



STATE OF TENNESSEE
BUREAU OF TENNCARE
DEPARTMENT OF FINANCE AND ADMINISTRATION
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

January 27, 2014

Mr. Eliot Fishman
Director, Family and Children's Health Programs Group
Centers for Medicare and Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1859

RE: TennCare II demonstration (No. 11-W-00151/4), Amendment #21

Dear Mr. Fishman:

In 2010, Tennessee submitted Amendment #9 to CMS, in anticipation of having to make major program reductions in State Fiscal Year 2011 (July 1, 2010 – June 30, 2011). The need for those reductions was postponed when the Tennessee General Assembly passed a one-year hospital assessment fee that was approved by CMS as part of Amendment #10.

Since there was no guarantee that the hospital assessment fee would be renewed after SFY 11, we submitted Amendment #12 in 2011, Amendment #15 in 2012, and Amendment #17 in 2013. Fortunately, the fee was renewed in each of those years, and we were able to withdraw those amendments.

Because of the State's continuing budget situation and because the funding from the hospital assessment fee is non-recurring and must be approved by the General Assembly each year, we must now re-submit the program reductions contained in earlier amendments. In the event the assessment fee is not renewed, these reductions must be in place effective July 1, 2014. We will need approval from CMS in time to provide enrollees with a 30-day advance notice of the changes. Since CMS has already reviewed the changes we are proposing when they were submitted in earlier amendments, we are hopeful that the approval process can be expedited.

We will be glad to work with you and your staff as you review Amendment #21, recognizing that it is very similar to the amendments we sent in each of the three previous years.

Thank you for your attention to this important matter.

Sincerely,



Darin J. Gordon
Director, Bureau of TennCare

cc: Jessica Woodard, TennCare Project Officer, Center for Medicaid, CHIP and Survey & Certification, Baltimore
Andrea Casart, Technical Director, Center for Medicaid, CHIP and Survey & Certification, Baltimore
Jackie Glaze, Associate Regional Administrator, Atlanta Regional Office
Trina Roberts, Branch Manager, Medicaid and CHIP Policy, Atlanta Regional Office
Kenni Howard, State Coordinator for Tennessee, Atlanta Regional Office

Amendment #21
TennCare Demonstration (No. 11-W-00151/4)
July 1, 2014

Amendment #21 is being submitted to the TennCare demonstration in accordance with paragraph #7 of the Special Terms and Conditions.

The amendment outlines specific TennCare benefit changes that were proposed in Amendment #9 in 2010, Amendment #12 in 2011, Amendment #15 in 2012, and Amendment #17 in 2013. The need for these changes in each of these years was postponed, however, by the General Assembly's approval and renewal of a one-year hospital assessment fee and CMS's approval of Amendment #10, which the State filed after the hospital fee was approved.

Tennessee is required by its State Constitution to enact a balanced budget each year. TennCare is also required by the terms of the demonstration to meet certain advance notice obligations whenever an amendment to the demonstration is filed. The benefits and services that are included in this Amendment are being provided in the current fiscal year with funds that are non-recurring after June 30, 2014. Should there be no new funds to replace the non-recurring funds, the changes outlined in this Amendment will be required as of July 1, 2014.

Proposed changes. The proposed changes involve adjustments to the TennCare benefit package for adults. There are no proposed changes to the benefit package for children. As noted below, certain of the changes will not apply to institutionalized adults or to pregnant women receiving pregnancy-related services. "Institutionalized adults" are defined as persons receiving TennCare-reimbursed services in Nursing Facilities or Intermediate Care Facilities for Individuals with Intellectual Disabilities, as well as persons who are receiving services in ICF/IID Home and Community Based Services waivers or the CHOICES program.

The changes we are requesting fall into two categories: (1) benefits that will be eliminated for all TennCare adults, and (2) benefit limits that will be implemented for non-institutionalized adults, with provisions being made for pregnant women to receive pregnancy-related services in excess of these benefit limits.

(1) Benefits to be eliminated for all adults. We are asking to be able to eliminate coverage of physical therapy, speech therapy, and occupational therapy for adults.

- **Physical therapy, speech therapy, and occupational therapy.** These services have been non-covered in the Tennessee Medicaid State plan for many years; they are offered to adults as demonstration benefits only. They will continue to be offered under certain HCBS waivers for persons with intellectual disabilities. Consistent with our elimination of these benefits when provided by independent practitioners, we will eliminate them as optional services for adults under the home health program.

(2) Benefit limits to be implemented for non-institutionalized adults. Pregnant women will be able to receive pregnancy-related services in excess of these limits. The new limits are as follows:

- **Inpatient hospital and psychiatric hospital services**, with a combined annual limit of eight (8) days per enrollee per year. Services in an Institution for Mental Diseases (IMD) for persons age 65 and older are not included in this limit.
- **Lab and X-ray services**, with an annual limit of eight (8) occasions (an occasion equals a day).
- **Non-emergency outpatient hospital services**, with an annual limit of eight (8) occasions (an occasion equals a day).
- **Health practitioners' office visits**, with a combined annual limit of eight (8) occasions (an occasion equals a day).

Public notice. These changes have been published for public comment in newspapers of general circulation, in accordance with the public notice requirements of paragraph 15 of the Special Terms and Conditions. Information about the proposals has been posted on the State's website, with a vehicle for comments included.

CHIP Allotment Neutrality Worksheet. There is no need for a CHIP Allotment Neutrality Worksheet, since the proposed changes do not affect children.

Evaluation Design. The State does not anticipate modifying the Evaluation Design at this time.

Data Analysis. See accompanying document.