for T-MSIS data reporting are set out at section 1903(r)(1) of the Social Security Act (Act), which establishes that state automated data systems must meet certain criteria to be eligible for Federal Financial Participation (FFP). Under section 1903(r)(1), states must be able to report accurate and timely data, including that necessary for oversight, program integrity, and administration. The regulations in 42 CFR 433.116 detail the requirements for receiving enhanced FFP for the operation of mechanized claims processing and information retrieval systems. Finally, regulations in 42 CFR 438.242, 438.604, and 438.818 specify requirements for collecting and reporting managed care encounter data in T-MSIS. The data required to be captured in T-MSIS is identified in the T-MSIS Data Guide (OMB control number 0938-0345).[1]

The CMS SHO Letter #18-008,[2] dated August 18, 2018, and March 18, 2019, Center for Medicaid and CHIP Services Information Bulletin (CIB)[3] addressing T-MSIS State Compliance, reminded states of the potential for reduced FFP for state systems that fail to produce T-MSIS data in a manner that complies with applicable federal requirements. However, due to systems priorities resulting from the COVID-19 public health emergency (PHE) and its subsequent unwinding period, CMS paused T-MSIS Data Quality (DQ)-related compliance actions and

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[1] T-MSIS Data Guide. https://www.medicaid.gov/tmsis/dataguide/index.html.
[2] T-MSIS SHO Letter #18-008. https://www.medicaid.gov/federal-policy-guidance/downloads/SHO18008.pdf.
[3] T-MSIS State Compliance CIB. https://www.medicaid.gov/federal-policy-guidance/downloads/cib031819.pdf.

communicated that we generally did not expect to initiate DQ compliance actions during or immediately following the end of the COVID-19 PHE.[4]

In this SHO, we address:

- The resumption of DQ-related compliance actions in September 2025,
- Compliance with data submission formats starting in September 2026; and
- Data reporting compliance support and tools CMS has made available to states.

Throughout this letter, "states" refers to all Medicaid and CHIP agencies required to submit T-MSIS data to CMS.

Background

T-MSIS delivers comprehensive Medicaid and CHIP data used for policy formulation, implementation, and oversight to enhance administration of the respective programs in the best interest of their beneficiaries, which also helps advance positive public health outcomes. As stated in the System of Records Notice (SORN) for T-MSIS, the primary purpose of the system is to establish an accurate, current, and comprehensive database containing standardized enrollment, eligibility, and paid claims data about Medicaid and CHIP beneficiaries to be used for program administration at the federal level, produce statistical reports, support program-related research, and assist in the detection of fraud and abuse in the Medicare, Medicaid, and CHIP programs (83 FR 46951, September 17, 2018). T–MSIS also is intended to reduce the number of reports CMS requires of the states, provide data needed to improve beneficiary quality of care, improve program integrity, and support the states, the private market, and stakeholders with key information.[5]

Furthermore, eligibility for enhanced FFP for Medicaid Enterprise System (MES) systems expenditures requires states to meet federal reporting requirements and maintain compliance with federal regulations, including 42 CFR 433.116. T-MSIS data must be:

a. submitted and received in a required format for processing,
b. complete, timely, and accurate,[6] and

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[4] COVID-19 Frequently Asked Questions, page 151, item 5. https://www.medicaid.gov/state-resource-center/downloads/covid-19-faqs.pdf ("Timely, accurate, and complete T-MSIS data submission continues to be a CMS priority and is critical to national analyses of Medicaid and CHIP services, activities, and expenditures during the current Public Health Emergency. States should continue to submit monthly T-MSIS data and continue, as much as possible, to work towards the recommended timelines for resolving TPIs. CMS will continue to measure and report on T-MSIS data quality issues, and to provide ongoing technical assistance to states. Generally, we do not expect to use State Data Quality Assessment results as the basis to initiate state compliance actions during or immediately following the COVID-19 PHE.")

[5] System of Records Notice: https://www.federalregister.gov/documents/2019/02/06/2019-01157/privacy-act-of-1974-system-of-records.

[6] The current methodology for assessing T-MSIS data completeness, timeliness, and accuracy is available at https://www.medicaid.gov/medicaid/data-systems/macbis/transformed-medicaid-statistical-information-system-t-msis/index.html.

    c. submitted and recorded without deleting or degrading historical data submissions.

CMS will address T-MSIS reporting compliance issues through the process outlined in the May 24, 2023, Center for Medicaid and CHIP Services (CMCS) Information Bulletin (CIB), *Medicaid Enterprise Systems Compliance and Reapproval Process for State Systems with Operational Costs Claimed at the 75 Percent Match Rate*[7] hereinafter referred to as the **MES Compliance and Reapproval Process**.

T-MSIS Data Quality Compliance

In January 2022, the Outcomes Based Assessment (OBA) methodology replaced the T-MSIS Priority Items (TPI), as the new DQ assessment methodology. The OBA currently includes more than 500 critical and high-priority measures that check for data integrity, accuracy, and completeness issues that may impact the data's usability and usefulness for program monitoring and research purposes. As the states' data quality improves, additional measures will continue to be added to ensure timely and accurate T-MSIS submissions. This SHO rescinds the use of TPIs established in CMS State Health Official (SHO) Letter #18-008 as the assessment framework for T-MSIS data quality compliance and replaces it with the OBA framework.

The process of assessing DQ compliance begins with CMS monitoring a state's DQ assessment.[8] If a state's DQ assessment does not meet quality targets[9] for two consecutive monthly reporting periods, CMS will notify the state about the potential risk of a compliance action for failure to meet T-MSIS submission requirements. CMS will continue to monitor the state's DQ assessment. If the state's T-MSIS data still do not meet reporting requirements after two additional consecutive months, CMS will initiate the MES Compliance and Reapproval Process, beginning with the issuance of a letter requesting the state to submit a corrective action plan within 30 days of the date of the letter. The reapproval review will evaluate if the state meets conditions necessary to maintain systems approval.

CMS will resume DQ routine compliance MES Compliance and Approval Processes on September 1, 2025.

T-MSIS Data Submission Format & Compliance Considerations

CMS has adopted an iterative implementation approach whereby we periodically release modified versions of the T-MSIS reporting specifications to better accommodate the varied and

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[7] MES Compliance and Reapproval Process CMCS Information Bulletin: https://medicaid.gov /federal-policy-guidance/downloads/cib052423.pdf.

[8] CMS additionally releases Data Quality reports through the Data Quality Atlas, which is based on T-MSIS Analytic File DQ measures and is focused on ratings for the analytics subset of T-MSIS users. This letter addresses a more comprehensive review of T-MSIS raw data, which incorporates data observations reported by data users internal and external to CMS, such as TAF users and users evaluating data for audit or program monitoring purposes.

[9] A national map assessing T-MSIS DQ assessment as well as the current assessment methodology for Data Quality are published at https://www.medicaid.gov/medicaid/data-systems/macbis/transformed-medicaid-statistical-information-system-t-msis/index.html.

evolving Medicaid and CHIP policy environment. Minor modifications, such as clarifying the expectations for an existing data element or updating valid values, occur regularly. More substantial modifications, particularly to the structure of T-MSIS file formats, occur less frequently. For example, in the near future CMS expects to release T-MSIS file layout version 4 which incorporates three years of user research and feedback from states and data users, to create a new T-MSIS file type to enable states to submit data more accurately, thus improving data quality. The T-MSIS file layout can be reviewed comprehensively on Medicaid.gov, via the T-MSIS Data Guide.[10]

After publication, we expect that states will be required to implement version 4 of the file layout format in the T-MSIS production environment by September 30, 2026. CMS expects to stop supporting earlier versions after this date. States are strongly encouraged to complete their transition to the version 4 format by September 30, 2025, to allow time to address potential reporting issues that may arise as part of the transition to the new file layout format.
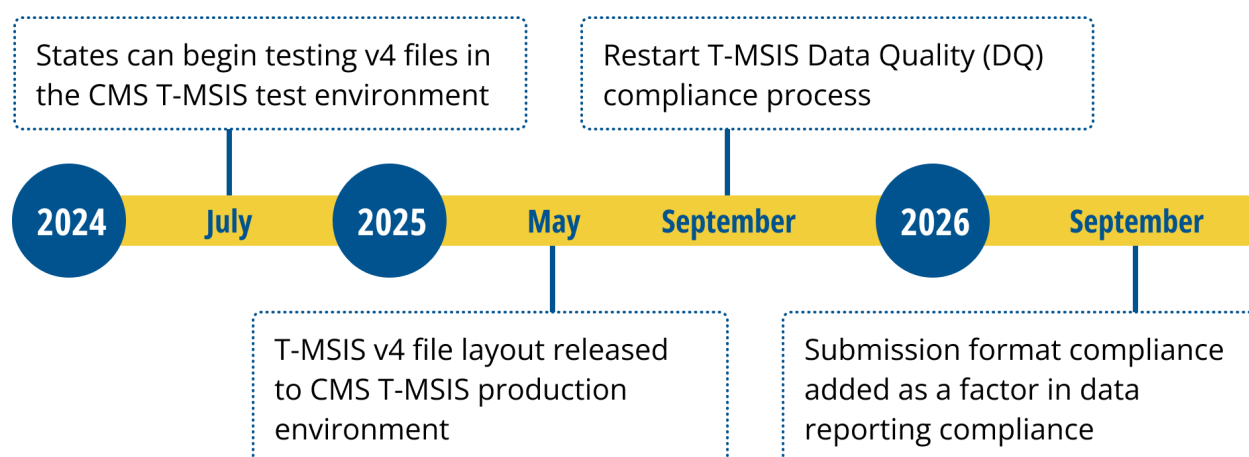

Figure 1: Key Dates for T-MSIS Data Reporting Compliance

If a state is unable to meet reporting format specifications after September 2026, CMS will follow the **MES Compliance and Reapproval Process**. Future T-MSIS system reporting requirements changes will be deployed in manageable increments to reduce the risk of large-scale project errors or failures, and CMS expects states to align relevant state MES functionality with changes in the T-MSIS Federal system.

T-MSIS Data Reporting Compliance Support

CMS continues to support state DQ efforts through one-on-one Technical Assistance, tools, and learning forums. For example:

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[10] T-MSIS Data Guide https://www.medicaid.gov/medicaid/data-systems/macbis/transformed-medicaid-statistical-information-system-t-msis/t-msis-data-guide/index.html.

- The T-MSIS Operations Dashboard (OD) helps states identify and resolve DQ issues. It also contains details about the state's OBA score and related data quality issues to inform state prioritization of data quality improvement activities.
- Prior to major system changes in the T-MSIS production environment, states will be notified of new DQ checks and can continue to use the T-MSIS test environment for ensuring DQ prior to file submission in CMS production environments.
- CMS provides states with support and processes that enable state liaisons and technical points of contact to receive assistance in T-MSIS communication, coordination, planning, and oversight of T-MSIS impacts from MES Large System Enhancement implementation. States can use this support to ensure state systems or operational changes will not degrade the quality, completeness, or timeliness of T-MSIS submissions.
- CMS hosts national webinars quarterly to address key issues, enable long-term planning, and share best practices.
- States may request enhanced system funding to assist in necessary enhancements to comply with DQ requirements through the Advanced Planning Document (APD) process.

Conclusion

CMS appreciates your commitment to build and maintain the largest national repository of Medicaid and CHIP data. In the process of using T-MSIS data for program monitoring and public reporting, CMS continues to look for ways to reduce overall state reporting burden. Additionally, T-MSIS provides an increasingly rich source for data-driven decision making and improved health outcomes. A continued focus on DQ is essential to ensure T-MSIS remains a useful resource that meets the demands of efficient program administration. CMS encourages states to consider T-MSIS reporting needs when making any systems changes and to seek assistance from the CMS T-MSIS team and their MES State Officer as needed.

If states have questions about this SHO letter, please contact Brent Weaver at brent.weaver@cms.hhs.gov.

Sincerely,

/s/

Drew Snyder
Director, Center for Medicaid and CHIP Services,
Deputy Administrator