



SHO #23-005

**RE: Initial Core Set Mandatory
Reporting Guidance**

December 1, 2023

Dear State Health Official:

On August 31, 2023, the Centers for Medicare & Medicaid Services (CMS) released the Mandatory Medicaid and Children's Health Insurance Program (CHIP) Core Set Reporting final rule (88 FR 60278) (final rule).¹ This letter is the initial annual subregulatory guidance that was outlined in the final rule and details the requirements and expectations for compliance with mandatory annual state reporting of the Core Set of Children's Health Care Quality Measures for Medicaid and CHIP (Child Core Set) and the behavioral health measures on the Core Set of Adult Health Care Quality Measures for Medicaid (Adult Core Set). A separate letter will be issued to provide guidance on the requirements and expectations for compliance with mandatory annual reporting for the Section 1945 and Section 1945A Health Home Core Sets. CMS expects to issue similar letters annually, most likely in the last quarter of the calendar year.

This State Health Official (SHO) letter provides guidance and outlines our expectations for submission of states' quality measure data beginning with Federal Fiscal Year (FFY) 2024 reporting and applying to all states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam. Throughout the SHO, the term "states" is used to collectively refer to these states and territories. American Samoa and the Mariana Islands may, but are not required to, report Child and Adult Core Set measures. Specifically, this letter addresses:

- Mandatory reporting regulations and adherence to reporting guidance,
- Populations and the population exemption process,
- Stratification categories,
- Attribution rules, and
- State Plan Amendment.

Materials covering additional components of the annual reporting guidance provided for by the final rule, including resource manuals and technical specifications, value sets, technical assistance (TA) briefs and updates to the reporting system, will be shared with states annually, ahead of the opening of the reporting system, as has been done in recent years.

¹ Final Rule: <https://www.federalregister.gov/documents/2023/08/31/2023-18669/medicaid-program-and-chip-mandatory-medicare-and-childrens-health-insurance-program-chip-core-set>

Background

The Child and Adult Core Sets assist CMS and states in understanding the quality of health care provided in Medicaid and CHIP, monitoring access to health care for beneficiaries, and improving the understanding of the health disparities that beneficiaries experience. The Child Core Set was established by Section 401 of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) (Pub. L. 111-3, enacted February 4, 2009) which added section 1139A to the Social Security Act (the Act), requiring the development of a Core Set of Children's Health Care Quality Measures for Medicaid and CHIP (Child Core Set), that could be voluntarily reported by states.

Section 2701 of the Patient Protection and Affordable Care Act (Pub. L. 111-148, enacted March 23, 2010) as amended and revised by the Healthcare and Education Reconciliation Act (Pub. L. 111-152, enacted March 30, 2010), referred to collectively as the Affordable Care Act (ACA), added a new section 1139B to the Act, extending the measurement of health care quality to Medicaid-eligible adults.

CMS released the initial Child Core Set in 2009, with voluntary state-level reporting beginning in FFY 2010 and the initial Adult Core Set in 2012, with voluntary state-level reporting beginning in FFY 2013. The Child and Adult Core Sets have been updated annually to reflect recommendations made to CMS by the Child and Adult Core Sets Annual Review Workgroup (Workgroup), which is made up of states and other interested parties.^{2,3,4,5} Since the inception of the Child and Adult Core Sets, CMS has collaborated with state Medicaid and CHIP programs to collect, report, and use the Core Sets measures voluntarily to drive quality improvement.⁶

Mandatory Reporting and Adherence to Reporting Guidance

Section 50102(b) of the Bipartisan Budget Act of 2018,⁷ (Pub. L. 115-123, enacted February 9, 2018) made state reporting of the Child Core Set mandatory starting in FFY 2024, and section 5001 of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act)⁸ (Pub. L. No. 115-271, enacted October 24, 2018) made state reporting of the behavioral health measures on the Adult Core Set mandatory starting in FFY 2024. The remainder of the measures on the Adult Core Set remain voluntary for states to report. On November 15, 2022, CMS published the 2024 Child and Adult Core Sets.^{9,10} Mandatory reporting of specified Core Set measures represents a major step in the development of a national, data-driven system for measuring and improving the quality of care delivered to Medicaid and CHIP beneficiaries. Comprehensive quality data will also provide information for CMS and states to better identify quality improvement priorities and to plan and implement quality improvement initiatives. As part of these efforts, CMS encourages states to use Core Set data to identify disparities in care and develop initiatives and policies to advance health equity and improve outcomes.

² https://www.ssa.gov/OP_Home/ssact/title11/1139A.htm.

³ https://www.ssa.gov/OP_Home/ssact/title11/1139B.htm.

⁴ Core Set History Table: <https://www.medicaid.gov/medicaid/quality-of-care/downloads/core-set-history-table.pdf>.

⁵ Annual Review and Selection Process: <https://www.medicaid.gov/medicaid/quality-of-care/downloads/annual-core-set-review.pdf>

⁶ <https://www.medicaid.gov/medicaid/quality-of-care/performance-measurement/index.html>.

⁷ The Bipartisan Budget Act of 2018 <https://www.congress.gov/115/bills/hr1892/BILLS-115hr1892enr.xml>

⁸ The Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act) <https://www.congress.gov/115/bills/hr6/BILLS-115hr6enr.pdf>

⁹ 2024 Child Core Set: <https://www.medicaid.gov/medicaid/quality-of-care/downloads/2024-child-core-set.pdf>

¹⁰ 2024 Adult Core Set: <https://www.medicaid.gov/medicaid/quality-of-care/downloads/2024-adult-core-set.pdf>

In order to meet this mandatory reporting requirement, states must report on all of the measures on the Child Core Set and the behavioral health measures on the Adult Core Set, hereafter referred to as “mandatory measures,” by December 31, 2024, for FFY 2024 state reporting and annually thereafter.¹¹ States must adhere to guidance detailed in the resource manuals and TA briefs issued by CMS, which include how to calculate and report to CMS the Core Sets measures data.¹² CMS expects to release the 2024 reporting resources by Spring 2024 and will post these materials on Medicaid.gov and send an email through the TA listserv when available. The Core Sets, resource manuals, TA briefs, and the system used to report the measures will continue to be updated annually. TA is available to support states to report the Core Sets.

Populations and Population Exemption Process

The final rule requires state reporting of the mandatory measures for all Medicaid and CHIP beneficiaries beginning with FFY 2024 state reporting, and finalized a policy that CMS would use annual subregulatory guidance, including this SHO letter, to identify any populations for whom reporting is not required for a specific year because of the difficulties that states face in reporting data on these populations.¹³ Therefore, through this letter, CMS is exempting the states from reporting on populations identified below for the FFY 2024 mandatory measures:

- Beneficiaries who have other insurance coverage as a primary payer before Medicaid or CHIP, including individuals dually eligible for Medicare and Medicaid, and
- Individuals whose Medicaid or CHIP coverage is limited to payment of liable third-party coverage premiums and/or cost sharing.

These populations are exempted from mandatory reporting due to states’ systematic challenges with data access; however, states have the option to include these populations in reporting of the 2024 Child and Adult Core Sets. Specifically, many states have requested more time to obtain, link, and analyze Medicare fee-for-service claims and Part D events data that CMS makes available via the Medicare-Medicaid Data Sharing Program.¹⁴ Additionally, states do not have access to the Medicare Advantage (MA) encounter data required to report on dually eligible beneficiaries who are enrolled in MA plans. Similarly, states do not currently have consistent access to data needed from liable third-party payers. Because collecting and reporting quality data is foundational to improving health outcomes, CMS will work with states to support reporting of these populations in the future and encourages states to begin developing processes to report these populations.

In the final rule, CMS established an annual process that allows a state or territory to submit a request to CMS for a one-year exemption if it is unable to report on a specific population for one or more measures that would otherwise be expected due to situations such as the inability to finalize a unique agreement between parties before the reporting deadline or the inability to obtain access to third party data.¹⁵ The one-year exemption request would only apply to the specific population for which the state receives an exemption. The state must include details on why the exemption is necessary and provide a reasonable timeline of the actions underway to resolve the issue so that the population can

¹¹ Please refer to § 437.15 for the specific requirements of this section.

¹² Please refer to § 437.10 and § 437.15 for the specific requirements of this section.

¹³ Please refer to § 437.10(c) for the specific requirements of this section.

¹⁴ Please see www.statedataresourcecenter.com for more information.

¹⁵ Please refer to §§ 437.10(c) and 437.15(a)(4) and (6) for the specific requirements of this section.

be included in state reporting in future years. In addition, the state must demonstrate that it has made a reasonable effort to obtain the required data by the reporting deadline.

States interested in an exemption from FFY 2024 reporting must submit a request letter to CMS by September 1, 2024. The letter should identify the specific population for which the state cannot report and provide the other details described in the paragraph above. CMS is available to assist states with their request to ensure that the request is complete. The request letter should come from the State Medicaid Director and be sent to the following mailbox: MACQualityTA@cms.hhs.gov. CMS is committed to responding to these requests in a timely manner before the close of the mandatory reporting period to ensure that the state has time to complete reporting by December 31, 2024, and will engage with the state or territory upon receipt of the request. If CMS denies a state's request for exemption, the state will be expected to include the relevant population in that year's annual Child and Adult Core Sets reporting.

Stratification Categories

As set out in the final rule, states and territories will be expected to report stratified data beginning with FFY 2025 state Core Set reporting.¹⁶ Core Set quality measure data stratified by factors such as race and ethnicity, sex, and geography will enable CMS and states to identify the health outcomes of underserved populations as well as potential differences in health outcomes between populations.¹⁷ Stratified data can also inform adoption of broadly applicable quality improvement initiatives that address the drivers of health disparities experienced by underserved populations. CMS selected the three stratification categories below as the initial categories because they are commonly used by states, and there are existing data standards established by the Office of Management and Budget (OMB) or used by other CMS and Department of Health and Human Services (HHS) programs. Stratification of measures by additional factors will be phased in as data standards are established and data becomes available.

Beginning with FFY 2025 Child and Adult Core Sets state reporting, which must be submitted by December 31, 2025, states will be expected to stratify the mandatory measures in Table 1 of this SHO letter by three separate categories using established data standards as follows:

- Race and ethnicity, using the disaggregation of the 1997 Office of Management and Budget (OMB) minimum race and ethnicity categories,¹⁸ as specified in the 2011 HHS standards;¹⁹
- Sex, defined as biologic sex, using the 2011 HHS standards;²⁰ and
- Geography, using a minimum standard of core-based statistical area (CBSA)²¹ with recommendation to move towards Rural-Urban Commuting Area Codes.²²

States currently have the option to report stratified data on all Core Set measures in CMS' Quality Measure Reporting (QMR) system.

¹⁶ Please refer to § 437.10(b)(7) and (d) for the specific requirements of this section.

¹⁷ Consistent with Executive Order 13985, which calls for advancing equity for underserved populations: <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>

¹⁸ <https://www.govinfo.gov/content/pkg/FR-1997-10-30/pdf/97-28653.pdf>

¹⁹ <https://aspe.hhs.gov/reports/hhs-implementation-guidance-data-collection-standards-race-ethnicity-sex-primary-language-disability-0>

²⁰ <https://aspe.hhs.gov/reports/hhs-implementation-guidance-data-collection-standards-race-ethnicity-sex-primary-language-disability-0>

²¹ <https://www.census.gov/geographies/reference-maps/2020/geo/cbsa.html>

²² <https://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes/>

CMS expects to update required categories in accordance with updates to these standards and note any updates in subsequent SHO letters. For example, we expect to update the category of race and ethnicity when revised standards are released.²³ CMS will publish annual resource manuals and TA briefs that will provide additional details on the reporting process and uniform data collection standards for the required stratification categories.

Measures Subject to Stratification

States will not be required to report stratified data the first year of mandatory reporting, but will be required to report stratified data for some, but not all, mandatory measures beginning in FFY 2025. To allow time to improve the quality and completeness of data needed to stratify measures, the percentage of mandatory measures for which stratification will be required will increase over a four-year period until stratification is performed for all eligible mandatory measures beginning with FFY 2028 reporting.²⁴ The stratification phase-in schedule is as follows:

- 2025 Core Sets - 25% of mandatory measures
- 2026 Core Sets - 50% of mandatory measures
- 2027 Core Sets - 50% of mandatory measures
- 2028 Core Sets - 100% of mandatory measures

For FFY 2025 reporting, states will be required to report stratified data on 25% of the mandatory measures into the QMR system by December 31, 2025.²⁵ This includes reporting on seven of 27 measures for the Child Core Set and three of 11 measures for the behavioral health measures on the Adult Core Set.

The table below identifies the specific measures, for which states will be expected to report stratified data for the 2025 Core Set. (States can choose to report stratified data on any other quality measure.) CMS selected this subset of measures because they cover the lifespan, from birth through adulthood, and reflect high priority areas for improvement in health care delivery, health outcomes, and equity. CMS also prioritized measures included in other quality programs, such as Medicaid & CHIP Scorecard and the CMS Universal Foundation measure set.^{26,27} In determining which measures states must report, CMS considered whether stratification can be accomplished based on valid statistical methods and without risking a violation of beneficiary privacy and, for measures obtained from surveys, whether the original survey instrument collects the variables necessary to stratify the measures.²⁸ CMS calculates two of the measures on behalf of states, which will reduce state burden.

²³ <https://www.federalregister.gov/documents/2023/01/27/2023-01635/initial-proposals-for-updating-ombs-race-and-ethnicity-statistical-standards>

²⁴ Please refer to § 437.10 for the specific requirements of this section.

²⁵ States will be required to report stratified data for the 2025 on: seven Child Core Set measures (25 percent of 27 measures on the 2024 Child Core Set) and three Adult Core Set behavioral health measures (25 percent of 11 behavioral health measures on the Adult Core Set).

²⁶ Scorecard: <https://www.medicaid.gov/state-overviews/scorecard/index.html>

²⁷ Universal Foundation: https://www.nejm.org/doi/full/10.1056/NEJMp2215539?query=featured_home

²⁸ Please refer to § 437.10(d) for the specific requirements.

Table 1

Child Core Set Measures for Stratification by 2025 Core Set Reporting <i>7 measures</i>
Well-Child Visits in the First 30 Months of Life (W30-CH)
Child and Adolescent Well-Care Visits (WCV-CH)
Oral Evaluation, Dental Services (OEV-CH)
Follow-Up After Hospitalization for Mental Illness: Ages 6 to 17 (FUH-CH)
Prenatal and Postpartum Care: Up to Age 20 (PPC2-CH)
Live Births Weighing Less Than 2,500 Grams (LBW-CH) - CMS calculates on behalf of states
Low-Risk Cesarean Delivery (LRCD-CH) - CMS calculates on behalf of states
Behavioral Health Measures on the Adult Core Set for Stratification in 2025 <i>3 measures</i>
Initiation and Engagement of Substance Use Disorder Treatment (IET-AD)
Follow-Up After Emergency Department Visit for Substance Use: Age 18 and Older (FUA-AD)
Follow-Up After Hospitalization for Mental Illness: Ages 18 and older (FUH-AD)

Attribution Rules

As discussed in the final rule, attribution rules allow states to assign individuals to the programs or delivery systems consistently and appropriately that are accountable for their care and for performance on a given quality measure. This is particularly critical for individuals who move in or out of a program or change plans within a program during the measurement year. Such rules require a balance between the person-centered goal of measuring quality of care for a beneficiary regardless of delivery system and feasibility of reporting for providers, plans, health systems, and states. To ensure consistency of state reporting and inclusion of data for all beneficiaries in mandatory reporting while also balancing the challenges inherent in reporting, we will establish attribution rules for individuals who are enrolled in Medicaid and/or CHIP for the full measurement year but who move between programs or delivery systems during that time. The Annual Core Set resource manuals and TA briefs will include attribution rules to determine in which program (Medicaid or CHIP) or type of service delivery (managed care or fee-for-service) a state would count a child or adult who experiences such transitions within a given measurement year for the purpose of calculating each measure on the Core Sets.

State Plan Amendment (SPA)

CMS is developing a Medicaid Administrative SPA package that states will be required to submit, through the Medicaid and CHIP Program (MACPro) Portal, attesting to compliance with the mandatory reporting requirements.²⁹ States may contact their Medicaid state lead for technical

²⁹ Please refer to § 437.20 for the specific requirements of this section.

assistance to complete the Medicaid SPA. States will need to submit the Medicaid SPA to CMS by December 31, 2024. The SPA package will be provided in time to ensure that states have sufficient time to complete it prior to mandatory reporting. There is no requirement for an equivalent CHIP SPA.

Closing

States can submit questions or request technical assistance for reporting the Child and Adult Core Sets by sending an email to: MACQualityTA@cms.hhs.gov.

If you have questions about this SHO letter, please contact Deirdra Stockmann, Director, Division of Quality and Health Outcomes, at deirdra.stockmann@cms.hhs.gov.

Sincerely,

Daniel Tsai
Deputy Administrator and Director