



March 1, 2019

Ms. Annie Hollis  
TennCare Project Officer  
Division of Medicaid Expansion Demonstrations  
State Demonstrations Group  
Center for Medicaid and CHIP Services  
Centers for Medicare and Medicaid Services  
Mail Stop S2-03-17  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850

RE: TennCare II, STC 44, Quarterly Progress Report

Dear Ms. Hollis:

Enclosed please find the Quarterly Progress Report for the October - December 2018 quarter. This report is being submitted in accordance with STC 44 of the TennCare Demonstration.

Please let us know if you have comments or questions.

Sincerely,



John G. Roberts  
Director, Division of TennCare

cc: Shantrina Roberts, Associate Regional Administrator, Atlanta Regional Office  
Tandra Hodges, Tennessee State Coordinator, Atlanta Regional Office

# **TennCare II**

## **Section 1115 Quarterly Report** *(For the period October - December 2018)*

**Demonstration Year: 17 (7/1/18 - 6/30/19)**  
**Federal Fiscal Quarter: 1/2019 (10/18 - 12/18)**  
**Waiver Quarter: 2/2019 (10/18 - 12/18)**

## 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.

The Division of TennCare contracts with several Managed Care Contractors (MCCs) to provide services to more than 1.3 million enrollees. During this quarter, these entities included Managed Care Organizations (MCOs) for medical services, behavioral health services, 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, together with the corresponding Special Terms and Conditions (STCs), if applicable, are presented in Table 1.

**Table 1**  
**Key Dates of Approval/Operation in the Quarter**

<b>Date</b>	<b>Action</b>	<b>STC #</b>
<b>10/23/18</b>	CMS approved the State’s distribution methodology for the uncompensated care funds authorized under the Demonstration, as well as additional technical corrections.	54.c
<b>10/26/18</b>	The State submitted the Draft Annual Report for Demonstration Year 16 to CMS.	45
<b>11/6/18</b>	The State withdrew Demonstration Amendment 33, which had sought to change the payment structure of supplemental payments to Tennessee hospitals.	
<b>11/6/18</b>	The State published the details (including date, time, and location) of a public forum at which comments on the progress of the TennCare Demonstration would be accepted.	10
<b>11/8/18</b>	The State submitted Demonstration Amendment 37 to CMS. Amendment 37 would make modifications to the Employment and Community First CHOICES program, and would remove children receiving SSI from the list of populations automatically assigned to the TennCare Select health plan upon enrollment in TennCare.	6, 7
<b>11/8/18</b>	The Monthly Call originally scheduled for October 25 was held.	43
<b>11/21/18</b>	CMS sent the State a letter indicating that the submission of Amendment 37 met the requirements for a complete	

Date	Action	STC #
	amendment.	
11/22/18	The Monthly Call scheduled for November was not held.	43
11/29/18	The State submitted the Quarterly Progress Report for the July-September 2018 quarter to CMS. (A supplement to the report was submitted to CMS on December 12, 2018.)	44
12/12/18	The State held a public forum to accept comments on the progress of the TennCare Demonstration.	10
12/13/18	The Monthly Call for December was cancelled.	43
12/21/18	The State submitted to CMS the annual report concerning Title XXI Medicaid Expansion Children.	45
12/28/18	The State submitted Demonstration Amendment 38 to CMS. Amendment 38 would establish workforce participation and community engagement as an expectation for certain TennCare enrollees.	6, 7
12/28/18	The State requested CMS approval of Statewide MCO Contract Amendment 9 and TennCare Select Contract Amendment 44.	39

## II. Enrollment and Benefits Information

Information about enrollment by category is presented in Table 2.

**Table 2**  
**Enrollment Counts for the October – December 2018 Quarter**  
**Compared to the Previous Two Quarters**

Demonstration Populations	Total Number of TennCare Enrollees		
	Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
EG1 Disabled, Type 1 State Plan eligibles	142,555	139,465	134,672
EG9 H-Disabled, Type 2 Demonstration Population	278	271	258
EG2 Over 65, Type 1 State Plan eligibles	446	475	405
EG10 H-Over 65, Type 2 Demonstration Population	66	111	49
EG3 Children, Type 1 State Plan eligibles	765,641	745,822	724,253
EG4 Adults, Type 1 State Plan eligibles	410,901	394,191	373,142

Demonstration Populations	Total Number of TennCare Enrollees		
	Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
EG5 Duals, Type 1 State Plan eligibles and EG11 H-Duals 65, Type 2 Demonstration Population	148,475	144,869	141,306
EG6E Expan Adult, Type 3 Demonstration Population	131	71	43
EG7E Expan Child, Type 3 Demonstration Population	1,042	1,462	1,569
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	4,827	6,523	7,376
EG12E Carryover, Type 3, Demonstration Population	1,544	1,459	1,334
<b>TOTAL*</b>	<b>1,475,906</b>	<b>1,434,719</b>	<b>1,384,407</b>

\* 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 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 December 31, 2018**

<b>Managed Care Organizations</b>	Amerigroup BlueCare <sup>1</sup> UnitedHealthcare Community Plan <sup>2</sup> TennCare Select <sup>3</sup>
<b>Pharmacy Benefits Manager</b>	Magellan Health Services
<b>Dental Benefits Manager</b>	DentaQuest

**Demonstration Amendment 33: Supplemental Payment Pools for Tennessee Hospitals.** In February 2018, the State submitted Amendment 33 to CMS. Amendment 33 concerns the

<sup>1</sup> 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.

<sup>2</sup> UnitedHealthcare Community Plan is operated by UnitedHealthcare Plan of the River Valley, Inc.

<sup>3</sup> TennCare Select is operated by VSHP.

supplemental payments that TennCare makes to Tennessee hospitals to help offset the costs these facilities incur in providing uncompensated care.

As submitted, Amendment 33 consisted of three components:

- Restoration of approximately \$90 million to the maximum amount TennCare is authorized to pay to hospitals each year for uncompensated care costs;
- Continuation of a special funding pool that supports clinics operated by Meharry Medical College; and
- Extending the implementation period of a new hospital payment structure that was scheduled to take effect on July 1, 2018.

As negotiations proceeded, the State and CMS reached an agreement to restore the requested \$90 million of uncompensated care funding and clarify TennCare's authority to continue its support of Meharry's indigent care clinics. In addition, CMS worked with the State to develop a distribution methodology for uncompensated care payments that would allow implementation of the new funding system to proceed without the need for a phased approach. On October 23, 2018, CMS approved the State's distribution methodology for the new uncompensated care funds. Since both parties agreed that the issues contained in Amendment 33 had been addressed without amending the TennCare Demonstration, the State formally withdrew Amendment 33 from further consideration on November 6, 2018.

**Demonstration Amendment 35: Substance Use Disorder Services.** In May 2018, the State submitted Demonstration Amendment 35 to CMS. Amendment 35 would modify the TennCare benefits package to cover residential substance use disorder (SUD) treatment services in facilities that meet the definition of an institution for mental diseases (IMD). Historically, TennCare's MCOs were permitted to cover residential treatment services in IMDs, if the MCO determined that such care was medically appropriate and cost-effective as compared to other treatment options. However, current CMS regulations limit this option to treatment stays of no more than 15 days per calendar month. The State is seeking authority with Amendment 35 to allow enrollees to receive short-term services in IMDs beyond the 15-day limit in federal regulation, up to 30 days per admission.

During the October-December 2018 quarter, the State and CMS continued their discussions concerning Amendment 35. As of the end of the quarter, CMS's review of Amendment 35 was ongoing.

**Demonstration Amendment 36: Family Planning Providers.** Amendment 36 was submitted to CMS on August 10, 2018. Amendment 36 grew out of legislation passed by the Tennessee General Assembly in 2018 establishing that it is the policy of the state of Tennessee to favor childbirth and family planning services that do not include elective abortions within the continuum of care or services, and to avoid the direct or indirect use of state funds to promote or support elective abortions.

Amendment 36 requests authority for TennCare to establish state-specific criteria for providers of family planning services, and to exclude any providers that do not meet these criteria from participation in the TennCare program. The State is proposing to exclude any entity that performed, or operated or maintained a facility that performed, more than 50 abortions in the previous year, including any affiliate of such an entity.

CMS held a 30-day federal public comment period on Amendment 36 that ran from August 24 through September 23, 2018. As of the end of the October-December 2018 quarter, CMS's review of Amendment 36 was ongoing.

**Demonstration Amendment 37: Modifications to Employment and Community First CHOICES.**

On November 8, 2018, the State submitted Amendment 37 to CMS. Amendment 37 primarily concerns modifications to be made to Employment and Community First (ECF) CHOICES, TennCare's managed long-term services and supports program that is specifically geared toward promoting and supporting integrated, competitive employment and independent, integrated living as the first and preferred option for people with intellectual and developmental disabilities.

The primary modification to ECF CHOICES contained in Amendment 37 is the addition of two new benefits and two new benefit groups in which the services would be available:

- ECF CHOICES Group 7 would serve children who live with their family and have intellectual and/or developmental disabilities (I/DD) and severe co-occurring behavioral health and/or psychiatric conditions. These children—who are at significant risk of placement outside the home (e.g., State custody, hospitalization, residential treatment, incarceration)—would receive family-centered behavioral health treatment services with family-centered home and community-based services (HCBS).
- ECF CHOICES Group 8 would serve adults with I/DD and severe behavioral and/or psychiatric conditions who are transitioning out of a highly structured and supervised environment to achieve and maintain stable, integrated lives in their communities. Individuals in Group 8 would receive short-term intensive community-based behavioral-focused transition and stabilization services and supports.

Other proposed changes to ECF CHOICES contained in Amendment 37 include modifications to expenditure caps for existing benefit groups within the program, revised eligibility processes to facilitate transitions from institutional settings to community-based settings, and modifications and clarifications to certain ECF CHOICES service definitions.

Apart from the changes to ECF CHOICES, Amendment 37 would also revise the list of populations automatically assigned to the TennCare Select health plan by allowing children receiving Supplemental Security Income to have the same choice of managed care plans as virtually all other TennCare members.

As of the end of the October-December 2018 quarter, CMS's review of Amendment 37 was ongoing.

**Demonstration Amendment 38: Community Engagement.** TennCare submitted Amendment 38 to CMS on December 28, 2018. Like Amendment 36, Demonstration Amendment 38 was the result of legislation passed during Tennessee's 2018 legislative session. The legislation in question directed the State to submit a demonstration amendment to authorize the creation of reasonable work and community engagement requirements for non-pregnant, non-elderly, non-disabled adults enrolled in the TennCare program who do not have dependent children under the age of six. The legislation also required the State to seek approval from the U.S. Department of Health and Human Services (HHS) to use funds from the state's Temporary Assistance for Needy Families (TANF) program to support implementation of the community engagement program.

The State engaged in extensive preparations and public notice activities related to Amendment 38. Among these activities were the following:

- A stakeholder meeting in Nashville in August 2018, in which more than 70 individuals representing advocacy organizations, healthcare providers, managed care organizations, legislators and legislative staff, State agencies, and other interested parties participated;
- A public notice and comment period that ran from September 24 through October 26, 2018, during which time a draft amendment outlining TennCare's proposal was posted and more than 150 sets of written comments were received; and
- Public hearings during October 2018 in each grand region of the state.

Feedback gathered in all of these forums informed the demonstration amendment that was submitted to CMS on December 28. As of the end of the October-December 2018 quarter, CMS was reviewing Amendment 38.

**Tennessee Eligibility Determination System.** The Tennessee Eligibility Determination System (or "TEDS") is the name of the system that will be used by TennCare to process applications and identify persons who are eligible for TennCare and CoverKids (the State's separate CHIP program). The first pilot phase of TEDS went live on October 22, 2018. This launch featured a new system for staff use, with a complex rules engine and many new interfaces that can be used to verify data submitted by applicants and to make eligibility decisions. TennCare staff also continued to test the next wave of TEDS functionality that, as of the end of the October-December 2018 quarter, was to be released in January 2019, including such elements as a new appeals module and a mechanism by which enrollees may report changes and renew their eligibility for benefits.

In addition, Wave 1 of the TEDS pilot included a new online self-service portal called "TennCare Connect." TennCare Connect allows applicants and enrollees not only to submit applications and requested verifications, but also to view notices and eligibility periods. For Pilot Wave 1, the portal was made available to residents in three Tennessee counties, and information gained



in this preliminary rollout is being used to improve the system as it becomes more widely available during subsequent phases of the TEDS project.

“TennCare Connect” is also the name of a new mobile application that allows applicants and enrollees to submit requested verifications, view notices and eligibility periods, and make changes to their demographic information via a mobile device (such as a smartphone). The application was released as part of Pilot Wave 1.

**Cost Sharing Compliance Plan.** In its April 18, 2012, letter approving 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 October-December 2018 quarter, the State 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 twenty-fourth 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”—outreach is a significant area of interest for TennCare. TennCare 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 community outreach activity during this quarter and the previous two quarters. Quarterly variations in the categories presented here are usually the result of factors such as:

- Seasonal events. Each year, National Children’s Dental Health Month in February, back-to-school events in August, and Child Health Week in October all have an 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 one 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).

**Table 4**  
**Tennessee Department of Health**  
**Community Outreach Activity for EPSDT**  
**October – December 2018 Compared to the Previous Two Quarters**

Activities	Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
Number of outreach activities/events	1,926	1,860	1,421
Number of people made contact with (mostly face to face at outreach events)	111,930	121,710	74,538 <sup>4</sup>
Number of educational materials distributed	78,441	93,900	39,874 <sup>5</sup>
Number of coalitions/advisory board meetings attended or conducted	91	62	63
Number of attendees at coalitions/advisory board meetings	1,345	1,032	1,256
Number of educational preventive health radio/TV broadcasts	576	584	62
Number of educational preventive health newsletter/magazine articles	24	8	0
Number of educational preventive health billboards, scrolling billboards and bulletin boards	2,830	2,001	306
Number of presentations made to enrollees/professional staff who work with enrollees	50	46	12
Number of individuals attending presentations	741	614	464
Number of completed telephone calls regarding the importance of dental checkups	248	189	699
Number of home visits completed	1,453	1,383	1,477

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

<sup>4</sup> The number of people with whom TDH made contact at local outreach events declined significantly during the October-December 2018 quarter. This decrease reflects a shift in TDH’s outreach strategy, which now places greater emphasis on home visits and a new program known as Community Health Access and Navigation in Tennessee (CHANT). Data about the CHANT program, which identifies and addresses risk factors at both the individual and the community levels, will be furnished in future Quarterly Progress Reports.

<sup>5</sup> Fewer educational materials were distributed by TDH at local outreach events during the October-December 2018 quarter because of the shift in strategy described in Footnote 4.

**Table 5**  
**Tennessee Department of Health**  
**TennCare Kids Call Center Activity**  
**October – December 2018 Compared to the Previous Two Quarters**

Activities	Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
Number of enrollees reached	42,751	24,478	38,500
Number of enrollees who were assisted in scheduling an EPSDT exam for their children	560	343	416
Number of enrollees who were assisted in arranging for transportation	33	43	42

#### **IV. Collection and Verification of Encounter and Enrollment Data**

Edifecs is the software system being used by the State 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 October-December 2018 Quarter, and Percentage that Passed Systems Edits, Compared to the Previous Two Quarters**

	Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
No. of encounters received by TennCare (initial submission)	17,920,180	14,778,688	17,163,181
No. of encounters rejected by Edifecs upon initial submission	21,534	97,669 <sup>6</sup>	38,524
Percentage of encounters that were compliant with State standards (including HIPAA) upon initial submission	99.88%	99.34%	99.78%

<sup>6</sup> During the July-September 2018 quarter, two files submitted by MCOs—one with 11,980 encounters and one with 65,000 encounters—were rejected in their entirety. These files were subsequently corrected, resubmitted, and accepted.

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

### A. CHOICES

As required by STC 31.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**  
**CHOICES Enrollment and Reserve Slots**  
**for October-December 2018 Compared to the Previous Two Quarters**

	Statewide Enrollment Targets and Reserve Capacity <sup>7</sup>	Enrollment and Reserve Slots Being Held as of the End of Each Quarter		
		Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
CHOICES 1	Not applicable	16,439	16,713	16,509
CHOICES 2	10,500	9,543	9,678	9,782
CHOICES 3 (including Interim CHOICES 3)	To be determined	2,842	2,750	2,678
Total CHOICES	Not applicable	28,824	29,141	28,969
Reserve capacity	300	300	300	300

The CMS letter approving CHOICES implementation in Middle Tennessee dated February 26, 2010, and STC 42 require specific monitoring and reporting activities that include:

Data and trends of the designated CHOICES data elements: STC 42.d.iv. requires the State to submit to CMS periodic statistical reports about the use of LTSS by TennCare enrollees. Fifteen separate reports of data pertaining to the CHOICES program have been submitted between August 2011 and September 2018.

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 Home and Community-Based Services (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 Nursing Facility (NF) services over time, with placement in institutional settings decreasing from 21,530 individuals on June 30, 2011, to 16,439 individuals on June 30, 2018. According to annual aggregate data contained in the reports, this downward trend was even more pronounced for new LTSS recipients, 81 percent of whom had been admitted to NFs in

<sup>7</sup> Of the three active CHOICES groups, only CHOICES 2 has an enrollment target. Interim CHOICES 3 closed to new enrollment on June 30, 2015; an enrollment target for CHOICES 3 has not been set at this time.

the year prior to implementation of the CHOICES program, as compared with 63 percent admitted to NFs in the seventh year of CHOICES.

By contrast, appropriate use of HCBS by TennCare enrollees grew significantly during these years. The aggregate number of members accessing HCBS increased from 6,226 in the twelve-month period preceding CHOICES implementation in Middle Tennessee to 15,429 after CHOICES had been in place for seven full 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 12,385 by June 30, 2018. 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), 7/1/16 – 6/30/17	Percent increase over a seven-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 6/30/18	Percent increase from the day prior to CHOICES implementation to 6/30/18
6,226	15,429	148%	4,861 <sup>8</sup>	12,385	155%

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**  
**CHOICES Transition Allowances**  
**for October – December 2018 Compared to the Previous Two Quarters**

Grand Region	Frequency and Use of Transition Allowances					
	Apr – Jun 2018		Jul – Sept 2018		Oct – Dec 2018	
	# Distributed	Total Amount	# Distributed	Total Amount	# Distributed	Total Amount
East	17	\$17,174	15	\$13,780	8	\$10,298
Middle	17	\$13,928	26	\$20,033	26	\$17,665

<sup>8</sup> 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).

Grand Region	Frequency and Use of Transition Allowances					
	Apr – Jun 2018		Jul – Sept 2018		Oct – Dec 2018	
West	20	\$11,306	29	\$27,022	21	\$20,794
Statewide Total	54	\$42,408	70	\$60,835	55	\$48,757

**B. Employment and Community First CHOICES**

Designed and implemented in partnership with people with intellectual and developmental disabilities, their families, advocates, providers, and other stakeholders, Employment and Community First CHOICES is the first managed LTSS program in the nation that is focused on promoting and supporting integrated, competitive employment and independent community living as the first and preferred option for people with intellectual and other types of developmental disabilities.

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

**Table 10  
ECF CHOICES Enrollment, Enrollment Targets, and Reserve Slots  
for April – June 2018 Compared to the Previous Two Quarters**

	Statewide Enrollment Targets and Reserve Capacity <sup>9</sup>	Enrollment and Reserve Slots Filled as of the End of Each Quarter		
		Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
ECF CHOICES 4	871	838	814	810
ECF CHOICES 5	1,513	1,336	1,313	1,309
ECF CHOICES 6	616	358	415	467

<sup>9</sup> Statewide enrollment targets and reserve capacity were previously adjusted to reflect new appropriation authority, effective July 1, 2017. Consistent with the State’s May 1, 2017, letter to CMS setting enrollment target ranges for Demonstration Year 16, a total of 75 program slots were reallocated between the Group 4 and Group 5 Upper Limits during the October-December 2017 quarter in order best to meet the needs of program applicants and to ensure the most efficient use of resources. Early in the January-March 2018 quarter, an additional 25 program slots were reallocated from Group 5 to Group 6. Later in that quarter and continuing in the April-June 2018 quarter, in accordance with the State’s January 30, 2018, letter to CMS, additional slots were reallocated across the Upper Limits of the three ECF CHOICES Benefit Groups (primarily to Group 6) in order to accommodate enrollment in the appropriate benefit group (e.g., when an adult cannot be safely served with the array of benefits available in Group 4 or 5 and must be enrolled into Group 6). A total of 300 slots were added to the ECF CHOICES program for State Fiscal Year 2019, including 100 new slots for individuals with a developmental disability that have an aging caregiver age 80 or older. The additional slots were distributed among the benefit groups as follows: 21 slots for Group 4, 101 slots for Group 5, and 178 slots for Group 6.

	Statewide Enrollment Targets and Reserve Capacity <sup>9</sup>	Enrollment and Reserve Slots Filled as of the End of Each Quarter		
		Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
Total ECF CHOICES	3,000	2,532	2,542	2,586
Reserve capacity	650	271	249 <sup>10</sup>	305
Waiver Transitions <sup>11</sup>	Not applicable	23	26	30

Data and trends of the designated ECF CHOICES data elements: STC 42.d.iv. requires the State to provide CMS periodic statistical reports about the ECF CHOICES program. On June 30, 2017, the State submitted baseline data preceding implementation of ECF CHOICES, and then on June 29, 2018, submitted data reflective of the first year of ECF CHOICES implementation. In comparing the baseline data with the post-implementation data, several notable trends emerged:

- The number of individuals with intellectual disabilities receiving HCBS through the TennCare program grew from 8,295 to 8,526.
- The number of individuals with developmental disabilities other than intellectual disabilities who received HCBS through the TennCare program grew from 0 to 519.
- Average LTSS expenditures for individuals with intellectual or developmental disabilities fell from \$94,327 per person to \$87,855 per person.
- The number of working age adults with intellectual or developmental disabilities who are enrolled in HCBS programs, employed in an integrated setting, and earning at or above the minimum wage grew from 1,097 to 1,312, an increase of 20 percent.

As ECF CHOICES gains enrollment capacity and further data about the program is gathered and submitted to CMS, future Quarterly Progress Reports will address the aforementioned data points—and others—in greater detail.

### C. 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

<sup>10</sup> The reduction in filled reserve capacity slots is the result of a change in reporting. Previous totals had inadvertently included reserve capacity slots that were “held” pending the person’s eligibility determination and actual enrollment into the slot.

<sup>11</sup> Waiver transitions are instances in which an individual enrolled in a 1915(c) HCBS waiver program is transferred into the ECF CHOICES program. Since these individuals have an independent funding source (i.e., the money that would have been spent on their care in the 1915(c) program), their enrollment in ECF CHOICES does not count against the 3,000-person enrollment target. Waiver transition numbers are cumulative since the program began.

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 and ECF CHOICES enrollees. TDCI then performs an analysis and reports the results of the prompt pay analyses by NEMT and CHOICES and ECF 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. TennCare may 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 TennCare may 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 reported on the National Association of Insurance Commissioners (NAIC) Annual Financial Statement 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 October-December 2018 quarter, the MCOs submitted their NAIC Third Quarter 2018 Financial Statements. As of September 30, 2018, TennCare MCOs reported net worth as indicated in the table below.<sup>12</sup>

---

<sup>12</sup> 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.



**Table 11**  
**Net Worth Reported by MCOs as of September 30, 2018**

	<b>Net Worth Requirement</b>	<b>Reported Net Worth</b>	<b>Excess/ (Deficiency)</b>
Amerigroup Tennessee	\$30,058,528	\$174,899,598	\$144,841,070
UnitedHealthcare Plan of the River Valley (UnitedHealthcare Community Plan)	\$65,141,772	\$413,591,867	\$348,450,095
Volunteer State Health Plan (BlueCare & TennCare Select)	\$47,825,838	\$443,749,728	\$395,923,890

During the October-December 2018 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 September 30, 2018:

**Table 12**  
**Company Action Level Reported by MCOs as of September 30, 2018**

	<b>Company Action Level Requirement</b>	<b>Reported Net Worth</b>	<b>Excess/ (Deficiency)</b>
Amerigroup Tennessee	\$110,985,558	\$174,899,598	\$63,914,040
UnitedHealthcare Plan of the River Valley (UnitedHealthcare Community Plan)	\$221,464,280	\$413,591,867	\$192,127,587
Volunteer State Health Plan (BlueCare & TennCare Select)	\$160,340,902	\$443,749,728	\$283,408,826

All TennCare MCOs exceeded their minimum net worth requirements and Company Action Level requirements as of September 30, 2018.

## **D. Beneficiary Survey**

Every year since 1993, the Boyd Center for Business and Economic Research (BCBER) at the University of Tennessee in Knoxville has conducted a survey of Tennessee citizens—TennCare enrollees, individuals with private insurance, and uninsured individuals alike—to assess their opinions about health care. Respondents provide feedback on a range of topics, including demographics (age, household income, family size, etc.), perceptions of quality of care received, and behavior relevant to health care (the type of provider from whom an individual is most likely to seek initial care, the frequency with which care is sought, etc.).

On October 29, 2018, BCBER published a summary of the results of the most recent survey titled “The Impact of TennCare: A Survey of Recipients, 2018”. Although the findings of a single survey must be viewed in context of long-term trends, several results from the 2018 report are noteworthy:

- Satisfaction with TennCare remained high. Ninety-five percent of respondents covered by TennCare expressed satisfaction with the quality of care they had received. This level of satisfaction tied for the highest in the program’s history and was the fifth time in eight years—and the second year in a row—that this peak had been attained. In addition, 2018 was the tenth straight year in which survey respondents had reported satisfaction levels exceeding ninety percent.
- The uninsured rate in Tennessee remained relatively low. Although the percentage of respondents classifying themselves as uninsured rose from 6.1 percent in 2017 to 6.7 percent in 2018, the 2018 mark was nonetheless the fourth lowest level in the last 14 years. Furthermore, the percentage of individuals classifying their children as uninsured was 2.3 percent, which was also the fourth lowest level in the last 14 years.
- TennCare families sought care from physicians more frequently than the Tennessee population as a whole. Thirty-one percent of heads of households with TennCare reported seeing a doctor weekly or monthly, and fourteen percent reported doing so for their children. By contrast, only thirteen percent of all heads of households reported seeing a doctor weekly or monthly, and only eight percent reported doing so for their children.

In summary, the report notes, “TennCare continues to receive positive feedback from its recipients, with 95 percent reporting satisfaction with the program. This positive feedback is a strong indication that TennCare is providing satisfactory medical care and meeting the expectations of those it serves.” BCBER’s report may be viewed in its entirety online at <http://cber.haslam.utk.edu/tncare/tncare18.pdf>.

## **E. 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 of 2009. The purpose of the program is to provide financial

incentives to Medicaid providers<sup>13</sup> to replace outdated, often paper-based approaches to medical record-keeping with Certified Electronic Health Record Technology (as defined by CMS) that meets rigorous 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 funding for administrative costs. Tennessee’s EHR program<sup>14</sup> has issued payments for six years to eligible professionals and for three years to eligible hospitals.

EHR payments made by TennCare during the October-December 2018 quarter as compared with payments made throughout the life of the program appear in the table below:

**Table 13**  
**EHR Payments**  
**Quarterly and Cumulative**

<b>Payment Type</b>	<b>No. of Providers Paid During the Quarter</b>	<b>Quarterly Amount Paid (Oct-Dec 2018)</b>	<b>Cumulative Amount Paid To Date<sup>15</sup></b>
First-year payments	0	\$0	\$179,404,230
Second-year payments	20	\$161,500	\$59,074,761
Third-year payments	2	\$651,648	\$35,681,002
Fourth-year payments	7	\$59,500	\$6,924,679
Fifth-year payments	3	\$25,500	\$4,037,502
Sixth-year payments	2	\$17,000	\$2,045,099

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

- Communicating with and assisting providers via emails (including targeted emails to eligible professionals attesting to “meaningful use” of EHR technology), technical assistance calls, webinars, and onsite visits;
- Finalizing Program Year 2017 meaningful use attestations for returning eligible professionals;
- Partnering with the Tennessee Primary Care Association to provide clinical education and outreach to Federally Qualified Health Centers seeking to attest to meaningful use;

<sup>13</sup> CMS allows two types of providers to participate in the Medicaid EHR Incentive Program: eligible professionals (medical and osteopathic physicians, nurse practitioners, certified nurse midwives, dentists, and physician assistants who meet certain criteria) and eligible hospitals (acute care hospitals, critical access hospitals, and children’s hospitals).

<sup>14</sup> In April 2018, CMS announced that its EHR programs would be renamed “Promoting Interoperability (PI) Programs.” While Tennessee’s EHR initiative falls within the scope of CMS’s PI Programs, TennCare continues to refer to its initiative as “EHR Incentive Program” for purposes of clarity and consistency in communications with providers.

<sup>15</sup> Cumulative totals associated with first-year, second-year, and third-year payments reflect recoupments of payments from previous quarters. The need for these recoupments was identified through standard auditing processes.

- Modifying Tennessee’s Provider Incentive Payment Program (PIPP) online portal to account for provisions of CMS’s 2019 Inpatient Prospective Payment System final rule;
- Finalizing the software that will allow providers to submit 2018 program year attestations; and
- Newsletters and alerts distributed by the TennCare’s EHR ListServ.

Although enrollment of new providers concluded on April 30, 2017, TennCare’s EHR Incentive Program will continue through the 2021 program year as required by CMS rules. Tennessee’s program team continues to work with a variety of provider organizations to maintain the momentum of the program. Current outreach efforts focus on two primary elements: encouraging new attestations from eligible professionals who have yet to earn payments in six separate years, and ensuring that EHR is used by providers to improve clinical decision-making and health outcomes. In support of this outreach strategy, TennCare staff participated in a number of events during the October-December 2018 quarter, including the Tennessee Medical Association Insurance Workshops in Chattanooga, Jackson, Kingsport, Knoxville, Memphis, and Nashville; the 69th Annual Scientific Assembly of the Tennessee Academy of Family Physicians; and the UnitedHealthcare Provider Information Expos in Knoxville, Memphis, and Nashville.

#### **F. Pharmacy Benefits Management (PBM) Procurement**

TennCare contracts with a pharmacy benefits manager, or PBM, to administer its outpatient drug formulary for enrollees with a pharmacy benefit. With just over a year remaining until the contract between TennCare and its current PBM, Magellan Medicaid Administration, Inc., was scheduled to expire, TennCare issued a request for proposals (RFP) for PBM services on September 4, 2018.

The RFP outlines an array of services that would be required of the new contractor. Among those services are—

- Establishing and managing a pharmacy network;
- Building a claims processing system and loading it with all information (enrollee data, edits specific to TennCare’s outpatient formulary, clinical/quantity requirements, etc.) necessary for adjudication of claims;
- Creating a call center and website to assist patients and providers; and
- Managing supplemental rebates.

The deadline for potential bidders to respond to the RFP was December 3, 2019. By December 27, TennCare had completed its evaluation of the bidders’ technical responses to the RFP (i.e., their responses to questions concerning finances, experience and qualifications, implementation of the proposed contract, etc.). As of the end of the October-December 2018 quarter, the winning bidder was scheduled to be announced on January 9, 2019. Once the contract goes into effect on or around March 18, 2019, the new PBM will have several months

of readiness activities before delivery of pharmacy services to TennCare members would begin on January 1, 2020.

#### **G. *Wilson v. Gordon***

*Wilson v. Gordon* is a class action lawsuit filed against the Division of TennCare by the Tennessee Justice Center, the Southern Poverty Law Center, and the National Health Law Program. The suit, which is being heard by the U.S. District Court for the Middle District of Tennessee, alleges federal noncompliance in the Medicaid application and appeals process TennCare has been using since implementation of the Affordable Care Act.

In October 2018, the *Wilson* case proceeded to trial with Judge William L. Campbell, Jr. presiding. The parties to the case completed post-hearing filings in December 2018. As of the end of the October-December 2018 quarter, Judge Campbell had not ruled on the parties' post-trial motions or issued a final decision in the case.

#### **H. *Shackelford v. Long***

This lawsuit (formerly known as *Roan and Shackelford v. Long*) was filed against TennCare in December 2017 by the Tennessee Justice Center and the Legal Aid Society of Middle Tennessee and the Cumberland. The litigation, which is being heard by the U.S. District Court for the Middle District of Tennessee, concerns limitations placed by TennCare on private duty nursing services for individuals aged 21 and older. The purpose of the limitations—approved by CMS in 2008—is to ensure that private duty nursing expenditures are managed in a medically appropriate yet financially sustainable manner.

When a child enrolled in TennCare receives private duty nursing services in excess of the limits applicable to adult enrollees, the enrollee's MCO works with the child and his family prior to the child's 21st birthday to help transition the individual to a different level of benefits that best meets his needs (and that can include long-term services and supports). In *Shackelford v. Long*, a plaintiff with disabilities who received private duty nursing services as a child challenged TennCare's ability to implement limits on the services he received as an adult. The plaintiff alleged that TennCare's limits violated the Americans with Disabilities Act (ADA) and sought an injunction prohibiting TennCare from reducing the services he was receiving. The State timely filed a response to the Motion for Preliminary Injunction, as well as a Motion to Dismiss and a Notice of Constitutional Question.

The plaintiff's Motion for Preliminary Injunction was heard in November 2018, and Judge Waverly Crenshaw, Jr. subsequently ordered the parties to submit post-hearing filings and to participate in mediation scheduled for January 2019. By the conclusion of the October-December 2018 quarter, Judge Crenshaw had not issued a ruling on the Plaintiff's request for a preliminary injunction.

## **I. Public Forum on the TennCare Demonstration**

In compliance with the federal regulation at 42 CFR § 431.420(c) and the Special Terms and Conditions of the TennCare Demonstration, the State hosted a public forum in Nashville on December 12, 2018. The purpose of the forum was to provide members of the public an opportunity to comment on the progress of the TennCare Demonstration project, which has delivered Medicaid services to eligible Tennesseans under a managed care model since 1994.

The December 12 open meeting was not the only avenue through which feedback could be offered. Notice of the forum, which appeared on the TennCare website, included an email address and a physical address at which comments would be accepted. Although the State received no comments through any of these outlets, additional opportunities to assess the TennCare Demonstration will be available, as the State is required to convene a forum on this subject each year for the foreseeable future.

## **VI. Action Plans for Addressing Any Issues Identified**

During the October-December quarter, TennCare continued to comply with orders issued in the *Wilson v. Gordon* court action.

## **VII. Financial/Budget Neutrality Development Issues**

TennCare continued to demonstrate budget neutrality during the October-December 2018 quarter. For more information about budget neutrality performance, see the spreadsheet comprising Attachment A to this Quarterly Progress Report.

From a state fiscal perspective, revenue collections were generally robust during the quarter. Total state and local collections were higher in October and November 2018 than during the same months of 2017, with more than a three percent year-to-year improvement in October and more than a nine percent year-to-year improvement in November. December 2018 saw a slight dip in comparison to December 2017, however, with nearly a two percent decline in total collections.<sup>16</sup>

Tennessee's unemployment rate continued to be historically low throughout the October-December 2018 quarter. The state rate fell from 3.7 percent in October to 3.6 percent in November and December and matched or was lower than the national rate during the same months (3.7 percent in October and November, and 3.9 percent in December). Although Tennessee's unemployment rate was higher than the rate during the corresponding months of

---

<sup>16</sup> The Department of Revenue's collection summaries are available online at <https://www.tn.gov/revenue/tax-resources/statistics-and-collections/collections-summaries.html>.

2017 (3.3 percent in October, November, and December 2017), it was nonetheless low in comparison to Tennessee’s rate over time.<sup>17</sup>

### VIII. Member Month Reporting

Tables 14 and 15 below present the member month reporting by eligibility group for each month in the quarter.

**Table 14**  
**Member Month Reporting for Use in Budget Neutrality Calculations**  
**October – December 2018**

Eligibility Group	October 2018	November 2018	December 2018	Sum for Quarter Ending 12/31/18
<i>Medicaid eligibles (Type 1)</i>				
EG1 Disabled, Type 1 State Plan eligibles	133,428	133,349	133,454	400,231
EG2 Over 65, Type 1 State Plan eligibles	472	390	351	1,213
EG3 Children, Type 1 State Plan eligibles	706,537	700,832	706,321	2,113,690
EG4 Adults, Type 1 State Plan eligibles	357,213	355,516	359,927	1,072,656
EG5 Duals, Type 1 State Plan eligibles	131,419	131,139	130,474	393,032
<i>Demonstration eligibles (Type 2)</i>				
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	285	277	251	813
EG10 H-Over 65, Type 2 Demonstration Population	112	90	47	249
EG11 H-Duals, Type 2 Demonstration Population	6,339	6,406	6,437	19,182
<b>TOTAL</b>	<b>1,335,805</b>	<b>1,327,999</b>	<b>1,337,262</b>	<b>4,001,066</b>

<sup>17</sup> Information about Tennessee’s unemployment rate is available on the Department of Labor and Workforce Development’s website at <https://www.tn.gov/workforce/general-resources/news.html>.

**Table 15**  
**Member Month Reporting Not Used in Budget Neutrality Calculations**  
**October – December 2018**

<b>Eligibility Group</b>	<b>October 2018</b>	<b>November 2018</b>	<b>December 2018</b>	<b>Sum for Quarter Ending 12/31/18</b>
EG6E Expan Adult, Type 3, Demonstration Population	44	35	32	111
EG7E Expan Child, Type 3, Demonstration Population	1,445	1,478	1,544	4,467
Med Exp Child, Title XXI Demonstration Population	6,887	6,850	7,092	20,829
EG12E Carryover, Type 3, Demonstration Population	1,426	1,355	1,305	4,086
<b>TOTAL</b>	<b>9,802</b>	<b>9,718</b>	<b>9,973</b>	<b>29,493</b>

### IX. Consumer Issues

**Eligibility Appeals.** Table 16 presents a summary of eligibility appeal activity during the quarter, compared to the previous two quarters. It should be noted that appeals (whether related to eligibility, medical services, or LTSS) may be resolved or taken to hearing in a quarter other than the one in which they are initially received by TennCare.

**Table 16**  
**Eligibility Appeals for October – December 2018**  
**Compared to the Previous Two Quarters**

	<b>Apr – Jun 2018</b>	<b>Jul – Sept 2018</b>	<b>Oct – Dec 2018</b>
No. of appeals received	48,076	66,796	36,662
No. of appeals resolved or withdrawn	40,905	52,479	46,264
No. of appeals taken to hearing	4,295	3,011	2,782
No. of hearings resolved in favor of appellant	208	167	103

**Medical Service Appeals.** Table 17 below presents a summary of the medical service appeals handled during the quarter, compared to the previous two quarters.



**Table 17**  
**Medical Service Appeals for October – December 2018**  
**Compared to the Previous Two Quarters**

	Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
No. of appeals received	1,645	1,690	1,563
No. of appeals resolved	1,608	1,519	1,574
• Resolved at the MCC level	509	434	383
• Resolved at the TSU level	138	141	187
• Resolved at the LSU level	961	944	1,004
No. of appeals that did not involve a valid factual dispute	365	234	166
No. of directives issued	197	189	227
No. of appeals taken to hearing	961	944	1,004
No. of appeals that were withdrawn by the enrollee at or prior to the hearing	310	281	343
Appeals that went to hearing and were decided in the State’s favor	357	376	376
Appeals that went to hearing and were decided in the appellant’s favor	14	28	40

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 is a unit within TennCare that reviews requests for hearings. 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 within TennCare 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.** The following table provides information regarding certain appeals administered by TennCare’s Long-Term Services and Supports Division for the quarter (e.g., appeals of PreAdmission Evaluation denials, appeals of PreAdmission Screening and Resident Review determinations, etc.), compared to the previous two quarters.

**Table 18**  
**Long-Term Services and Supports Appeals for October – December 2018**  
**Compared to the Previous Two Quarters**

	Apr – Jun 2018	Jul – Sept 2018	Oct – Dec 2018
No. of appeals received	140	138	106
No. of appeals resolved or withdrawn	41	36	40
No. of appeals set for hearing	64	74	63
No. of hearings resolved in favor of appellant	1	0	1

### X. Quality Assurance/Monitoring Activity

**Population Health.** Population Health (PH) is a healthcare management approach that targets the entire TennCare population. The Population Health program improves members’ health across the entire care continuum by providing proactive as well as reactive program interventions that are cost-effective and that are tailored to each member’s specific healthcare needs. The program, which emphasizes preventative care, identifies risky behaviors that are likely to lead to disease in the future (such as poor eating habits, physical inactivity, and drug use) and assists members in discontinuing such activities. Furthermore, PH provides interventions to assist members who already have a chronic or complex health condition. These interventions include making sure that members have access to necessary healthcare services, as well as addressing the social determinants of their health.

PH program members are stratified based on risk factors to one of three levels of health risk, and are then provided services and interventions from one or more of seven programs. Information on the risk levels addressed by PH, the manner in which these risks are addressed, and the total number of members enrolled in PH at the end of the July-September 2018 quarter is provided in Table 19. Data for the period of October through December 2018 will be provided in the next Quarterly Progress Report.

**Table 19**  
**Population Health Data\*, July – September 2018**

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	564,764
Level 1: low,	Low Risk Maternity	Engage pregnant women in timely	9,400

Risk Level	Intervention Type	Intervention Goal(s)	Number of Unique Members at End of Quarter
medium, or high risk		prenatal care and deliver a healthy, term infant without complications	
	Health Risk Management	Prevent, reduce, or delay exacerbation and complications of a condition or health risk behavior	714,870
	Care Coordination	Assure that members receive the services they need to reduce the risk of an adverse health outcome	23,926
Level 2: high risk	Chronic Care Management	Provide intense self-management education and support to members with multiple chronic conditions to improve their quality of life, health status, and use of services	21,601
	High Risk Pregnancy Management	Engage pregnant women in timely prenatal care and deliver a healthy, term infant without complications	10,242
	Complex Case Management	Move members to optimal levels of health and well-being through timely coordination of quality services and self-management support	11,041
<b>Total PH Enrollment</b>			<b>1,331,918</b>

\* The data in this table is a snapshot of PH enrollment on the last day of the reporting period. Because members move between stratification levels and programs, enrollment may vary on a daily basis. Members receiving Care Coordination services may also be receiving services in another PH program simultaneously. As a result, in this table, the number of individuals enrolled in Care Coordination is not included in the "Total PH Enrollment" figure.

**Provider Data Validation Report.** In October 2018, TennCare's External Quality Review Organization (EQRO), Qsource, published the results of its provider data validation survey for the July-September 2018 quarter. Qsource took a sample of provider data files from TennCare's MCCs<sup>18</sup> and reviewed each for accuracy in the following categories:

- Active contract status
- Provider address
- Provider specialty / behavioral health service code
- Provider panel status
- Services to patients under age 21
- Services to patients age 21 or older (MCO only)
- Primary care services (MCO only)

<sup>18</sup> TennCare's Pharmacy Benefits Manager (PBM) was not included in the survey.

- Prenatal care services (MCO only)
- 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 demonstrated generally strong performance by the MCCs, especially in the categories of "provider specialty / behavioral health service code" (96.2 percent accuracy), "primary care services" (96.5 percent accuracy), "prenatal care services" (98.1 percent accuracy), "availability of routine care services" (96.1 percent accuracy), and "availability of urgent care services" (97.1 percent accuracy).

Because the MCOs' transition to a statewide service delivery model occurred relatively recently, progress in accuracy rates is currently being measured on a quarter-to-quarter basis. Compared with the period of April-June 2018, the MCCs—according to the report—"have maintained relatively high accuracy rates this quarter." Nonetheless, 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 December 5, 2018. TennCare, in turn, had received, reviewed, and accepted all of the plans by December 13, 2018. Results for the October-December 2018 quarter will be discussed in the next Quarterly Progress Report.

## **XI. Demonstration Evaluation**

When CMS approved the State's application to extend the TennCare Demonstration on December 16, 2016, the terms and conditions of the approval stipulated that the State's evaluation efforts should focus "on the CHOICES program, ECF CHOICES program and the state plan and demonstration populations enrolled in those programs." On April 17, 2017, therefore, the State submitted to CMS its proposed evaluation design for the current approval period of the TennCare Demonstration (December 16, 2016, through June 30, 2021). The central issue addressed by the design is how the CHOICES and ECF CHOICES managed LTSS programs compare with various fee-for-service LTSS programs operated by the State in the past and present. To guide evaluation efforts, the design includes five program objectives related to CHOICES and five related to ECF CHOICES, each of which is supported with appropriate data elements. Data collection processes for the CHOICES program reflected in the evaluation design have been ongoing since the program's inception. Data collection processes for the Employment and Community First CHOICES program reflected in the evaluation design also commenced at program launch, subject to methodological limitations described in the document. Currently, only quality of life data collection processes have not yet begun, but are expected to be initiated in 2019. Once the evaluation design is approved, TennCare should be well positioned to carry out the proposed evaluation.

The State and CMS are currently working to finalize the evaluation design.

## **XII. Essential Access Hospital Pool**

On July 1, 2018, the structure for uncompensated care payments made by TennCare to Tennessee hospitals changed. Among the changes to the structure that went into effect on that date was the elimination of the Essential Access Hospital Pool and the Critical Access Hospital Pool. Now, as detailed in STC 55 of the TennCare Demonstration, uncompensated care payments to Tennessee hospitals are made from the Virtual DSH Fund and the Uncompensated Care Fund for Charity Care. The following hospitals received payments from those two funds during the October-December 2018 quarter:

Vanderbilt University Medical Center  
LeBonheur Children's Hospital  
Erlanger Medical Center  
Regional One Health  
East Tennessee Children's Hospital  
University of Tennessee Medical Center  
Johnson City Medical Center  
Parkridge Medical Center  
Methodist University Hospital  
Saint Jude Children's Research Hospital  
Baptist Memorial Hospital – Memphis  
TriStar Centennial Medical Center  
Jackson – Madison County General Hospital  
Nashville General Hospital  
TriStar Skyline Medical Center  
Parkwest Medical Center  
Tennova Healthcare – Lebanon  
Saint Francis Hospital  
Delta Medical Center  
Saint Thomas Rutherford Hospital  
Saint Thomas Midtown Hospital  
Fort Sanders Regional Medical Center  
Tennova Healthcare – Physicians Regional Medical Center  
Holston Valley Medical Center  
Maury Regional Hospital  
Ridgeview Psychiatric Hospital and Center  
TriStar Horizon Medical Center  
Lincoln Medical Center  
Pathways of Tennessee  
TriStar Summit Medical Center  
West Tennessee Healthcare Dyersburg Hospital  
TriStar Southern Hills Medical Center  
TriStar StoneCrest Medical Center  
Sweetwater Hospital Association

TriStar Hendersonville Medical Center  
Blount Memorial Hospital  
LeConte Medical Center  
Cookeville Regional Medical Center  
Tennova Healthcare – Cleveland  
Tennova Healthcare – Clarksville  
Morristown – Hamblen Healthcare System  
Bristol Regional Medical Center  
Sumner Regional Medical Center  
Jellico Community Hospital  
Indian Path Community Hospital  
Methodist Medical Center of Oak Ridge  
Henry County Medical Center  
NorthCrest Medical Center  
Baptist Memorial Hospital – Tipton  
Sycamore Shoals Hospital  
Franklin Woods Community Hospital  
Laughlin Memorial Hospital  
Tennova Healthcare – Newport Medical Center  
Hardin Medical Center  
Baptist Memorial Hospital – Union City  
Tennova Healthcare – Harton  
Tennova Healthcare – LaFollette Medical Center  
Southern Tennessee Regional Health System – Winchester  
Starr Regional Medical Center – Athens  
Roane Medical Center  
West Tennessee Healthcare Volunteer Hospital  
Unity Medical Center  
TrustPoint Hospital  
Southern Tennessee Regional Health System – Pulaski  
Williamson Medical Center  
Southern Tennessee Regional Health System – Lawrenceburg  
Wayne Medical Center  
Livingston Regional Hospital  
Tennova Healthcare – Shelbyville  
Tennova Healthcare – Lakeway Regional Hospital  
Tennova Healthcare – Jefferson Memorial Hospital  
Saint Thomas DeKalb Hospital  
Claiborne Medical Center  
Saint Thomas Stones River Hospital  
Crestwyn Behavioral Health  
Milan General Hospital  
Jamestown Regional Medical Center  
Henderson County Community Hospital

Rolling Hills Hospital  
 Baptist Memorial Restorative Care Hospital  
 Siskin Hospital for Physical Rehabilitation  
 HealthSouth Rehabilitation Hospital – Kingsport  
 Quillen Rehabilitation Hospital  
 HealthSouth Rehabilitation Hospital – Chattanooga  
 HealthSouth Rehabilitation Hospital – Memphis  
 HealthSouth Rehabilitation Hospital – North Memphis  
 Kindred Hospital – Chattanooga  
 Regional One Health Extended Care Hospital  
 Spire Cane Creek Rehabilitation Hospital  
 Vanderbilt Stallworth Rehabilitation Hospital  
 HealthSouth Rehabilitation Hospital – Franklin

### **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:

<b>Universities</b>	<b>Hospitals</b>
East Tennessee State University	Ballad Health ETSU Quillen Johnson City Medical Center Johnson City Community Health Center Woodridge Hospital Holston Valley Medical Center Bristol Regional Medical Center
Meharry Medical College	Metro Nashville General Hospital Meharry Medical Group
University of Tennessee at Memphis	Regional One Health Methodist Le Bonheur Erlanger Jackson – Madison Co. General Hospital Saint Francis Hospital – Memphis Saint Thomas
Vanderbilt University	Vanderbilt University Hospital

#### **XIV. Critical Access Hospitals**

As detailed in Section XII above, the Critical Access Hospital pool was eliminated on July 1, 2018. Tennessee hospitals now receive supplemental payments for providing uncompensated care from the Virtual DSH Fund and the Uncompensated Care Fund for Charity Care. A list of hospitals receiving payments from those funds during the October-December 2018 quarter appears in Section XII of this report.

**State Contact:**

Aaron Butler  
Director of Policy  
Division of TennCare  
310 Great Circle Road  
Nashville, TN 37243  
Phone: 615-507-6448  
Email: aaron.c.butler@tn.gov

**Date Submitted to CMS: March 1, 2019**



# **Attachment A**

## **Budget Neutrality Calculations for the Quarter**

## Actual TennCare Budget Neutrality (Oct - Dec 2018)

### I. The Extension of the Baseline

Baseline PMPM	SFY 2018 PMPM
1-Disabled (can be any ages)	\$1,905.21
2-Child <=18	\$535.50
3-Adult >= 65	\$1,223.63
4-Adult <= 64	\$1,111.34
Duals (17)	\$781.68

#### Actual Member months of Groups I and II

1-Disabled (can be any ages)	401,044
2-Child <=18	2,113,690
3-Adult >= 65	1,462
4-Adult <= 64	1,072,656
Duals (17)	412,214
<b>Total</b>	<b>4,001,066</b>

Ceiling without DSH	Baseline * MM
1-Disabled (can be any ages)	\$764,071,153
2-Child <=18	\$1,131,878,230
3-Adult >= 65	\$1,788,950
4-Adult <= 64	\$1,192,082,333
17s	\$322,220,840
<b>Total</b>	<b>\$3,412,041,506</b>

DSH	DSH Adjustment (Quarterly)	\$115,999,213
-----	----------------------------	---------------

Total Ceiling	<b>Budget Neutrality Cap</b>	
	Total w/DSH Adj.	<b>\$3,528,040,719</b>

### II. Actual Expenditures

Group 1 and 2	
1-Disabled (can be any ages)	\$ 539,207,159
2-Child <=18	\$ 477,249,308
3-Adult >= 65	\$ 3,017,393
4-Adult <= 64	\$ 388,749,166
Duals (17)	\$ 392,459,194
<b>Total</b>	<b>\$ 1,800,682,220</b>

Group 3	
1-Disabled (can be any ages)	\$ -
2-Child <=18	\$ 5,807,548
3-Adult >= 65	\$ 20,487,751
4-Adult <= 64	\$ 21,141
Duals (17)	\$ -
<b>Total</b>	<b>\$ 26,316,440</b>

#### Pool Payments and Admin

<b>Total Pool Payments</b>	\$ 86,612,107
----------------------------	---------------

<b>Admin</b>	193,428,050
--------------	-------------

Quarterly Drug Rebates	(215,956,182)
Quarterly Premium Collections	\$ -

Total Net Quarterly Expenditures

\$	1,891,082,635
----	---------------

**III. Surplus/(Deficit)**

Federal Share

\$1,636,958,084
\$1,063,367,971

