TN Division of Health Care Finance & Administration

August 31, 2015

Ms. Megan Lepore
TennCare Project Officer
Division of State Demonstrations & Waivers
Center for Medicaid and CHIP Services
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, Maryland 21244-1850

RE: TennCare II, STC 45, Quarterly Progress Report

Dear Ms. Lepore:

Enclosed please find the Quarterly Progress Report for the April – June 2015 quarter. This report is being submitted in accordance with STC 45.

Please let us know if you have comments or questions.

Sincerely,

[redacted]

Darin J. Gordon
Director, Bureau of TennCare

cc: Andrea Casart, Technical Director, Baltimore Office
Jackie Glaze, Associate Regional Administrator, Atlanta Regional Office
Kenni Howard, Tennessee Coordinator, Atlanta Regional Office
Shantrina D. Roberts, Medicaid and CHIP Policy Branch Manager, Atlanta Regional Office

TennCare II

Section 1115 Quarterly Report

(For the period April - June 2015)

Demonstration Year: 13 (7/1/14 - 6/30/15)
Federal Fiscal Quarter: 3/2015 (4/15 - 6/15)
Waiver Quarter: 4/2015 (4/15 - 6/15)

I. Introduction

The goal of the TennCare Demonstration is to show that careful use of a managed care approach can enable the State to deliver quality care to all enrollees without spending more than would have been spent had the State continued its Medicaid program.

TennCare contracts with several Managed Care Contractors (MCCs) to provide services to more than 1.4 million enrollees. During this quarter, these entities included Managed Care Organizations (MCOs) for medical, behavioral, and certain Long-Term Services and Supports (LTSS), a Dental Benefits Manager (DBM) for dental services, and a Pharmacy Benefits Manager (PBM) for pharmacy services.

There are two major components of TennCare. "TennCare Medicaid" serves Medicaid eligibles, and "TennCare Standard" serves persons in the demonstration population.

The key dates of approval/operation in this quarter are as follows, together with the corresponding Special Terms and Conditions (STCs), if applicable.

Table 1
Key Dates of Approval/Operation in the Quarter

Date	Action	STC #
4/8/15	The State submitted Demonstration Amendment 26 to CMS. Amendment 26 proposed that the expenditure authority for hospital pool payments under the TennCare Demonstration (Expenditure Authority #4) be extended from 12/31/15 to 12/31/16.	7
4/9/15	CMS and the State participated in a conference call to discuss Amendment 26. CMS advised the State that, because the end date for Amendment 26 (12/31/16) was after the end date for the current approval period (6/30/16), the amendment would be considered a request to extend the TennCare Demonstration instead of a request to amend it. The State expressed its intent to modify and resubmit Amendment 26.	
4/14/15	The State resubmitted Amendment 26 to CMS. This version of the amendment proposed that the expiration date for Expenditure Authority #4 be changed to 6/30/16 to match the expiration date of the TennCare Demonstration approval period.	
4/21/15	The CMS Project Officer cancelled the Monthly Call scheduled for 4/23/15.	44
5/11/15	CMS sent the State a letter acknowledging the submission of Amendment 26 and confirming that the submission was	

Date	Action	STC #
	complete.	
5/11/15	The State submitted the following items to CMS for review and approval: Amendment 2 to the contracts with MCOs Amerigroup, BlueCare, and UnitedHealthcare Community Plan, and Amendment 37 to the TennCare Select contract. (Signed copies of the documents were made available to CMS on 6/20/16.)	40
5/28/15	The CMS Project Officer cancelled the Monthly Call.	44
5/29/15	The State submitted the Quarterly Progress Report for the January-March 2015 quarter to CMS.	45
6/12/15	The State submitted point-in-time and annual aggregate data about the CHOICES program to CMS.	43.d.iii.
6/23/15	The State submitted Demonstration Amendment 27 to CMS. Titled "Employment and Community First CHOICES," Amendment 27 proposes a new program of managed long-term services and supports that delivers Home and Community Based Services (HCBS) to individuals with intellectual and developmental disabilities.	7
6/24/15	CMS issued written approval of Demonstration Amendments 18 and 24. Amendment 18 allows coverage of Assisted Community Living Facility services under certain circumstances for members of CHOICES 3 (including members of Interim CHOICES 3). Amendment 24 adds two community-based residential alternative services—"community living supports" and "community living supports-family model"—to the menu of services covered by CHOICES. Included with the approval letter were amended versions of the waiver list, expenditure authorities, STCs, and attachments comprising the State's demonstration agreement with CMS.	
6/25/15	The Monthly Call was held. Topics of discussion included Amendment 27; the evaluation of eligibility and enrollment systems required by STC 68; and the State's upcoming application to extend the TennCare Demonstration.	44
6/30/15	In response to the letter of 6/24/15 described above, the State sent CMS a letter acknowledging CMS's approval of Amendments 18 and 24 and identifying technical corrections to be made in the materials that had accompanied the approval.	

II. Enrollment and Benefits Information

Information about enrollment by category is presented in Table 2. Totals for the October-December 2014 and January-March 2015 quarters have been revised from previous Quarterly Progress Reports based on a change in the methodology by which enrollees are grouped into eligibility groups.

Table 2
Enrollment Counts for the April – June 2015 Quarter
Compared to the Previous Two Quarters

Demonstration Populations	Total Number of TennCare Enrollees		
	Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
EG1 Disabled, Type 1 State Plan eligibles	141,930	141,264	139,803
EG9 H-Disabled, Type 2 Demonstration Population	306	306	342
EG2 Over 65, Type 1 State Plan eligibles	28	30	43
EG10 H-Over 65, Type 2 Demonstration Population	0	0	0
EG3 Children, Type 1 State Plan eligibles	707,626	722,454	733,165
EG4 Adults, Type 1 State Plan eligibles	358,447	379,079	394,216
EG5 Duals, Type 1 State Plan eligibles and EG11 H-Duals 65, Type 2 Demonstration Population	138,654	139,992	140,344
EG6E Expan Adult, Type 3 Demonstration Population	861	848	834
EG7E Expan Child, Type 3 Demonstration Population	67	66	64
EG8, Med Exp Child, Type 2 Demonstration Population, Optional Targeted Low Income Children funded by Title XIX	0	0	0
Med Exp Child, Title XXI Demonstration Population	19,307	19,102	18,998
EG12E Carryover, Type 3, Demonstration Population	5,016	4,595	4,169
TOTAL*	1,372,242	1,407,736	1,431,978

*** Unique member counts for reporting quarter, with at least 1 day of eligibility. To avoid duplication, the member counts are based on the last eligibility group (EG) of the quarter.**

The majority of TennCare's enrollment continues to be categorized as Type 1 EG3 children and Type 1 EG4 adults, with nearly 79 percent of TennCare enrollees appearing in one of these categories.

The Managed Care Contractors providing services to TennCare enrollees as of the end of the quarter are listed in Table 3.

Table 3
TennCare Managed Care Contractors as of June 30, 2015

Managed Care Organizations	Amerigroup BlueCare[1] UnitedHealthcare Community Plan[2] TennCare Select[3]
Pharmacy Benefits Manager	Magellan Health Services
Dental Benefits Manager	DentaQuest

Four proposed amendments to the TennCare Demonstration were in various stages of negotiation during the quarter. Three of the four amendments pertain to CHOICES, TennCare's program of long-term services and supports (LTSS).

Demonstration Amendment 18: Assisted Care Living Facility (ACLF) Services. The Bureau of TennCare originally submitted Amendment 18 to CMS on March 7, 2013. Amendment 18 proposed to add ACLF services—excluding room and board, as required pursuant to federal law—for individuals in CHOICES Group 3 when certain criteria were met, including that such services would not cost more than other CHOICES HCBS that the person would otherwise receive. CHOICES Group 3 is the population of individuals who do not meet the Level of Care criteria for Nursing Facility (NF) services, but who have been found to be "at risk" of institutionalization. ACLF services had already been available for persons in CHOICES Group 2, which consists of enrollees who meet the NF Level of Care criteria but who receive HCBS as a safe and cost-effective alternative to institutional care.

Amendment 18 was put on hold in 2013 until new federal regulations pertaining to HCBS and HCBS settings had been published in their final form. Following extensive review of those regulations, TennCare notified CMS on March 5, 2015, of its intent to proceed with Amendment 18. Discussions between the two parties took place throughout the April-June 2015 quarter, and, on June 24, 2015, CMS issued written approval of Amendment 18, as well as updated

[1] BlueCare is operated by Volunteer State Health Plan, Inc. (VSHP), which is an independent licensee of the BlueCross BlueShield Association and a licensed HMO affiliate of its parent company, BlueCross BlueShield of Tennessee.
[2] UnitedHealthcare Community Plan, formerly known as "AmeriChoice," is operated by UnitedHealthcare Plan of the River Valley, Inc.
[3] TennCare Select is operated by Volunteer State Health Plan, Inc. (VSHP).

versions of the STCs, waivers, and expenditure authorities associated with the TennCare Demonstration. On June 30, 2015, TennCare notified CMS of its acceptance of the materials but noted several technical corrections to be made prior to finalizing the approval documents.

Demonstration Amendment 24: Community Living Supports Services. Amendment 24, which TennCare submitted to CMS on March 4, 2015, proposed to add two new community-based residential alternative services to the menu of benefits covered by CHOICES: "community living supports" (CLS) and "community living supports-family model" (CLS-FM, an "adult foster care" arrangement). The two sets of services represent additional alternatives to NF care: each provides access to services and supports in a small shared residential setting, allowing the individual to reside in the community. Delivery of CLS and CLS-FM would adhere to the aforementioned federal HCBS regulations and, like ACLF services for members in CHOICES Group 3, would not cost more than other CHOICES HCBS that the person would otherwise receive. Implementation of these benefits would occur on July 1, 2015.

CMS issued written approval of Amendment 24 in conjunction with Amendment 18 on June 24, 2015. As with Amendment 18, TennCare accepted the approval on June 30 but identified technical corrections that would be needed within the accompanying approval materials.

Demonstration Amendment 26: Expenditures for Hospital Pool Payments. Under the terms of the TennCare Demonstration, the Bureau of TennCare has the expenditure authority (specifically, "Expenditure Authority #4") to make certain payments to providers through "pools" that exist outside the managed care program. The names of the pools are as follows:

- Graduate Medical Education Pool
- Essential Access Hospital Pool
- Critical Access Hospital Pool
- Meharry Medical College Pool
- Unreimbursed Public Hospital Costs Pool for Certified Public Expenditures
- Unreimbursed Hospital Cost Pool
- Public Hospital Supplemental Payment Pool

The recipients of funds from most of the pools are identified groups of Tennessee hospitals. The primary purpose of pool funds is to offset the costs of delivering uncompensated care, but they have some other purposes as well, such as providing support for graduate medical education programs.

Currently, Expenditure Authority #4 is scheduled to expire on December 31, 2015, which is six months prior to the end date of TennCare's current approval period on June 30, 2016. In Special Term and Condition #69 of TennCare's Demonstration Agreement with CMS, the Bureau is directed to conduct a study of uncompensated care costs for the uninsured, which will focus on payments being made under the pools. Since one purpose of the study is to evaluate the continuing need for the pools, it does not make sense to make changes to the pools while the

study is still being conducted. Therefore, Amendment 26 requests that Expenditure Authority #4 continue through June 30, 2016.

Amendment 27: Employment and Community First CHOICES. On June 23, 2015, the Bureau submitted Amendment 27 to CMS. Amendment 27 envisions a new program—named *Employment and Community First CHOICES*—within the arena of LTSS, a description of which appears at the opening of the proposal:

> With Amendment 27 to the TennCare demonstration, Tennessee proposes to implement within its existing managed care demonstration an integrated managed long-term services and supports (MLTSS) program that is specifically geared toward promoting and supporting integrated, competitive employment and independent, integrated community living as the first and preferred option for individuals with intellectual and developmental disabilities (I/DD).

The amendment would apply to individuals with intellectual disabilities and individuals with developmental disabilities who are newly enrolling into HCBS programs. *Employment and Community First CHOICES* would not, however, alter the manner in which services in an Intermediate Care Facility for Individuals with Intellectual Disabilities are delivered and would not make any changes for individuals served in the three HCBS waiver programs that currently exist (the Comprehensive Aggregate Cap Waiver, the Statewide Waiver, and the Self-Determination Waiver).

A principal aim of Amendment 27 is to provide services more cost-effectively in order to be able to serve more of the 6,000 individuals with intellectual disabilities who are currently on a waiting list for the aforementioned HCBS waiver programs, and an undetermined number of individuals with developmental disabilities who do not qualify for services in the existing HCBS waivers. In laying the groundwork to realize this goal, the proposal identifies four target populations to be served, as well as three benefit packages designed to address the diverse needs of individuals within those populations. To ensure that *Employment and Community First CHOICES* operates within available state resources, however, each benefit package contains an individual cost limit, and TennCare retains the right to establish enrollment caps as well.

A copy of Amendment 27 is currently available on TennCare's website at http://www.tn.gov/assets/entities/tenncare/attachments/Amendment27ECFCHOICES.pdf.

Cost Sharing Compliance Plan. In its April 18, 2012, letter approving the Bureau of TennCare's cost sharing compliance plan for the TennCare Standard population, CMS stipulated that "each Quarterly Report . . . must include a report on whether any families have contacted the State to document having reached their aggregate cap, and how these situations were resolved." During the April-June 2015 quarter, the Bureau received no notifications that a family with members enrolled in TennCare Standard had met its cost sharing limit. It should be noted that this is the tenth consecutive quarter since the plan was implemented in which no notifications have been received.

III. Innovative Activities to Assure Access

Early and Periodic Screening, Diagnosis and Treatment (EPSDT). EPSDT, or "TennCare Kids,"[4] outreach is a significant area of interest for TennCare. The TennCare Bureau maintains a contract with the Tennessee Department of Health (TDH) to conduct a community outreach program for the purpose of educating families on EPSDT benefits and encouraging them to use those benefits, particularly preventive exams.

Table 4 summarizes the community outreach activity during this quarter and the previous two quarters. Quarterly variations in the categories presented here are usually the result of the following factors:

- Seasonal events. National Children's Dental Health Month in February, back-to-school events in August, and Child Health Week in October all have a profound influence on the focus and direction of outreach efforts during their respective quarters. TDH's communications strategy for each is based on an evaluation of past successes and current opportunities. During a round of Dental Health Month, for instance, TDH employed scrolling billboards prominently, whereas the strategy for Child Health Week eight months later placed greater emphasis on radio and television broadcasts and magazine articles.
- Collaborative partners. A variety of TDH's activities are dependent on the opportunities offered by other State agencies and by entities within the community. For example, publication of articles in newsletters and magazines is usually possible only when local media outlets offer space in their periodicals at no charge. Similarly, TDH's ability to educate the public through television and radio broadcasts is tied to the availability of open timeslots in those platforms. Even certain types of telephone outreach require input from other sources: calls to families to reinforce the importance of dental checkups (detailed in Table 4), for instance, are possible only because of referrals from the School-Based Dental Prevention Program (SBDPP).

[4] Until June 22, 2015, TennCare's EPSDT program had been known as "TENNderCare." The purpose of the name change is to clarify that the program is not separate from TennCare.

Table 4
Tennessee Department of Health
Community Outreach Activity for EPSDT
April – June 2015 Compared to the Previous Two Quarters

Activities	Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
Number of outreach activities/events	2,956	3,310	3,753
Number of people made contact with (mostly face to face at outreach events)	175,176	139,810[5]	170,368
Number of educational materials distributed	186,230	126,138	175,614
Number of coalitions/advisory board meetings attended or conducted	58	82	80
Number of attendees at coalitions/advisory board meetings	1,034	1,483	1,339
Number of educational preventive health radio/TV broadcasts	1,748	1,714	1,394
Number of educational preventive health newsletter/magazine articles	263	303	291
Number of educational preventive health billboards, scrolling billboards and bulletin boards	6,612	6,657	7,177
Number of presentations made to enrollees/professional staff who work with enrollees	135	159	128
Number of individuals attending presentations	7,221	8,719	3,578[6]
Number of attempted telephone calls regarding the importance of dental checkups	561	290	406
Number (approx) of completed telephone calls regarding the importance of dental checkups	285	162	159
Number of home visits completed	4,181	35[7]	28[8]

The TennCare Bureau also contracts with TDH for a TennCare Kids Call Center that employs operators to call all newly enrolled and newly re-certified members with children to inform

[5] In spite of an increase in the number of outreach events during the January-March 2015 quarter, contacts made at those events declined. This development, which coincides with a decrease in the number of educational materials distributed, appears to have been the result of low turnout stemming from inclement weather.

[6] A notable decline in the number of individuals attending presentations during the April-June 2015 quarter resulted from the lack of a seasonal event on the scale of Dental Health Month in February or Child Health Week in October.

[7] The number of home visits completed in the January-March 2015 quarter fell substantially because TDH made a strategic decision to focus their efforts on outreach activities/events instead of home visits. Since TDH staff members making home visits typically arrive unannounced and uninvited, their ability to communicate successfully about EPSDT has traditionally been limited. A new home visit model based on voluntary family participation and scheduled appointments is currently being developed.

[8] The trend described in Footnote 7 continued during the April-June 2015 quarter.

them about TennCare Kids and to offer assistance with appointment scheduling and transportation. Data from the Call Center is summarized in Table 5.

Table 5
Tennessee Department of Health
TennCare Kids Call Center Activity
April – June 2015 Compared to the
Previous Two Quarters

Activities	Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
Number of enrollees reached	22,322	19,600	22,115
Number of enrollees who were assisted in scheduling an EPSDT exam for their children	284	206	417[9]
Number of enrollees who were assisted in arranging for transportation	13	11	30

IV. Collection and Verification of Encounter and Enrollment Data

Edifecs is the software system being used by Information Systems staff to review encounter data sent from the MCOs and to identify encounters that are non-compliant so that they can be returned to the MCOs for correction. Edifecs enables the State to reject only the problem encounters, rather than rejecting and requiring resubmission of whole batches of encounter data because of a problem found. Table 6 illustrates the progress that has been made in reducing the number of claims that are returned to the MCOs due to data errors.

Table 6
Number of Initial Encounters Received by TennCare During the April-June 2015 Quarter, and Percentage that Passed Systems Edits, Compared to the Previous Two Quarters

	Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
No. of encounters received by TennCare (initial submission)	15,660,193	12,862,995	13,376,983
No. of encounters rejected by Edifecs upon initial submission	40,445	20,303	16,366
Percentage of encounters that were compliant with State standards (including HIPAA) upon initial submission	99.74%	99.84%	99.88%

[9] The total number of enrollees whom TDH assisted with an EPSDT exam grew during the April-June 2015 quarter because of an increase in the number of outreach specialists engaged in contacting families, as well as a new emphasis in messaging on scheduling appointments before the "back-to-school rush."

V. Operational/Policy/Systems/Fiscal Developments/Issues

A. CHOICES

As required by STC 32.d., the State offers the following table delineating CHOICES enrollment as of the end of the quarter, as well as information about the number of available reserve slots.

Table 7
TennCare CHOICES Enrollment and Reserve Slots
for April – June 2015 Compared to the Previous Two Quarters

	Statewide Enrollment Targets and Reserve Capacity[10]	Enrollment and Reserve Slots Being Held as of the End of Each Quarter		
		Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
CHOICES 1	Not applicable	17,944	17,391	17,069
CHOICES 2	12,500	8,508	8,386	8,301
Interim CHOICES 3	Not applicable	4,901	4,902	4,939
Total CHOICES	Not applicable	31,353	30,679	30,309
Reserve capacity	300	300	300	300

The CMS letter approving CHOICES implementation in Middle Tennessee dated February 26, 2010, and STCs 43 and 45 require specific monitoring and reporting activities that include:

Data and trends of the designated CHOICES data elements: STC 43.d. requires the State to submit to CMS periodic statistical reports about the use of LTSS by TennCare enrollees. Eight separate reports—spanning the period of August 2011 through June 2015—had been submitted by the conclusion of the April-June 2015 quarter.

Taken together, the reports depict a program evolving according to the characteristics of LTSS recipients, with institutional care available to individuals with the highest acuity of need, and HCBS available to individuals whose needs can be safely and effectively met at home or in other non-institutional settings. Point in time data revealed declining use of NF services over time, with placement in institutional settings decreasing from 21,530 individuals on June 30, 2011, to 18,018 individuals on June 30, 2014. The aggregate number of TennCare enrollees accessing HCBS, by comparison, grew from 6,226 in the twelve-month period preceding CHOICES implementation in Middle Tennessee to 16,112 after CHOICES had been in place for four full

[10] Of the three active CHOICES groups, only CHOICES 2 has an enrollment target.

fiscal years. This trend was mirrored in point-in-time data as well: on the day prior to CHOICES implementation, 4,861 individuals were using HCBS, but the number had grown to 13,050 by June 30, 2014. This information is summarized in Table 8.

Table 8
Changes in Use of HCBS by Persons Who Are Elderly or Disabled (E/D) Before and After CHOICES Implementation

Annual Aggregate Data			Point-in-Time Data		
No. of TennCare enrollees accessing HCBS (E/D), 3/1/09 – 2/28/10	No. of TennCare enrollees accessing HCBS (E/D), 7/1/13 – 6/30/14	Percent increase over a four-year period	No. of TennCare enrollees accessing HCBS (E/D) on the day prior to CHOICES implementation	No. of TennCare enrollees accessing HCBS (E/D) on 6/30/14	Percent increase from the day prior to CHOICES implementation to 6/30/14
6,226	16,112	159%	4,861[11]	13,050	168%

Enrollment of select members of the CHOICES population in Groups 1 and 2: STC 45.f. requires the State to provide "enrollment reports for individuals that would otherwise be eligible for *Interim* CHOICES 3 but meet the modified institutional level of care, and whether CHOICES 1 or CHOICES 2 was selected by the individual." The population of LTSS recipients described in this passage, then, consists of individuals who have been approved for Nursing Facility Level of Care in CHOICES 1 (NF) or CHOICES 2 (HCBS) despite having been assigned a score of less than 9 on the TennCare Nursing Facility Level of Care Acuity Scale. Each approval is based on a determination by TennCare that the applicant does not qualify for enrollment in Interim CHOICES 3. Such a determination would be made when the necessary intervention and supervision needed by the applicant could not be safely provided within the array of services and supports that would be available if the applicant were enrolled in Interim CHOICES 3, including—

- CHOICES HCBS up to the Expenditure Cap of $15,000;
- Non-CHOICES HCBS available through TennCare (e.g., home health);
- Services available through Medicare;
- Services available through private insurance or other funding sources; and
- Unpaid supports provided by family members and other caregivers.

[11] The total of 4,861 comprises 1,479 individuals receiving HCBS (E/D) in Middle Tennessee on February 28, 2010 (the day prior to CHOICES implementation in that region), and 3,382 individuals receiving HCBS (E/D) in East and West Tennessee on July 31, 2010 (the day prior to CHOICES implementation in those regions).

During the period from April 1, 2015, through June 30, 2015, NF PreAdmission Evaluations were approved for 207 individuals with acuity scores lower than 9, and 114 of these individuals were subsequently enrolled in CHOICES 1 during the measurement period. Reasons that the remaining individuals were approved for—but not yet enrolled in—CHOICES 1 include:

- Pending notification by Nursing Facilities of the exhaustion of other sources of reimbursement (e.g., Medicare, other insurance, or private payment);
- Medicaid financial eligibility determination pending; and
- Failure of the individual to meet Medicaid financial eligibility requirements.

In the same reporting period, HCBS PreAdmission Evaluations were approved for 60 individuals with acuity scores lower than 9, and 38 of the individuals were subsequently enrolled in CHOICES Group 2. The remaining applicants did not meet Medicaid financial eligibility requirements or otherwise failed to qualify for, or proceed with, enrollment in CHOICES 2.

Frequency and use of MCO-distributed transition allowances (CHOICES approval letter dated February 26, 2010): The allocation of CHOICES transition allowance funds is detailed in Table 9.

Table 9
TennCare CHOICES Transition Allowances
for April – June 2015 Compared to the Previous Two Quarters

	Frequency and Use of Transition Allowances					
	Oct – Dec 2014		Jan – Mar 2015		Apr – Jun 2015	
Grand Region	# Distributed	Total Amount	# Distributed	Total Amount	# Distributed	Total Amount
East	21	$15,587	6	$5,388	11	$11,205
Middle	17	$24,889	4	$3,999	8	$9,065
West	18	$18,109	10	$6,090	11	$12,361
Statewide Total	56	$58,585	20	$15,477	30	$32,631

B. Financial Monitoring by the Tennessee Department of Commerce and Insurance

Claims Payment Analysis. The prompt pay requirements of T.C.A. § 56-32-126(b) mandate that each Managed Care Organization (MCO) ensure that 90 percent of clean claims for payment for services delivered to a TennCare enrollee are paid within 30 calendar days of the receipt of such claims and that 99.5 percent of all provider claims are processed within 60 calendar days of receipt. TennCare's contract with its Dental Benefits Manager (DBM) requires the DBM to process claims in accordance with this statutory standard as well. TennCare's contract with its Pharmacy Benefits Manager (PBM) requires the PBM to pay 100 percent of all clean claims submitted by pharmacy providers within 15 calendar days of receipt.

The MCOs, the DBM, and the PBM are required to submit monthly claims data files of all TennCare claims processed to the Tennessee Department of Commerce and Insurance (TDCI) for verification of statutory and contractual prompt pay compliance. The plans are required to separate their claims data by claims processor (e.g., MCO, vision benefits manager, etc.). Furthermore, the MCOs are required to identify separately non-emergency transportation (NEMT) claims in the data files. Finally, the MCOs are required to submit separate claims data files representing a subset of electronically submitted NF and applicable HCBS claims for CHOICES enrollees. TDCI then performs an analysis and reports the results of the prompt pay analyses by NEMT and CHOICES claim types, by claims processor, and by total claims processed for the month.

If an MCO does not comply with the prompt pay requirements based on the total claims processed in a month, TDCI has the statutory authority to levy an administrative penalty of $10,000 for each month of non-compliance after the first instance of non-compliance was reported to the plan. The TennCare Bureau can also assess liquidated damages pursuant to the terms of the TennCare Contract. If the DBM and PBM do not meet their contractual prompt pay requirements, only the TennCare Bureau can assess applicable liquidated damages against these entities.

Net Worth and Company Action Level Requirements. According to Tennessee's "Health Maintenance Organization Act of 1986" statute (T.C.A. § 56-32-101 *et seq.*), the minimum net worth requirement for each TennCare MCO is calculated based on premium revenue for the most recent calendar year, as well as any TennCare payments made to the MCO that are not reported as premium revenue.

During the April-June 2015 quarter, the MCOs submitted their National Association of Insurance Commissioners (NAIC) First Quarter 2015 Financial Statements. As of March 31, 2015, TennCare MCOs reported net worth as indicated in the table below.[12]

Table 10
Net Worth Reported by MCOs as of March 31, 2015

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Amerigroup Tennessee	$18,895,648	$144,423,927	$125,528,279
UnitedHealthcare Plan of the River Valley (UnitedHealthcare Community Plan)	$67,602,074	$545,821,081	$478,219,007

[12] The "Net Worth Requirement" and "Reported Net Worth" figures in the table are based on the MCOs' company-wide operations, not merely their TennCare operations. Amerigroup and Volunteer State Health Plan, for instance, operate Medicare Advantage Plans, while UnitedHealthcare has several lines of business in Illinois, Iowa, Virginia, and Tennessee.

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Volunteer State Health Plan (BlueCare & TennCare Select)	$37,185,058	$336,223,639	$299,038,581

During the April-June 2015 quarter, the MCOs were also required to comply with Tennessee's "Risk-Based Capital for Health Organizations" statute (T.C.A. § 56-46-201 *et seq.*). Risk-based capital (RBC) involves a method of calculating the minimum amount of capital necessary for a health entity to support its overall business operations depending on its size and risk profile. A health entity with a higher amount of risk is required to hold a higher amount of capital. The RBC statute gives TDCI the authority and mandate to use preventive and corrective measures that vary depending on the amount of capital deficiency indicated by the RBC calculations. A "Company Action Level" deficiency (defined at T.C.A. § 56-46-203(a)) would require the submission of a plan to correct the entity's capital deficiency.

The following table compares the MCOs' net worth to the Company Action Level requirements as of March 31, 2015:

Table 11
Company Action Level Reported by MCOs as of March 31, 2015

	Company Action Level	Reported Net Worth	Excess/ (Deficiency)
Amerigroup Tennessee	$61,407,788	$144,423,927	$83,016,139
UnitedHealthcare Plan of the River Valley (UnitedHealthcare Community Plan)	$244,098,654	$545,821,081	$301,722,427
Volunteer State Health Plan (BlueCare & TennCare Select)	$109,546,612	$336,223,639	$226,677,027

All TennCare MCOs met their minimum net worth requirements and Company Action Level requirements as of March 31, 2015.

C. Tennessee Eligibility Determination System

As reported last quarter, TennCare announced plans to move in a new direction with regard to the continued development of the Tennessee Eligibility Determination System (TEDS). The purpose of TEDS is to review applications and identify which persons are eligible for state-sponsored health care assistance, meaning TennCare and CoverKids.

After agreements between Northrop Grumman, the company originally hired to develop TEDS, and TennCare ended, the Bureau adopted a new approach to the undertaking: rather than

consolidating all aspects of the project under one vendor, TennCare opted to procure three separate contracts. The contracts in question address the following functions:

- Technical Advisory Services;
- Strategic Program Management Office; and
- Systems Integrator.

This approach was recommended to TennCare by KPMG, the international consulting firm with which the State contracted to review the TEDS project in late 2014. By the conclusion of the April-June 2015 quarter, the State had moved forward with procurement on the "Technical Advisory Services" element, bidders had submitted proposals, and TennCare had begun scoring the proposals. Furthermore, procurement documents for the "Strategic Program Management Office" element had been developed and were being reviewed for release in the near future. The "Systems Integrator" component will be addressed once the other two contracts have been awarded and are in place.

D. Electronic Health Record Incentive Program

The Electronic Health Record (EHR) Incentive Program is a partnership between federal and state governments that grew out of the Health Information Technology for Economic and Clinical Health (HITECH) Act. The purpose of the program is to provide financial incentives to Medicaid providers[13] to replace outdated, often paper-based approaches to medical record-keeping with electronic systems that meet rigorous certification criteria and that can improve health care delivery and quality. The federal government provides 100 percent of the funding for the incentive payments and 90 percent of the administrative costs.

Currently, Medicaid providers may qualify for the following types of payments:

- First-year payments to providers (eligible hospitals or practitioners) who either—
    - Adopt, implement, or upgrade to certified EHR technology capable of meeting "meaningful use" in accordance with CMS standards, or
    - Achieve meaningful use of certified EHR technology for any period of 90 consecutive days;
- Second-year payments to providers who have received first-year payments and who achieved meaningful use for a subsequent period of 90 consecutive days;
- Third-year and fourth-year payments to providers who continue to demonstrate meaningful use.

EHR payments made by TennCare during the April-June 2015 quarter as compared with payments made throughout the life of the program appear in the table below:

[13] CMS allows two types of providers to participate in the Medicaid EHR Incentive Program: medical professionals (physicians, nurse practitioners, certified nurse midwives, dentists, and certain kinds of physician assistants) and hospitals (acute care hospitals, critical access hospitals, and children's hospitals).

Table 12
EHR Payments
Quarterly and Cumulative

Payment Type	No. of Providers Paid During the Quarter	Quarterly Amount Paid (Apr-Jun 2015)	Cumulative Amount Paid To Date
First-year payments	189[14]	$3,439,815	$154,076,734
Second-year payments	110	$710,101	$48,709,995
Third-year payments	178	$3,795,732	$12,604,449
Fourth-year payments	96	$773,505	$1,105,005

Technical assistance activities, outreach efforts, and other EHR-related projects conducted by Bureau staff during the quarter included:

- Expansion of the contract with Qsource (TennCare's External Quality Review Organization) to assist Tennessee providers with the attestation process, including the "Security Risk Agreement" portion of the Meaningful Use attestation;
- Participation throughout the quarter in several Southeast Regional Collaboration for HIT/HIE (SERCH) calls;
- Operation of a booth at the Tennessee Medical Group Management Association Conference in April 2015;
- Attendance at the UnitedHealthcare Provider Expos in Chattanooga, Kingsport, Knoxville, Memphis, and Nashville in May 2015;
- Hosting 12 technical assistance calls during the quarter to help providers with return issues and with planning for the next year's attestations;
- Responding to more than 500 inquiries submitted to the EHR Meaningful Use email box;
- Email notices to providers in April and June 2015 reminding them to complete any remaining Meaningful Use attestations for payment year 2014;
- Monthly newsletters distributed by the Bureau's EHR ListServ; and
- A quarterly reminder issued through the Provider Incentive Payment Program ("PIPP") system to Tennessee providers who had registered at the federal level but who have not registered or attested at the state level.

TennCare continues to schedule EHR workshops with a variety of provider organizations to maintain the momentum of the program.

[14] Of the 189 providers receiving first-year payments in the April-June 2015 quarter, 7 earned their incentives by successfully attesting to meaningful use of EHR technology in their first year of participation in the program.

VI. Action Plans for Addressing Any Issues Identified

TennCare continues to comply with orders issued in the *Wilson v. Gordon* court action.

VII. Financial/Budget Neutrality Development Issues

In all three months of the April-June 2015 quarter, total state and local revenue collections were markedly higher than they had been during the corresponding months of 2014, with a 12 percent improvement in April, an 11 percent improvement in May, and almost an 8 percent improvement in June.[15] Tennessee's accomplishments in the arena of jobs were notable as well, as the unemployment rate fell throughout the quarter. The rate moved downward from 6.0 percent in April, to 5.8 percent in May, and further still to 5.7 percent in June. These figures not only bettered the figures from the corresponding months of 2014, but also reduced the gap between the state and national unemployment rates, the latter of which ranged from 5.3 percent to 5.5 percent during the reporting period.[16]

VIII. Member Month Reporting

Tables 13 and 14 below present the member month reporting by eligibility group for each month in the quarter.

Table 13
Member Month Reporting for Use in Budget Neutrality Calculations
April – June 2015

Eligibility Group	April 2015	May 2015	June 2015	Sum for Quarter Ending 6/30/15
Medicaid eligibles (Type 1)				
EG1 Disabled, Type 1 State Plan eligibles	140,022	139,783	139,130	418,935
EG2 Over 65, Type 1 State Plan eligibles	34	38	43	115
EG3 Children, Type 1 State Plan eligibles	724,537	727,735	731,027	2,183,299
EG4 Adults, Type 1 State Plan	383,280	387,805	392,903	1,163,988

[15] The Department of Revenue's collection summaries are available online at https://www.tn.gov/revenue/article/revenue-collections-summaries.
[16] Information about Tennessee's unemployment rate is available on the Department of Labor and Workforce Development's website at https://www.tn.gov/workforce/news.

Eligibility Group	April 2015	May 2015	June 2015	Sum for Quarter Ending 6/30/15
eligibles				
EG5 Duals, Type 1 State Plan eligibles	131,540	131,760	132,127	395,427
EG8 Med Exp Child, Type 2 Demonstration Population, Optional Targeted Low Income Children funded by Title XIX	0	0	0	0
EG9 H-Disabled, Type 2 Demonstration Population	318	325	338	981
EG10 H-Over 65, Type 2 Demonstration Population	0	0	0	0
EG11 H-Duals, Type 2 Demonstration Population	6,047	6,139	6,206	18,392
TOTAL	1,385,778	1,393,585	1,401,774	4,181,137

Table 14
Member Month Reporting Not Used in Budget Neutrality Calculations
April – June 2015

Eligibility Group	April 2015	May 2015	June 2015	Sum for Quarter Ending 6/30/15
EG6E Expan Adult, Type 3, Demonstration Population	834	829	827	2,490
EG7E Expan Child, Type 3, Demonstration Population	64	64	63	191
Med Exp Child, Title XXI Demonstration Population	19,029	18,986	18,971	56,986
EG12E Carryover, Type 3, Demonstration Population	4,313	4,182	4,082	12,577
TOTAL	24,240	24,061	23,943	72,244

IX. Consumer Issues

Eligibility Appeals. TennCare eligibility appeals concerning non-MAGI eligibility categories continued to be processed by the Tennessee Department of Human Services (DHS) during the quarter, while the Bureau maintained responsibility for MAGI-related eligibility appeals

submitted directly to TennCare. Table 15 presents a summary of eligibility appeal activity by both agencies during the quarter, compared to the previous two quarters.

Table 15
Eligibility Appeals Handled by TennCare and the Department of Human Services
During the April – June 2015 Quarter, Compared to the Previous Two Quarters

	Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
No. of appeals received	5,839	4,944	4,301
No. of appeals resolved or withdrawn	727	5,328[17]	6,257
No. of appeals taken to hearing	326	2,567[18]	2,926

Medical Service Appeals. Medical service appeals are handled by the Bureau of TennCare. Table 16 below presents a summary of the medical service appeals handled during the quarter, compared to the previous two quarters.

Table 16
Medical Service Appeals Handled by the Bureau of TennCare
During the April – June 2015 Quarter, Compared to the Previous Two Quarters

	Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
No. of appeals received	1,547	1,287	1,740
No. of appeals resolved	1,628	1,297	1,572
• Resolved at the MCC level	645	492	807
• Resolved at the TSU level	129	95	114
• Resolved at the LSU level	854	710	651
No. of appeals that did not involve a valid factual dispute	349	113	180
No. of directives issued	182	159	167
No. of appeals taken to hearing	854	710	651
No. of appeals that were withdrawn by the enrollee at or prior to the hearing	272	222	198
Appeals that went to hearing and were decided in the State's favor	285	255	232
Appeals that went to hearing and were	29	21	19

[17] During the first quarter of Calendar Year 2015, TennCare began performing hearings for appeals of FFM effective dates and denials. The State was not previously able to perform these hearings due to a lack of information on the eligibility decisions that were made at the FFM and, therefore, forwarded such appeals to CMS for resolution. In the first quarter of Calendar Year 2015, the numbers for both "appeals resolved or withdrawn" and "appeals taken to hearing" increased substantially because, in late 2014, the FFM had begun providing the State with the information necessary for the State to perform these hearings.

[18] See Footnote 17.

	Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
decided in the appellant's favor			

By way of explanation:

- The "MCC" level is the level of the Managed Care Contractors. MCCs sometimes reverse their decisions or develop new recommendations for addressing an issue after reviewing an appeal.

- The "TSU" level is the TennCare Solutions Unit. The TSU might overturn the decision of the MCC and issue a directive requiring the MCC to approve provision of the service under appeal. Alternatively, if, following review, TennCare agrees with the MCC's decision, the appeal typically proceeds to TennCare's Legal Solutions Unit (LSU), where it is scheduled for administrative hearing before an Administrative Law Judge.

- The "LSU" level is the Legal Solutions Unit. This unit ensures that enrollees receive those procedural rights to which they are entitled under the law. LSU represents TennCare and its MCCs at administrative hearings and takes those steps necessary to ensure that such appeals come to a timely resolution.

LTSS Appeals. In the CMS letter approving CHOICES implementation in Middle Tennessee dated February 26, 2010, the Bureau was asked to monitor and provide information on CHOICES-specific appeals. In the approval letter sent to the State on August 3, 2010, CMS said that they looked forward to "continuing our collaboration with the State for monitoring the CHOICES Program through sharing of standardized reports, monthly Demonstration monitoring calls, and the Quarterly and Annual Reports." The following table provides information regarding certain appeals administered by the Long-Term Services and Supports Division for the quarter, compared to the previous two quarters.

Table 17
Long-Term Services and Supports Appeals for April – June 2015
Compared to the Previous Two Quarters

	Oct – Dec 2014	Jan – Mar 2015	Apr – Jun 2015
No. of appeals received	220	217	234
No. of appeals resolved or withdrawn	131	145	181
No. of appeals set for hearing	71	73	70

X. Quality Assurance/Monitoring Activity

Population Health. "Population Health" (PH) is the model of targeted health care interventions implemented by TennCare in the months leading up to—and culminating on—July 1, 2013. Key benefits of PH include—

- Selection of a much larger portion of the TennCare population than had been attempted previously;
- Identification of risky behaviors likely to lead to disease in the future (such as poor eating habits, physical inactivity, and drug use);
- Assistance to enrollees in discontinuing such activities; and
- Interventions to assist enrollees who already have a complex chronic condition.

Enrollees are assigned to one of three levels of health risk and one of seven programs for reducing risk. Information on the risk levels addressed by PH, the manner in which these risks are addressed, and the total number of unique members enrolled in PH at the conclusion of the January-March 2015 quarter is provided in Table 18. Data for the period of April through June 2015 will be provided in the next Quarterly Progress Report.

Table 18
Population Health Data*, January – March 2015

Risk Level	Intervention Type	Intervention Goal(s)	Number of Unique Members at End of Quarter
Level 0: no identified risk	Wellness Program	Keep members healthy as long as possible	741,743
Level 1: low or moderate risk	Maternity Program	Engage pregnant women in timely prenatal care and deliver a healthy, term infant without complications	16,671
	Health Risk Management	Prevent, reduce, or delay exacerbation and complications of a condition or health risk behavior	569,331
	Care Coordination	Assure that members receive the services they need to reduce the risk of an adverse health outcome	29,470[19]
Level 2: high risk	Chronic Care Management	Provide intense self-management education and support to members	5,236

[19] Each recipient of care coordination services is also enrolled in another PH intervention program. To avoid duplication, therefore, the enrollment total for care coordination is not included in the overall PH enrollment total.

Risk Level	Intervention Type	Intervention Goal(s)	Number of Unique Members at End of Quarter
		with multiple chronic conditions to improve their quality of life, health status, and use of services	
	High Risk Pregnancy Management	Engage pregnant women in timely prenatal care and deliver a healthy, term infant without complications	2,348
	Complex Case Management	Move members to optimal levels of health and well-being through timely coordination of quality services and self-management support	1,024
Total PH Enrollment			**1,336,353**

*** The data in this table is a snapshot of PH enrollment on the last day of the reporting period. Because members move between risk levels and intervention types, enrollment may vary on a daily basis.**

Provider Data Validation Report. In April 2015, TennCare's External Quality Review Organization (EQRO), Qsource, published the results of its provider data validation survey for the January-March 2015 quarter. Qsource took a sample of provider data files from TennCare's MCCs[20] and reviewed each for accuracy in the following categories:

- Contract status with MCC
- Provider address
- Provider credentialed specialty / behavioral health service code
- Open / closed to new patients
- Services to patients under age 21
- Services to patients age 21 or older
- Primary care services
- Prenatal care services
- Availability of routine care services
- Availability of urgent care services

The validity of such information is one measure of providers' availability and accessibility to TennCare enrollees. Qsource's report concluded that "[o]verall, the MCCs' accuracy rates have maintained a high level," especially in the categories of "active contract status with MCC" (98.6 percent accuracy), "provider credentialed specialty / behavioral health service code" (95.9 percent accuracy), "urgent care services" (97.4 percent accuracy), "primary care services" (97.1 percent accuracy), and "prenatal care services" (95.9 percent accuracy).

[20] TennCare's Pharmacy Benefits Manager (PBM) was not included in the survey.

Because January-March 2015 was the first quarter in which all of the MCOs delivered services statewide, the results of the survey were not entirely comparable to results achieved by the MCOs in previous quarters, when accuracy was measured on a regional basis. This distinction, however, was not significant enough to change the manner in which TennCare uses the data collected by Qsource. Therefore, to ensure ongoing improvement in all ten categories of the survey, TennCare required each of its MCCs to submit a Corrective Action Plan no later than June 5, 2015. The Bureau, in turn, had received, reviewed, and accepted all of the plans by June 11, 2015. Results for the April-June 2015 quarter will be discussed in the next Quarterly Progress Report.

XI. Demonstration Evaluation

On June 29, 2012, the State submitted its application to renew the TennCare Demonstration, Part VI of which was an Interim Evaluation Report addressing progress in three areas: 1) medical and behavioral health measures; 2) efficiency, stability, and viability measures; and 3) new measures for the TennCare CHOICES program.

On October 31, 2014, the State submitted its most recent Draft Annual Report as required by STC 46. Part V of that report provided the progress to date on the performance measures outlined in the approved Evaluation Design. It is the State's intention to provide updated information on the performance measures in each Annual Report.

Furthermore, on November 13, 2014, the State submitted its annual update of the strategy to evaluate and improve the quality and accessibility of care offered to enrollees through the managed care network. The document, entitled *2014 Annual Update Report of the 2013 Quality Assessment and Performance Improvement Strategy*, is available on TennCare's website at http://www.tn.gov/assets/entities/tenncare/attachments/qualitystrategy.pdf.

XII. Essential Access Hospital Pool[21]

A. Safety Net Hospitals

Regional Medical Center at Memphis (The MED)
Vanderbilt University Hospital
Erlanger Medical Center
University of Tennessee Memorial Hospital
Johnson City Medical Center Hospital (with Woodridge Psych)
Metro Nashville General Hospital

[21] Within the four Essential Access Hospital (EAH) groupings (Safety Net Hospitals, Children's Hospitals, Free Standing Psychiatric Hospitals, and Other Acute Care Hospitals), hospitals are arranged—in descending order—according to the amount of compensation each receives from the EAH pool.

B. Children's Hospitals

LeBonheur Children's Medical Center
East Tennessee Children's Hospital

C. Free Standing Psychiatric Hospitals

Pathways of Tennessee
Ridgeview Psychiatric Hospital and Center
Rolling Hills Hospital

D. Other Acute Care Hospitals

Parkridge Medical Center (with Parkridge Valley Psych)
Jackson – Madison County General Hospital
Methodist Healthcare – Memphis Hospitals
Methodist Healthcare – South
Saint Jude Children's Research Hospital
University Medical Center (with McFarland Psych)
Saint Thomas Midtown Hospital
TriStar Skyline Medical Center (with Madison campus)
Wellmont Holston Valley Medical Center
Fort Sanders Regional Medical Center
TriStar Centennial Medical Center
Methodist Healthcare – North
Saint Francis Hospital
Parkridge East Hospital
Maury Regional Hospital
Parkwest Medical Center (with Peninsula Psych)
Saint Thomas Rutherford Hospital
Wellmont Bristol Regional Medical Center
Cookeville Regional Medical Center
Tennova Healthcare – Physicians Regional Medical Center
Methodist Hospital – Germantown
Baptist Memorial Hospital for Women
Skyridge Medical Center
Blount Memorial Hospital
Gateway Medical Center
TriStar Horizon Medical Center
TriStar StoneCrest Medical Center
TriStar Summit Medical Center
NorthCrest Medical Center
Delta Medical Center

Dyersburg Regional Medical Center
LeConte Medical Center
Morristown – Hamblen Healthcare System
Southern Hills Medical Center
Heritage Medical Center
Sumner Regional Medical Center
Takoma Regional Hospital
Tennova Healthcare – Newport Medical Center
Sweetwater Hospital Association
Laughlin Memorial Hospital
Methodist Medical Center of Oak Ridge
TriStar Hendersonville Medical Center
Harton Regional Medical Center
Henry County Medical Center
Tennova Healthcare – LaFollette Medical Center
Grandview Medical Center
Sycamore Shoals Hospital
Skyridge Medical Center – Westside
Regional Hospital of Jackson
Baptist Memorial Hospital – Union City
Lakeway Regional Hospital
Indian Path Medical Center
Wellmont Hawkins County Memorial Hospital
Jellico Community Hospital
Hardin Medical Center
McNairy Regional Hospital
Starr Regional Medical Center – Athens
River Park Hospital
Henderson County Community Hospital
Roane Medical Center
United Regional Medical Center
Hillside Hospital
Crockett Hospital
Livingston Regional Hospital
McKenzie Regional Hospital
Volunteer Community Hospital
Bolivar General Hospital
Wayne Medical Center
Erlanger Health System – East Campus
Baptist Memorial Hospital – Huntingdon
DeKalb Community Hospital
Methodist Healthcare – Fayette
Emerald Hodgson Hospital

XIII. Graduate Medical Education (GME) Hospitals

Note: Attachment A to the STCs directs the State to list its GME hospitals and their affiliated teaching universities in each quarterly report. As CMS is aware, Tennessee does not make GME payments to hospitals. These payments are made, rather, to medical schools. The medical schools disburse many of these dollars to their affiliated teaching hospitals, but they also use them to support primary care clinics and other arrangements.

The GME medical schools and their affiliated universities are listed below:

Universities	Hospitals
East Tennessee State University	Mountain State Health Alliance Wellmont ETSU Quillen Mission Hospital Johnson City Medical Center Johnson City Health Center Woodridge Hospital Holston Valley Medical Center Bristol Regional Medical Center
Meharry Medical College	Metro General Meharry Medical Group
University of Tennessee at Memphis	The Regional Medical Center (The MED) Methodist LeBonheur Erlanger Jackson Madison St. Francis
Vanderbilt University	Vanderbilt Hospital

XIV. Critical Access Hospitals

Camden General Hospital
Copper Basin Medical Center
Erlanger Bledsoe
Hickman Community Hospital
Johnson County Community Hospital
Lauderdale Community Hospital
Macon County General Hospital
Marshall Medical Center
Medical Center of Manchester

Rhea Medical Center
Riverview Regional Medical Center
Three Rivers Hospital
TriStar Ashland City Medical Center
Trousdale Medical Center
Wellmont Hancock County Hospital

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Date Submitted to CMS: August 31, 2015

Attachment A

Budget Neutrality Calculations for the Quarter

Actual TennCare Budget Neutrality (April - June 2015)

I. The Extension of the Baseline

Baseline PMPM

	SFY 2015 PMPM
1-Disabled (can be any ages)	$1,641.09
2-Child <=18	$484.39
3-Adult >= 65	$1,069.19
4-Adult <= 64	$962.76
Duals (17)	$683.02

Actual Member months of Groups I and II

1-Disabled (can be any ages)	419,273
2-Child <=18	2,183,299
3-Adult >= 65	115
4-Adult <= 64	1,163,988
Duals (17)	413,819
Total	4,180,494

Ceiling without DSH

	Baseline * MM
1-Disabled (can be any ages)	$688,066,681
2-Child <=18	$1,057,572,170
3-Adult >= 65	$122,957
4-Adult <= 64	$1,120,644,396
17s	$282,648,224
Total	**$3,149,054,429**

DSH

DSH Adjustment (Quarterly)	$115,999,213

Total Ceiling

Budget Neutrality Cap	
Total w/DSH Adj.	**$3,265,053,642**

II. Actual Expenditures

Group 1 and 2

1-Disabled (can be any ages)	$ 541,551,040
2-Child <=18	$ 469,077,587
3-Adult >= 65	$ 68,078
4-Adult <= 64	$ 412,493,281

Duals (17)	$	318,170,972
Total		**1,741,360,958**

Group 3

1-Disabled (can be any ages)	$	-
2-Child <=18	$	13,374,323
3-Adult >= 65	$	53,163,547
4-Adult <= 64	$	1,131,874
Duals (17)	$	-
Total		**67,669,744**

Pool Payments and Admin

Total Pool Payments	$	160,251,918

Admin	$	127,727,345

Quarterly Drug Rebates	$	167,008,115
Quarterly Premium Collections	$	-
Total Net Quarterly Expenditures	**$**	**1,930,001,851**

III. Surplus/(Deficit)

	$1,335,051,791
Federal Share	**$871,655,315**

HCI Result	MM201504	MM201505	MM201506	TOTAL	HCI ASO	HCI Rx	HCI DTL	HCI MCO CAP (TCS Admin)	UNK Allocation	TOTAL
EG1-TYPE1 (disabled, type1 state plan eligibles)	140,022	139,783	139,130	418,935	$83,399,960	$121,838,683	$1,828,067	$331,151,625	(1,484,847)	$536,733,488
EG1-TYPE2 (disabled, type2 transition group)	0	0	0	-				$0	-	$0
EG2-TYPE1 (over 65, type1 state plan eligibles)	34	38	43	115	$4,947	$10,573	$0	$52,750	(192)	$68,078
EG2-TYPE2 (over 65, type2 state plan eligibles)	0	0	0	-				$0	-	$0
EG3-TYPE1 (children, type1 state plan eligibles)	724,537	727,735	731,027	2,183,299	$12,165,808	$64,629,964	$33,041,404	$360,538,236	(1,297,825)	$469,077,587
Med Exp Child (Title XXI Demo Pop; EG3-Type2)	19,029	18,986	18,971	56,986	$274,597	$3,060,924	$1,187,195	$8,827,819	(36,836)	$13,313,700
EG4-TYPE1 (adults, type1 State plan eligibles)	383,280	387,805	392,903	1,163,988	$912,443	$66,890,372	$3,070,322	$342,760,405	(1,140,261)	$412,493,281
EG4-TYPE2 (adults, type2 demonstration pop)	0	0	0	-				$0	-	$0
EG5-TYPE1 (duals, state plan eligibles)	131,540	131,760	132,127	395,427	$1,097,643	$944,021	$849,094	$264,500,237	(737,175)	$266,653,819
EG6E-TYPE3 (Expan adult, type3 demonstration pop)	834	829	827	2,490		$347,123	$4,243	$784,913	(4,405)	$1,131,874
EG7E-TYPE3 (Expan child, type3 demonstration pop)	64	64	63	191	$282	$28,599	$2,705	$29,206	(168)	$60,623
EG8-TYPE2 (emd exp child)	0	0	0	-		$0		$0	-	$0
EG9 H-Disabled (TYPE 2 Eligibles)	318	325	338	981		$293,097	$0	$4,537,824	(13,369)	$4,817,552
EG11H, H-Dual	6,047	6,139	6,206	18,392		$20,502	$18,230	$51,620,745	(142,323)	$51,517,153
EG12E, Carryovers	4,313	4,182	4,082	12,577	$1,764	$174,646	$5,955	$53,128,867	(147,686)	$53,163,547
Total	**1,410,018**	**1,417,646**	**1,425,717**	**4,253,381**	**$97,857,444**	**$258,238,503**	**$40,007,215**	**$1,417,932,626**	**-$5,005,085**	**$1,809,030,703**

HCI Result	MM201504	MM201505	MM201506	TOTAL	HCI ASO PMPM	HCI Rx PMPM	HCI DTL PMPM	HCI MCO CAP (TCS Admin)	UNK Allocation	TOTAL
EG1-TYPE1 (disabled, type1 state plan eligibles)	140,022	139,783	139,130	418,935	$199.08	$290.83	$4.36	$790.46	-$3.54	$1,281.19
EG1-TYPE2 (disabled, type2 transition group)	0	0	0	-						
EG2-TYPE1 (over 65, type1 state plan eligibles)	34	38	43	115	$43.02	$91.94	$0.00	$458.69	-$1.67	$591.98
EG2-TYPE2 (over 65, type2 state plan eligibles)	0	0	0	-	-	-	-	-	-	-
EG3-TYPE1 (children, type1 state plan eligibles)	724,537	727,735	731,027	2,183,299	$5.57	$29.60	$15.13	$165.13	-$0.59	$214.85
Med Exp Child (Title XXI Demo Pop; EG3-Type2)	19,029	18,986	18,971	56,986	$4.82	$53.71	$20.83	$154.91	-$0.65	$233.63
EG4-TYPE1 (adults, type1 State plan eligibles)	383,280	387,805	392,903	1,163,988	$0.78	$57.47	$2.64	$294.47	-$0.98	$354.38
EG4-TYPE2 (adults, type2 demonstration pop)	0	0	0	-						
EG5-TYPE1 (duals, state plan eligibles)	131,540	131,760	132,127	395,427	$2.78	$2.39	$2.15	$668.90	-$1.86	$674.34
EG6E-TYPE3 (Expan adult, type3 demonstration pop)	834	829	827	2,490	$0.00	$139.41	$1.70	$315.23	-$1.77	$454.57
EG7E-TYPE3 (Expan child, type3 demonstration pop)	64	64	63	191	$1.47	$149.73	$14.16	$152.91	-$0.88	$317.40
EG8-TYPE2 (emd exp child)	0	0	0	-						
EG9 H-Disabled (TYPE 2 Eligibles)	318	325	338	981	$0.00	$298.77	$0.00	$4,625.71	-$13.63	$4,910.86
EG11H, H-Dual	6,047	6,139	6,206	18,392	$0.00	$1.11	$0.99	$2,806.70	-$7.74	$2,801.06
EG12E, Carryovers	4,313	4,182	4,082	12,577	$0.14	$13.89	$0.47	$4,224.29	-$11.74	$4,227.05
Total	**1,410,018**	**1,417,646**	**1,425,717**	**4,253,381**	**$23.01**	**$60.71**	**$9.41**	**$333.37**	-$1.18	$425.32

* Unknown allocation was performed within the Service category totals.