

June 21, 2000

Dear State Medicaid Director:

Over the past several months, the Health Care Financing Administration (HCFA) has reviewed its procedures for providing access to personally identifiable Medicare data. The review included the States' access to Medicare entitlement and claims data, including States' access to the Common Working File (CWF). This letter explains the changes we will be making to that access, and how we plan to meet State requirements for Medicare information in the future.

HCFA is accountable for ensuring the confidentiality of beneficiary-specific information. We know that States share our interest in securing confidential data files. However, the controls on access to the CWF are not sufficient to ensure the confidentiality of HCFA records. Our concerns are heightened in an environment where many entities perform their third party liability (TPL) recovery activities through contractors and subcontractors. In providing access to Medicare data, we must balance the information needs of users against the risk of revealing confidential information to those not authorized to see it.

As a result of our confidentiality concerns, we have determined that we must terminate the Medicare/ Medicaid Eligibility Access Pilot Project, which allowed 8 States access to CWF. We can no longer support the approach of allowing States and their contractors online access to the complete CWF Medicare enrollment data and paid claims data. At the same time, we recognize our obligation to meet the original purpose of this project; i.e., to provide each State information to identify its Medicare/ Medicaid dual eligible population and to track their Medicare claims experience, to facilitate cost avoidance and TPL recoveries. We are committed to finding an equally efficient and effective alternative means for States to access timely and reliable eligibility data and claims information for TPL recovery activities. Our staff is working on a comprehensive, long-term solution that will satisfy the TPL data needs of States, while not compromising beneficiary confidentiality.

For the short term, we are offering four sources of Medicare entitlement and paid claims data:

BEST files

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Many States find the BEST files useful for identifying dually eligible beneficiaries through batch processing. In order to respond to this need, we will produce one more version of the BEST file, this summer. Since the BEST files contain names and addresses for all Medicare beneficiaries in

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a geographic area (not just the dually eligible), this data source cannot be continued after this

single, final issuance. To receive the BEST data, a representative of the State will need to sign a new data use agreement. New data use agreements have been mailed under separate cover to those States that have used the BEST file in the past. If you did not receive a new agreement and you are interested in receiving this last production of the BEST file, please contact Ned Burford on 410-786-3673 for assistance.

Paid Claims Files

Through their contracts with HCFA, all Medicare fiscal intermediaries (FI) are required to provide to States, free of charge, paid claims data for cost avoidance and TPL recoveries. The most accurate source of this information is the adjudicated claims file (ACF). To obtain ACFs, States must provide an eligibility file to the FI; the FI will match the Medicaid enrollees to the Medicare information, and will create a file of paid claims for those individuals that the State has identified. A representative of the State will also need to sign a new data use agreement to receive the paid claims file. Ned Burford on 410786-3673 will be happy to provide assistance with these data use agreements.

State Verification Exchange System (SVES)

The online SVES is available to States through the Social Security Administration (SSA). SVES begins with a query that originates in the States, and can be used to provide Title II Old Age, Survivors and Disability Insurance, Title XVI Supplemental Security Income and Title XVIII Medicare information. SSA answers queries on an overnight basis.

SSA has a link (or dedicated circuit) to every State, territory and most Federal agencies (including HCFA) that allows for communication between entities. Currently, all fifty States and the District of Columbia use SVES. While States do not currently utilize the SVES to review Title XVIII information, Medicare information such as entitlement start and stop dates, premium amounts, and third party buy-in indicator code is available via SVES.

To find out more about SVES access, please contact John Bauer of the Social Security Administration, at 410-965-5463.

Enrollment Data Base (EDB)

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Medicare's EDB is the authoritative source for all Medicare entitlement information. This database contains information on all individuals entitled to Medicare, including demographic information, enrollment dates, third party buy-in information, and Medicare managed care

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enrollment. Because its records are comprehensive and updated daily, the EDB is the superior source for current, complete Medicare enrollment information. The Center for Medicaid and State Operations (CMSO) is currently developing a custom "view" of the EDB data for States. As soon as the Center for Beneficiary Services (the system owners) and HCFA's Privacy staff have

approved the view, we will provide all States with specifications for the data exchange. The specifications will include record- and file-layouts for the input files (essentially, social security number and other descriptors to be used in identifying the correct record) and a record specification for the output, or reply file. States will also need to sign a data use agreement for the EDB exchange. We expect to provide these instructions under cover of another "Dear State Medicaid Director" letter before the end of July 2000.

We regret any inconvenience this decision may cause you and look forward to working with you in the future on a solution that meets the needs of States and HCFA.

Sincerely,

/s/
Timothy M. Westmoreland
Director
Center for Medicaid and State Operations

/s/
Gary G. Christoph, Ph.D.
Chief Information Officer

cc:
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