

State of Tennessee Division of Health Care Finance and Administration

PCG Review of Medicaid and Uncompensated Care Costs and Supplemental Payment Methodologies in TennCare

March 4, 2016



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I. EXECUTIVE SUMMARY

In June of 2015, the Tennessee Division of Health Care Finance and Administration (HCFA) contracted with Public Consulting Group, Inc. (PCG) to review the State's extant supplemental payment pool system under the Tennessee Medicaid 1115 waiver. The review was prompted by CMS' requirement that the State complete a report examining the role of the State's uncompensated care pools due in advance of the pools expiration date of June 30, 2016. This report is the ultimate product of that review.

PCG has undertaken an in-depth review of the supplemental payment pool history and payment structure, alongside an analysis of the adequacy of supplemental payments to address Medicaid and uninsured shortfalls. Per the requirements outlined by CMS for this report, the analysis also examines the potential impact of Medicaid expansion under the Affordable Care Act (ACA) on payment adequacy and evaluates the continued need for supplemental payments under such an expansion.

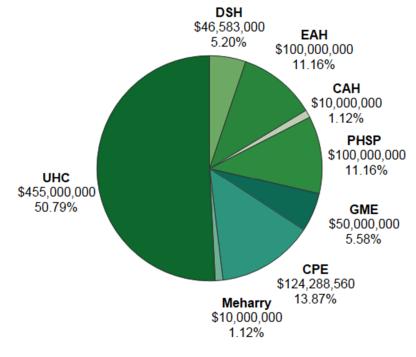
Finally, the review examined possible steps for HCFA in moving forward. In many Medicaid programs nationally, supplemental payment pool systems such as Tennessee's are being replaced by new approaches that transform payment and delivery systems in a way that incentivizes efficient uses of health care system resources which in turn helps to preserve and strengthen existing networks and ensure access to care. PCG has worked with HCFA to chart possible scenarios which will allow the Tennessee Medicaid program to transition from its current reliance on the supplemental payment pools.

Overview of the Medicaid Supplemental Pools

Tennessee currently has an entirely managed care Medicaid reimbursement system, known as TennCare, authorized under a waiver. TennCare was an early and ambitious statewide managed care initiative, with a goal of enrolling all uninsured Tennesseans, regardless of income. As a part of the

TennCare program, Tennessee gave up Disproportionate Share Hospital (DSH) supplemental payments. As TennCare grew over time, it became clear that expanded coverage would not completely eliminate uncompensated care and Medicaid shortfall across the state. The State requested and received the first of what would ultimately be several recurring supplemental beginning in 2002 with the Critical Access Hospital Pool and the Special Hospital Payments supplemental pool which would later become the Essential Access Hospital Pool described in this report.

In 2005 TennCare's coverage and enrollment were revised to make the program more sustainable, in line with other Medicaid managed care programs in other states. This resulted in increased Medicaid and uninsured shortfalls. To counter these costs, as was



done in other states Tennessee began to develop the supplemental payment pool system. These were authorized by a waiver and beginning in 2010 were financed primarily by a hospital assessment. This hospital assessment also supports the TennCare program itself, preventing the need for service caps and rate cuts that would otherwise be necessary.

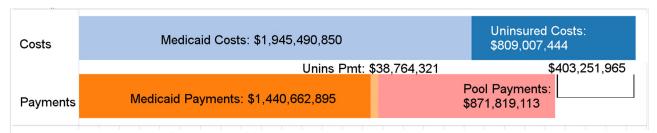
The current Medicaid supplemental payment pool waiver – which takes a broad definition of supplemental pools and includes GME – includes eight different pools. The figure above demonstrates 2015 figures for each pool, for a total value of **\$895,871,560**. The table below outlines each pool in detail.

Payment Pool	Pool Description	All-Funds Payment Amount	Waiver Section	State-Share Funding Source
DSH	Partial DSH, authorized incrementally by Congress. Currently 119 hospitals are eligible for DSH payments, excluding CAHs, State Mental Health Institutes, and 21 eligible hospitals that do not meet qualification criteria.	Variable (\$46.5M in 2015)	55.j	Hospital Assessment
EAH	Uncompensated care support for high volume and charity hospitals that serve a disproportionate number of low-income/special need patients.	\$100,000,000	55.e	Hospital Assessment
UHC	Covers actual costs incurred by eligible hospitals unreimbursed by TennCare.	Max \$500M (\$455M in 2015)	55.k	Hospital Assessment
CAH	Supports Critical Access Hospitals in serving a disproportionate number of low-income/special needs patients in rural areas.	Max \$10M	55.f	Hospital Assessment
PHSP	Covers uncompensated cost of TennCare covered services provided to TennCare enrollees and uninsured patients for three specific county-level providers.	\$100,000,000	55.I	IGT
CPE	Covers the actual costs incurred by government operated hospitals for the provision of inpatient and outpatient services for TennCare enrollees and uninsured patients.	Variable (\$124.3M in 2015)	55.h	Certified Public Expenditures
GME	Used by medical universities with graduate physician medical education programs to fund graduate medical education activities of associated teaching hospitals/clinics.	\$50,000,000	55.d	Hospital Assessment
Meharry	Supports for the uncompensated costs of the two Medicaid clinics operated by the Meharry Medical College for TennCare covered services provided to TennCare enrollees and charity care patients.	\$10,000,000	55.g	State General Fund

Medicaid and Uninsured Shortfalls and Pool Impact

Using State Medicaid Management Information System (MMIS) Medicaid utilization in combination with Healthcare Cost Report Information System (HCRIS) Medicare cost reporting data, PCG was able to calculate the overall Medicaid costs for each hospital on a cost center by cost center basis. Uninsured utilization reported by providers to Tennessee Hospital Association allowed a similar calculation to be performed to derive uninsured costs, though underinsured costs were not included. Medicaid and

uninsured costs were then compared to Medicaid and uninsured reimbursement, including pool dollars paid to facilities included in the analysis.

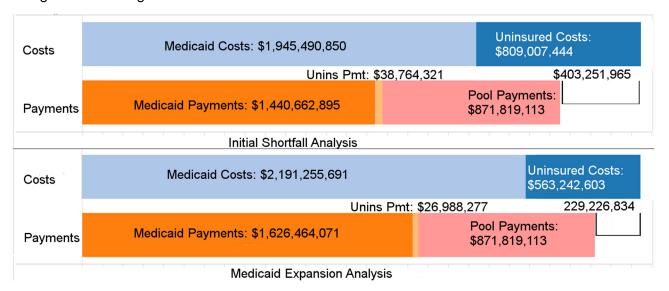


The analysis excludes certain facilities, and neither costs nor payments for these providers were included, including supplemental payment pool dollars. Facilities were excluded where cost report data was not available or Medicaid utilization did not exist; the only major impact resulted from the exclusion of St. Jude's Children Research Hospital. PCG's reasons for excluding costs associated with this hospital are explored thoroughly below, under the section Calculation of Costs and Shortfalls. The analysis also excludes the Meharry Medical College Pool, which is paid to medical clinics operated by the medical school rather than hospital providers.

Overall, the current TennCare reimbursement through Medicaid base payments meets 74% of the overall Medicaid costs. Uninsured reimbursement is naturally much lower, meeting less than 5% of uninsured costs. Without pool payments, the total uncompensated care shortfall (Medicaid shortfall and uninsured shortfall) is approximately \$1.3 billion; the inclusion of pool payments reduces this shortfall to \$403 million.

Projected Fiscal Impact Analysis of Medicaid Expansion

Per the requirement established by CMS, PCG's final analysis evaluated the potential impact of Medicaid expansion on the fiscal picture already described. American Community Survey (ACS) census data for 2014 described Tennessee's uninsured base population as 772,280. PCG used a potential expansion population of 234,000, as published in the report "Missed Opportunities: The Consequences of State Decisions Not to Expand Medicaid," produced by the Council of Economic Advisors in July 2014 for the Congressional Budget Office.



A portion of the total uninsured cost was allocated to this potential expansion population based on their proportion of the total. This portion of the costs was moved from the uninsured costs to the Medicaid costs. Payments were recalculated for these new projected costs, using calculated payment to cost percentages.

The total projected uncompensated care shortfall with expansion was approximately \$1.1 billion. With the inclusion of pool payments, the shortfall would be reduced to \$229 million. This highlights the importance of pool payments to TennCare payment adequacy and patient access, even with Medicaid expansion.

Closing Remarks

While current Medicaid base payments cover approximately 74% of Medicaid costs, there still remains a Medicaid shortfall. The uninsured shortfall is even more significant, making up 60% of the total uncompensated care shortfall overall. Current supplemental payment levels are essential in ensuring appropriate access to care and quality of care for both Medicaid and uninsured patients. Even with Medicaid expansion, at least \$229 million in uncompensated care shortfall remains. Moving forward, Tennessee is examining multiple possible innovations that would shift their delivery system towards a more value-based payment methodology while retaining similar levels of supplemental reimbursement. PCG has outlined potential options in the Recommendations section at the end of the report.

II. INTRODUCTION

Tennessee's Medicaid program has operated under a waiver since 1993, which enabled the Medicaid managed care environment known as TennCare. Beginning in 2002, Tennessee's waiver has also authorized several supplemental payment pools, most of which are designed to support the uncompensated care burden (Medicaid and uninsured shortfalls) of hospital providers and to assure broad access to medical services for TennCare members.

This engagement was prompted by a requirement by the Centers for Medicare and Medicaid Services (CMS) for an independent evaluation of the pool system and the execution of the waiver. This report has been produced under that initiative and will serve as HCFA's response to the requirement by CMS.

The charge from CMS had two primary components:

1. First, to evaluate and describe the pool system as enacted under the waiver, in order to summarize the current administration and function of the existing pools.

The report summarizes the methodology and administration of each of the eight supplemental payment pools authorized under the waiver. It also identifies Medicaid and uninsured costs in comparison to payments, assessing uncompensated care shortfalls for the hospitals included in the pool disbursements. The main body of the report presents these results at a high level; calculations on a provider-by-provider basis can be found in the appendices.

2. Second, to evaluate how an expansion of Medicaid, consistent with the goals of the Affordable Care Act (ACA), would potentially impact Tennessee's uncompensated care shortfall, and particularly the need for the supplemental payment pool system.

In order to perform this analysis, PCG reviewed several population estimates from a variety of sources, and developed a transparent methodology for estimating the change in costs and payments that would occur with a major shift of currently uninsured individuals under 138% of the federal poverty level (FPL) from the uninsured population to the Medicaid-eligible population. PCG was able to identify the estimated remaining shortfall after Medicaid expansion and confirm that the pools would continue to play an important part in controlling uncompensated care costs for the providers.

Recognizing that in the current Medicaid environment nationwide, supplemental payments pools are being evaluated by CMS and in several cases being recast as sources of funding for Medicaid programs and providers to incentivize transformation in operations to support value-oriented approaches to service delivery and addressing uncompensated care, PCG has also provided recommendations for the future evolution of the program for the benefit of HCFA and CMS.

III. ANALYSIS OF MEDICAID FUNDING LEVELS

This section describes the current Medicaid reimbursement methods under TennCare, the funding levels for each supplemental payment pool authorized under the Medicaid 1115 waiver, and the primary funding sources for these payment streams. In particular, the current Tennessee Medicaid 1115 waiver supplemental payment pool system is described both at a high level and then in detail, examining each pool in turn. The standard TennCare inpatient/outpatient Medicaid reimbursement is also described to provide an aggregate outline of these various funding streams. However, the primary focus of this section is to describe the nature, methodology and interaction of each supplemental payment pool within the overall Medicaid 1115 waiver supplemental payment structure.

a. Introduction to TennCare Supplemental Pools

I. HIGH-LEVEL HISTORY AND CONTEXT

On January 1, 1994, Tennessee embarked on a large-scale Medicaid undertaking, authorized under a waiver granted by CMS. Tennessee used the waiver to enact a managed care service delivery system, aimed at improving the value of care and sharing risk with Medicaid managed care organizations (MCOs) (1115 waiver section II, Program Description and Objectives). However, Tennessee's Medicaid managed care program, known as TennCare, was far more extensive than previously attempted, as it covered the uninsured regardless of income level. TennCare virtually eliminated the Medicaid fee-for-service delivery system and significantly expanded Medicaid-eligible populations. This endeavor was intended to drastically reduce the uninsured population and in turn drive a corresponding reduction in uncompensated care cost. As a part of the waiver, Tennessee included the available federal funding for Tennessee hospital DSH payments in the total TennCare budget neutrality ceiling. The rationale was that Disproportionate Share Hospital (DSH) payments to hospitals would no longer be necessary once Medicaid was adequately funded and available to almost all uninsured Tennessee residents.

However, as TennCare grew over time, it became clear that expanded coverage would not completely eliminate uncompensated care and Medicaid shortfall across the state. In 2002, the State officially asked and received approval from CMS to modify the TennCare waiver to allow the distribution of \$100 million to **Essential Access Hospitals** (EAHs) using federally-matched dollars. The EAH pool was implemented following a methodology very similar to traditional DSH payments. With minor adjustments, the approved methodology has been used and included in each waiver renewal.

During the same period Tennessee also requested the creation of a \$10 million **Critical Access Hospital** (CAH) pool. These federally designated CAHs only qualify to receive very small DSH payments, often less than \$1,000 per CAH, and are not eligible for EAH funding but nevertheless play a critical role in providing access to Tennessee residents in rural areas and the overall health care safety net.

Due to program challenges and State budgetary constraints, beginning in 2005 TennCare rolls were revised to be less comprehensive and more in line with other state's Medicaid programs. Uncompensated care volume and cost rose sharply, further highlighting the need for **Disproportionate Share Hospital** (DSH) payments once again. However, as part of the initial waiver agreements, the State waived its requirement to provide hospital DSH payments and Section 1923 of the Social Security Act was revised to show a \$0 federal allocation for DSH for Tennessee. Since 2003, Tennessee has requested support

for supplemental DSH payments from Congress. These were for varying amounts and approved for short periods of time that were less than three years. In 2015 Congress was successful in securing a set DSH federal allocation of \$53.1 million for Tennessee that extends through 2025. This DSH allocation is significantly lower than the total amount of DSH available to Tennessee hospitals prior to TennCare. In the current waiver the federal share amount of DSH included in budget neutrality for TennCare is \$305.5 million. These additional partial DSH payments have never been sufficient to meet Tennessee's uncompensated care gaps. Over time other supplemental payment pools have been added to the waiver – including EAH and CAH pools – to help alleviate the uncompensated care burden experienced by Tennessee hospitals.

Effective in 2010, Tennessee requested and received permission to create the **Unreimbursed Hospital Cost** (UHC) pool, which serves to reimburse hospitals for any additional uncompensated care costs not supported by the other pools. The UHC pool has an annual payment maximum of \$500 million. As part of the same waiver update, Tennessee also created the **Public Hospital Supplemental Payment** (PHSP) pool, similarly intended to cover additional uncompensated care costs. This pool is only open to three providers, all of which are urban, county-owned or -affiliated safety net providers and therefore eligible for funding streams that are not available to most hospitals. The initial PHSP pool was \$70 million, and was recently expanded to \$100 million.

These five pools are the primary methods Tennessee has implemented to address the uncompensated care experienced by hospitals and ensure access to care for TennCare enrollees as a result of the contraction of TennCare and the absence of supplemental DSH funding. Three other pools target other uncompensated expenses within the Medicaid system and are not traditionally considered supplemental pools. The **Graduate Medical Education** (GME) pool, amounts to \$50 million dollars annually and is paid to four university medical schools to subsidize the costs of graduate medical education at the affiliated hospitals and clinics supporting the medical schools. The schools are required to allocate \$2 million of the pool to be paid to the Tennessee Rural Partnership to be used for the recruitment of primary care providers into underserved areas in Tennessee. The **Meharry Medical College** pool contributes up to \$10 million to support the uncompensated care costs of two clinics which are affiliated with the Meharry Medical College, which in turn ensures the sustainability of important safety net clinics and supports the training of new physicians. Finally, the **Certified Public Expenditure** (CPE) pool draws down appropriate federal matching funds based on unreimbursed Medicaid and charity care costs for government-operated hospitals. These additional federal CPE funds are used by the State to fund the overall Medicaid program.

These supplemental payment pools are all part of the Supplemental Payment Pool funding section authorized in paragraphs 55.d. through h. and j. through l. (Extent of Federal Financial Participation for the Demonstration) of the Tennessee Medicaid 1115 waiver demonstration's Special Terms and Conditions (STCs). Per federal guidelines and requirements, provider payments through the Tennessee Medicaid 1115 waiver Supplemental Payment Pools are reported to CMS through the CMS-64 Quarterly Expense Report. Due to payment distribution timing variances, a portion of the supplemental pool payments allocated for a specific demonstration year (DY) may be physically distributed, and therefore reported in in the next DY within the CMS-64. The table below summarizes the characteristics of each waiver supplemental payment pool authorized through the recently extended waiver with expiration date of June 30, 2016:

Payment Pool	Pool Description	All-Funds Payment Amount	CMS-64 Reporting	Waiver Section	State-Share Funding Source
DSH	DSH payments provide supplemental payments for safety net hospitals which provide disproportionate share of care to uninsured or underinsured individuals. The number of qualifying hospitals varies annually based on qualifying criteria. In SFY2015, 119 hospitals qualified to receive payment with 70 earning payments based on the criteria.	Variable (\$46.5M in 2015)	DSH, Column A, Line 50	55.j	Hospital Assessment
EAH	The purpose of the EAH pool is to address the uncompensated care situation of high volume TennCare and charity hospitals that serve a disproportionate number of TennCare enrollees. CAHs and State Mental Health Institutes do not participate in this pool.	\$100,000,000	EAH POOL, Column A, Line 50	55.e	Hospital Assessment
UHC	The purpose of the UHC pools is to cover the actual costs incurred by eligible Tennessee hospitals that are unreimbursed by TennCare.	Max \$500M (\$455M in 2015)	HEC, Column A, Line 50	55.k	Hospital Assessment
САН	The purpose of the CAH pool is to provide reimbursement from TennCare that is consistent with Medicaid 100% of cost reimbursement. Only CAHs are eligible to participate in this pool, and are designated by the Tennessee Department of Health in accordance with CMS requirements.	Max \$10M (\$10M in 2015)	CAH POOL, Column A, Line 50	55.f	Hospital Assessment
PHSP	The purpose of the PHSP pools is to cover the hospital's uncompensated cost of TennCare covered services provided to TennCare enrollees and uninsured patients. The providers eligible for this payment are: Regional Medical Center at Memphis, Metropolitan Nashville General Hospital, and Erlanger Medical Center	\$100,000,000	IGT, Column A, Line 50	55.I	IGT
CPE	The purpose of the CPE pool is to cover the actual costs incurred by government operated hospitals for the provision of inpatient and outpatient TennCare services for TennCare enrollees and uninsured patients.	Variable (\$124.3M in 2015)	CPE, Column A, Line 50	55.h	Certified Public Expenditures

Payment Pool	Pool Description	All-Funds Payment Amount	CMS-64 Reporting	Waiver Section	State-Share Funding Source
GME	The GME pool payments are restricted for use by medical universities with graduate physician medical education programs to fund graduate medical education activities of associated teaching hospitals or clinics: East Tennessee State University, Meharry Medical College, University of Tennessee at Memphis, and Vanderbilt University.	\$50,000,000	GME, Column A, Line 50	55.d	Hospital Assessment
Meharry	The purpose of the Meharry Medical College pool is to pay for the uncompensated costs of the two Medicaid clinics operated by the Meharry Medical College for TennCare covered services provided to TennCare enrollees and the appropriate charity care patients.	\$10,000,000	Meharry Pool, Column A, Line 50	55.g	State General Fund

II. POOL CALCULATION DATA SOURCES

Although the maximum distributable supplemental pool amounts are fixed within the waiver, Tennessee must perform calculations to apportion the pool funding among eligible providers on an annual basis. The primary data source used to allocate the majority of pool funds is the Tennessee Joint Annual Report (JAR) of Hospitals, which is maintained by the Department of Health and gathers provider-reported fiscal year-specific utilization and financial data from across the state on an annual basis. The report covers a full year of operation, even if there has been a change of ownership during the year, and a separate report is required for each parent and each satellite hospital.

The purpose of the JAR is to meet the hospital data needs of all users across the State. Its function in relation to the supplemental payment pool system is to provide the necessary hospital-specific data used to calculate each provider's share of Medicaid and uninsured care costs in comparison to the hospital's total utilization and cost. As a result, the JAR cost calculation methodology as outlined and approved in the TennCare waiver differs from the detail cost calculations used in the completion of standard DSH audits and the calculations used in PCG's review for the purposes of this report, except as specifically noted.

In the JAR, providers report total Medicaid charges and revenue, including TennCare and out-of-state Medicaid-related charges, as well as facility-level expenses and charges. The expenses and charges are used to calculate a single overall hospital cost-to-charge ratio (CCR) for each provider. The product of the CCR and the Medicaid charges is used to estimate the Medicaid cost. Medicaid payments are deducted from the Medicaid cost to arrive at an estimated Medicaid shortfall.

Similarly, the providers report their uninsured charges, using categories referred to in the JAR as bad debt and charity care. However, the definition used for "bad debt" in the context of the JAR does not correspond to the Medicare definition of bad debt. In this context, charity care refers to all charges made

to patients who qualify for charity care under Tennessee State policy, while bad debt captures all other unreimbursed charges billed to uninsured or underinsured patients. Bad debt is defined in the JAR as "amounts considered to be uncollectible from accounts and notes receivable which are created or acquired in providing services." Tennessee defines charity care as reductions in charges made by the provider of services because of the indigence or medical indigence of the patient. A determination of indigence or medical indigence is made based on the following:

- (A) The patient's indigence must be determined by the provider, not by the patient, (i.e., a patient's signed declaration of his inability to pay his medical bills cannot be considered proof of indigence);
- (B) The provider should take into account a patient's total resources which would include, but are not limited to, an analysis of assets (only those convertible to cash and unnecessary for the patient's daily living), liabilities, and income and expenses. Indigence income means an amount not be exceed one hundred percent (100%) of the federal poverty guidelines. Medical indigence is a status reached when a person uses or commits all available current and expected resources to pay for medical bills and is not limited to a defined percent of the federal poverty guidelines. In making this analysis the provider should take into account any extenuating circumstances that would affect the determination of the patient's indigence;
- (C) The provider must determine that no source other than the patient would be legally responsible for the patient's medical bill, (e.g., title XIX, local welfare agency, and guardian); and
- (D) The patient's file should contain documentation of the method by which indigence was determined in addition to all backup information to substantiate the determination.
- (E) Once indigence is determined and the provider concludes that there had been no improvement in the beneficiary's financial condition, the debt may be deemed uncollectible without applying the bad debt collection criteria.¹

These uninsured charges, along with the CCRs, are used to derive estimated uninsured cost for each hospital. The resulting uninsured shortfall is combined with the Medicaid shortfall and compared to the total aggregate shortfall to determine each provider's share of the DSH, EAH, CAH, and PHSP pools, according to the various methodologies approved for each pool (see Section b. Detailed Description of Individual Supplemental Pools).

In addition to the JAR, other data sources are used for the allocation methodology of certain pools. Specifically, the Medicare cost report and Medicaid encounter data are used to calculate the CPE amounts, while the Meharry Medical College pool is distributed based on a CPA audit of the clinics which determines the amount of uncompensated cost, up to the pool maximum of \$10 million.

III. POOL FUNDING MECHANISMS

The primary mechanism used to fund the State share of Tennessee's supplemental payments is the State's hospital assessment. In FY 2015, total State funds raised by the assessment equaled \$452,800,000, triggering a federal drawdown of \$826,559,500. The hospital assessment supplies the State share for the EAH, CAH, DSH, GME and UHC pools. The current assessment rate is 4.52 percent,

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¹ TCA 68-1-109 (1) (2) (amended 5/30/07)

based on the net patient revenue from the hospitals' 2008 Medicare cost reports. The assessment falls on 102 of Tennessee's acute care and psychiatric hospitals, with 64 facilities excluded for various reasons. Excluded hospitals include hospitals eligible to certify public expenditures, critical access hospitals, rehabilitation and long-term acute care hospitals, and the one pediatric research hospital in Tennessee.

Pools not funded by the assessment use other revenue streams to provide the State share:

- The State share of the PHSP pool is provided by the counties affiliated with each hospital, contributed by Intergovernmental Transfer (IGT).
- In the CPE calculation, the State share is provided by the expenditures already incurred in the operation of qualifying public providers.
- TennCare provides general revenue funding for the Meharry Medical College pool at the current rate of federal financial participation subject to available State appropriations, assuming sufficient budget neutrality under the waiver, and TennCare unreimbursed costs incurred by Meharry's clinics.

Overall, 73.85% of the supplemental payment pool amounts are funded by the assessment. The CPE funding makes up an additional 13.87%, with the PHSP pool (11.16%) and the Meharry pool (1.12%) making up the remainder. The hospital assessment and the IGT State-share funding streams are predictable and consistent year-over-year as the pools associated with these two funding streams have non-variable payment amounts. The State's general revenues used to fund the State-share portion of the Meharry Medical College pool are also consistent as the payment amounts for these pools are specifically defined in the waiver. The only variable State-share funding source is the public hospital expenditures that qualify for the federal drawdown from the CPE. Since providers' uncompensated care costs and shortfalls vary from year-to-year, the all-funds CPE settlement amount for each provider can also differ. Overall, the current State-share funding streams associated with the supplemental payment system are predictable and sustainable under current payment pool amounts.

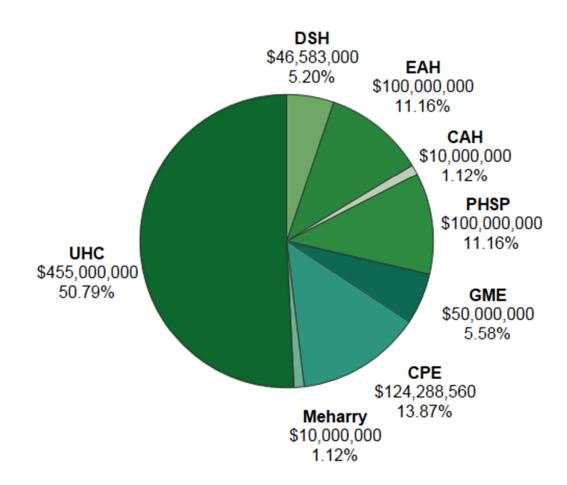
b. Detailed Descriptions of Individual Supplemental Pools

The following sections provide detailed descriptions of each supplemental pool. In each section, PCG focused on the following key elements:

- The historical context and rationale that led to the creation of the pool;
- The providers that are eligible for the pool dollars and an explanation of eligibility criteria, and;
- The methodology used to calculate the pool distribution, including the total amount of pool dollars available.

Each description also includes overall aggregate payments for each pool during FY 2015, the demonstration year used for the analysis. The numbers and methodologies for each pool have been derived from HCFA's detailed work papers, while historical and contextual information were gathered from conversations with HCFA stakeholders and review of waiver applications and other documentation accumulated over the history of the pools.

The chart below discretely identifies the size of each pool, resulting in the overall amount of \$895,871,560 in supplemental payments for the 2015 demonstration year.

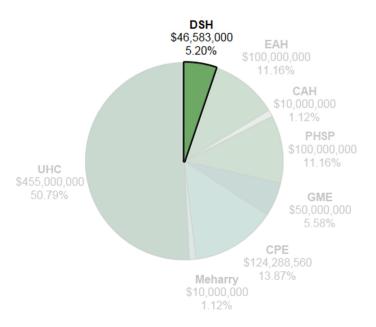


I. DISPROPORTIONATE SHARE HOSPITAL (DSH) PAYMENTS

Historical Context and Rationale

DSH payments are routinely made for all states to provide supplemental payments for safety net hospitals which provide a disproportionate share of care to uninsured or underinsured individuals. However, as described above, Tennessee is unique in the nation for not having a regularly, recurring DSH funding allotment allocated annually. In 1993, as part of the waiver that authorized the TennCare managed care approach to Medicaid, Tennessee waived the requirement to pay hospitals the federal Medicaid DSH payments.

TennCare initially expanded Medicaid-eligible populations and intended to drastically eliminate the need for charity care programs, therefore reducing uncompensated care. The rationale was that DSH funding would no longer be



necessary once Medicaid was adequately funded and available to almost all uninsured Tennessee residents. However, beginning in 2005, TennCare rolls were revised to be less comprehensive and more in line with other state Medicaid programs. At this point, uncompensated care rose sharply, which helped to further highlight the need for DSH payments once again. However, the State waived its ability to receive the federal share for annual DSH payments on a recurring basis. Therefore, since 2003, Tennessee has requested support from the State's Congressional delegation to secure partial DSH payments through federal legislation, which has occurred on a year by year basis. Generally speaking, prior to 2015 Tennessee received a negotiated DSH payment each year, but the exact amount was not consistent; in some cases DSH has not been approved. Beginning in 2015, Congress authorized a set amount of federal funding for Tennessee hospital DSH payments through 2025.

Although Tennessee received approval for a partial DSH payment through 2025, at present it remains the only state that does not receive fully funded regular DSH payments.

Eligible Providers

In 2015, there were 119 Tennessee hospitals that were eligible for DSH payments. CAH providers do not participate, as they are compensated via a distinct supplemental payment pool dedicated to address Medicaid shortfall and uncompensated care costs. There are also 21 other hospitals that do not participate. The DSH eligible providers and their payment distribution ratios are categorized into 4 distinct hospital types and defined in the table below. The amount paid in each demonstration year cannot exceed the hospital's total uncompensated care cost, which is defined by the uncompensated cost of TennCare covered services provided both to TennCare enrollees and to uninsured patients.

Methodology

The primary data source for calculating payments is the most recent final, corrected and edited JAR at the time of the first quarterly payment for a given fiscal year. The actual calculation steps described below are essentially identical to the process used to allocate the EAH pool.

The allocation of the DSH pool to various hospital segments is categorized into four distinct parts as follows:

Hospital Type	Description	# of Eligible Hospitals	Pool Distribution %
Essential Service Safety Net	Any hospital that is both a Level 1 Trauma Center and a Regional Perinatal Center or any metropolitan public hospital that is contractually staffed and operated by a safety net hospital for the purpose of providing clinical education and access to care for the medically underserved.	6	50% of the whole (\$23,291,500)
Children's Safety Net	Any hospital licensed by the Tennessee Department of Health whose primary function is to serve children under the age of 21.	2	5% of the whole (\$2,329,150)
Free Standing Psychiatric Hospitals	Hospitals licensed by the Tennessee Department of Mental Health for the provision of psychiatric hospital services in Tennessee, excluding the State Mental Health Institutes.	7	2% of the whole (\$931,660)
Other Essential Hospitals	Hospitals include all other hospitals licensed by the Tennessee Department of Health to provide services in Tennessee, excluding the Critical Access Hospitals.	104	43% of the whole (\$20,030,690)

Allocation is based on an assignment of points for:

- TennCare adjusted days expressed as a percent of total adjusted patient days; and
- Charity, medically indigent care, and bad debt costs based on the JAR definition expressed as a percent of total expenses.

The purpose of the point system is to allocate funding based upon the proportion of Medicaid utilization and uncompensated care costs a provider incurs. Therefore, those providers with a greater percentage of Medicaid utilization and uncompensated care costs will appropriately receive more DSH funding.

Calculation of Points

- (1) TennCare volume is defined as the percent of a hospital's total adjusted days that are covered by TennCare. Points are assigned based on that percent as follows:
 - 1 point greater than or equal to 9.5% but less than 13.5% and the actual number of TennCare adjusted days must be greater than the average for all hospitals included in the Other Essential Hospital category;
 - 1 point greater than or equal to 13.5% and less than or equal to 24.5%;

- 2 points greater than 24.5% and less than or equal to 34.5%;
- 3 points greater that 34.5% and less than or equal to 49.5%;
- 4 points greater than 49.5%.
- (2) Bad Debt, Charity and Medically Indigent BDCHMI costs as a percent of total expenses
 - 0 points less than 4.5%
 - 1 point greater than or equal to 4.5% and less than 9.5%
 - 2 points greater than or equal to 9.5% and less than 14.5%
 - 3 points greater than or equal to 14.5%

Calculation of Amounts of Pool Payments for Hospitals

The total points accumulated for TennCare volume and Bad Debt, Charity and Medically Indigent are calculated for each qualifying provider. These points are to adjust the General Hospital Rate (GHR) based on pre-TennCare hospital reimbursement rates to distribute DSH funding. The GHR rate included all inpatient costs (operating, capital, direct education) but excludes add-ons (indirect education, MDSA, return on equity). The GHR for Safety Net Hospitals is \$908.52. The GHR for all other hospitals is \$674.11. The points for each qualifying hospital are summed and then used to determine the percent of the GHR that is used to calculate the initial payment amount for each hospital.

- 7 points 100% of GHR
- 6 points 80% of GHR
- 5 points 70% of GHR
- 4 points 60% of GHR

- 3 points 50% of GHR
- 2 points 40% of GHR
- 1 point 30% of GHR

For each of the four pools, the appropriately weighted GHR for each qualifying hospital is multiplied by the number of adjusted TennCare days provided by the hospital. These amounts are summed for all of the hospitals that qualify for the pool. Each hospital's initially calculated amount is then adjusted to the total in the pool. This is done by multiplying the initial calculated amount for a hospital by the ratio of the total initial calculated amount for all qualifying hospitals to the total amount of the pool allocated for that group. For example, if the sum of the initial calculated amounts for the pediatric group is \$9 million and the total pool for children's hospitals is \$5 million, each hospital's initial calculated amount will be multiplied by \$5 million / \$9 million, meaning each hospital will receive 55% of the corresponding GHR rate times the number of adjusted TennCare days.

Pool Payments

In 2015, the total DSH pool was \$46,583,000. Hospitals are generally paid annually for DSH. To qualify for a DSH payment all hospitals, with the exception of freestanding psychiatric hospitals, must be a contracted provider with TennCare Select and at least one Managed Care Organization (MCO) and must meet the requirements for hospitals as set out in Section 1923 of the Social Security Act. In order for a free standing psychiatric hospital to receive a payment for the quarter, it must be a contracted provider with at least one of the MCOs.

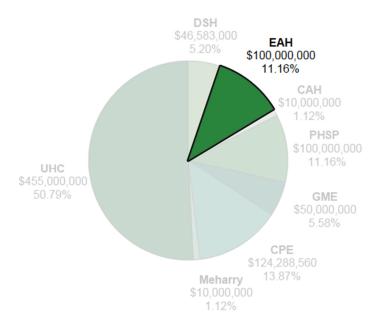
II. ESSENTIAL ACCESS HOSPITAL (EAH) POOL

Historical Context and Rationale

The purpose of the Essential Access Hospital (EAH) supplemental payment pool is to address the uncompensated care situation of high volume TennCare and charity hospitals that serve a disproportionate number of TennCare and low-income patients. The EAH pool allows for additional funding to hospitals in order to ensure access to services for TennCare enrollees by covering a portion of the uncompensated hospital expense from providing services to Medicaid and uninsured patients.

In FY 2002, the State officially asked and received approval from CMS to modify the TennCare waiver to allow the distribution of \$100 million in funding to EAHs using matched

dollars. The \$100 million pool was divided among 131 hospitals.



Beginning in FY 2003, the methodology was slightly altered to allocate \$2 million from the other essential hospital pool to psychiatric hospitals and to add a requirement that psychiatric hospitals had to have at least 30% of their days covered by TennCare to qualify. This methodology for the distribution of \$100 million to EAHs continues to be used and included in each waiver renewal.

Eligible Providers

All hospitals licensed to operate in Tennessee are eligible to receive EAH funding streams except CAHs and the four State Mental Health Institutions, which includes: Memphis Mental Health Institute, Moccasin Bend Mental Health Institute, Western Mental Health Institute, and Middle Tennessee Mental Health Institute. The amount paid in each demonstration year cannot exceed the hospital's total uncompensated care cost, which is defined by the uncompensated cost of TennCare covered services provided both to TennCare enrollees and to uninsured patients.

Methodology

Providers must meet four qualifications to receive EAH payments:

- All hospitals, with the exception of free standing psychiatric hospitals must be a contracted provider with TennCare Select and, where available, at least one MCO in the TennCare program.
- The free standing psychiatric hospitals must be a contracted provider with at least one of the MCOs in the TennCare program and at least 30% of their total adjusted days must be covered by TennCare.

- All acute care hospitals must have either of the following: (i) at least 13.5% or more of their total adjusted days covered by TennCare; or (ii) 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days.
- All hospitals (unless they are capitated and accept the capitation as full reimbursement) must have unreimbursed TennCare cost.

EAH payments are capped at \$25 million per quarter unless CMS authorizes additional funding for the EAH pool. One-time additional funding was approved in FY14 because Tennessee was not granted any DSH authority for part of that year. The primary data source for calculating payments is the most recent final, edited JAR at the time of the first quarterly payment for a given fiscal year. The actual calculation steps are essentially identical to the process used to allocate DSH funds and are described below.

The \$25 million quarterly allocation of the EAH pool to hospital segments are categorized into four distinct parts as follows:

Hospital Type	Description	# of Hospitals	Pool Amount
Essential Service Safety Net	Any hospital that is both a Level 1 Trauma Center and a Regional Perinatal Center or any metropolitan public hospital that is contractually staffed and operated by a safety net hospital for the purpose of providing clinical education and access to care for the medically underserved.	6	12.5M
Children's Safety Net	Any hospital licensed by the Tennessee Department of Health with a primary function to serve children under the age of 21.	2	1.25M
Free Standing Psychiatric Hospitals	Hospitals licensed by the Tennessee Department of Mental Health for the provision of psychiatric hospital services in Tennessee, excluding the State Mental Health Institutes.	3	0.5M
Other Essential Hospitals	Hospitals include all other hospitals licensed by the Tennessee Department of Health to provide services in Tennessee, excluding the Critical Access Hospitals.	120	10.75M

Allocation will be based on an assignment of points for:

- TennCare adjusted days expressed as a percent of total adjusted patient days; and
- Charity, medically indigent care, and bad debt costs expressed as a percent of total expenses.

The purpose of the point system is to allocate funding based upon the proportion of Medicaid utilization and uncompensated care costs a provider incurs. Therefore, those providers with a greater percentage of Medicaid utilization and uncompensated care costs will appropriately receive more EAH funding.

Calculation of Points

- (1) TennCare volume is defined as the percent of a hospital's total adjusted days that are covered by TennCare. Points are assigned based on that percent as follows:
 - 1 point greater than or equal to 9.5% but less than 13.5% and the actual number of TennCare adjusted days must be greater than the average for all acute care hospitals, excluding the critical access, pediatric and safety net providers;
 - 1 point greater than or equal to 13.5% and less than or equal to 24.5%;
 - 2 points greater than 24.5% and less than or equal to 34.5%;
 - 3 points greater that 34.5% and less than or equal to 49.5%;
 - 4 points greater than 49.5%.
- (2) Bad Debt, Charity and Medically Indigent BDCHMI costs as a percent of total expenses
 - 0 points less than 4.5%
 - 1 point greater than or equal to 4.5% and less than 9.5%
 - 2 points greater than or equal to 9.5% and less than 14.5%
 - 3 points greater than or equal to 14.5%

Calculation of Amounts of Pool Payments for Hospitals

These points are used to adjust the GHR based on pre-TennCare hospital reimbursement rates. The GHR rate included all inpatient costs (operating, capital, direct education) but excludes add-ons (indirect education, MDSA, return on equity). The GHR for Safety Net Hospitals is \$908.52. The GHR for Other Essential Access Hospitals is \$674.11. The points for each qualifying hospital are summed and then used to determine the percent of the GHR that is used to calculate the initial payment amount.

- 7 points 100% of GHR
- 6 points 80% of GHR
- 5 points 70% of GHR
- 4 points 60% of GHR

- 3 points 50% of GHR
- 2 points 40% of GHR
- 1 point 30% of GHR

For each of the four pools, the appropriately weighted GHR for each qualifying hospital is multiplied by the number of adjusted TennCare days provided by the hospital. These amounts are summed for all of the hospitals that qualify for the pool. Each hospital's initially calculated amount is then adjusted to the total in the pool. This is done by multiplying the initial calculated amount for a hospital by the ratio of the total initial calculated amount for all qualifying hospitals to the total amount of the pool allocated for that group. For example, if the sum of the initial calculated amounts for the pediatric group is \$9 million and the total pool for children's hospitals is \$5 million, each hospital's initial calculated amount will be multiplied by \$5 million / \$9 million, meaning each hospital will receive 55% of the corresponding GHR rate times the number of adjusted TennCare days.

Pool Payments

Hospitals are paid EAH payments on a quarterly basis following the end of each quarter.

III. CRITICAL ACCESS HOSPITAL (CAH) POOL

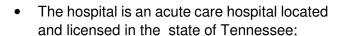
Historical Context and Rationale

The CAH supplemental payment pool dates back to the original 2002 update to the TennCare waiver. To be consistent with Medicare reimbursement for Critical Access Hospitals, this pool is used to increase Medicaid reimbursement to a level that would equate to 100% of Medicaid costs.

Eligible Providers

Tennessee currently has 16 designated CAHs. These hospitals are not eligible for DSH/EAH payments.

According to the current waiver, to qualify for payment as a CAH, a hospital must meet the following criteria:





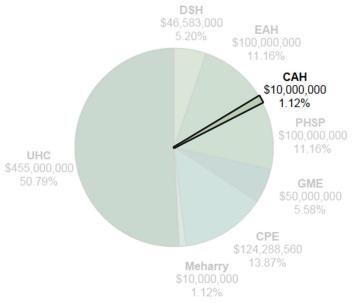
• The hospital contracts with an MCO participating in TennCare.

The amount paid in each demonstration year cannot exceed the hospital's total uncompensated care cost, which is defined by the uncompensated cost of TennCare covered services provided both to TennCare enrollees and to uninsured patients.

Methodology

The CAH pool has a total (FFP plus state share) budget of \$10 million. Pool funds are allocated out quarter over quarter based on invoiced amounts. Providers submit an invoice derived from inpatient/outpatient claims data over the previous four quarters and receive payments based on interim rates, which are calculated for each provider by the Office of the Comptroller. The invoiced amounts represent an upper limit on payments per quarter; if invoiced amounts exceed the available pool for that quarter, the ratio of the amounts is used to pro-rate the final allocation of pool dollars. In practice, interim rates are usually set at levels that result in invoice amounts as close to the quarterly budgeted amount as possible. In FY 2015, even after 5% of the invoice amount was withheld each quarter to prevent overpayments, all supplemental payments were more than 90% of the invoiced total.

Interim rates are established on a per provider basis. Each provider has a per diem (used for inpatient routine services) and a cost-to-charge ratio (used for inpatient ancillary and outpatient claims) rate. The calculation is derived based on 95% of the uncompensated Medicaid cost per day, calculated using the JAR to deduct payments from Medicaid costs.

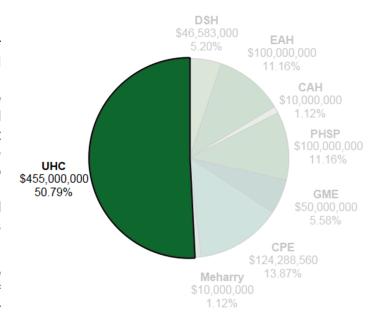


IV. UNREIMBURSED HOSPITAL COST (UHC) POOL

Historical Context and Rationale

The UHC pool was approved by request under Amendment 10 to the Tennessee Medicaid 1115 waiver at the same time as the PHSP pool. The purpose of the UHC pool is to reimburse eligible hospitals for a portion of the actual incurred costs of treating TennCare patients that are unreimbursed by TennCare MCOs. Effective July 1, 2010, the UHC pool allowed for funds to be distributed to hospitals each demonstration year from the pool, in a manner determined annually by the Tennessee General Assembly's Annual Coverage Assessment Act.

To ensure access to services for TennCare enrollees and as a condition for the approval of the UHC supplemental payment, the waiver language states that "for any demonstration



year in which it elects to make payments under the UHC Pool, the State may not implement a reduction in benefits or elimination of coverage for any of the following services: physical therapy, occupational therapy, speech therapy, inpatient hospital, lab and x-ray, non-emergency outpatient hospital, physician, podiatrist, certified nurse practitioner, or physician assistant services; or implement any co-payment for non-emergency medical transportation".

The annual limit for the UHC pool is \$500 million. This pool serves as the safety net for hospitals experiencing significant shortfalls after receiving other supplemental pool payments. The UHC pool and associated hospital assessment payments provide the financial resources necessary to prevent reductions in specific benefits and a co-payment increase.

In order for Tennessee providers to receive payments under the UHC supplemental pool, they must be eligible hospitals and meet the minimum qualifications as described in the appropriate section within the Tennessee Medicaid 1115 waiver pertaining to the UHC supplemental pool.

Eligible Providers

All providers licensed to operate in the State of Tennessee are eligible except the following:

- CAHs:
- Public hospitals eligible to certify public expenditures, including State Mental Health Institutes;
- · Rehabilitation and long term care hospitals; and
- The pediatric research hospital that limits patients to those that meet research protocols.

In order to receive payment from this pool, the hospital must be contracted with at least one TennCare MCO and must have unreimbursed TennCare costs. The amount paid in each demonstration year cannot

exceed the hospital's total uncompensated care cost, which is defined by the uncompensated cost of TennCare covered services provided both to TennCare enrollees and to uninsured patients.

In FY 2015, 92 hospitals received funds from the UHC pool. Of the 92 hospitals, 17 of these providers received no DSH or EAH funding.

Methodology

Data for calculating UHC payments come from the JAR, which contains data from each licensed hospital in the state and filed in accordance with T.C.A. 68-11-310. Payment amounts from each demonstration year will be based on the most recent final JAR from three years prior to the demonstration year.

TennCare costs are determined by multiplying the reported TennCare charges for inpatient and outpatient services by the ratio of reported total expenses to reported total charges (cost-to-charge ratio). Unreimbursed TennCare costs are calculated as the difference between calculated TennCare costs and the TennCare revenue as reported on the JAR.

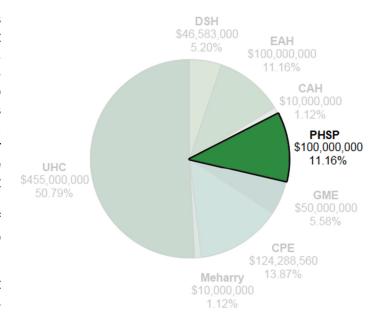
Each hospital will then receive an annual payment each demonstration year, based on the available funding, equal to the percentage of its net unreimbursed TennCare costs in relation to the total net unreimbursed TennCare costs and charity care costs for all eligible providers. Annually calculated payments are made on a quarterly basis to individual providers.

V. PUBLIC HOSPITAL SUPPLEMENTAL PAYMENT (PHSP) POOL

Historical Context and Rationale

The PHSP pool was approved at the same time as the UHC pool under a request made in Amendment 10 to Tennessee's Medicaid 1115 waiver. It was approved effective July 1, 2010. Similarly to the UHC pool, the PHSP pool allows for additional funding to be applied above and beyond all other pool amounts already received in order to meet remaining expense uncompensated from Medicaid uninsured patients. As stated in the waiver, the amount paid in each demonstration year cannot exceed the hospital's total uncompensated care cost. which is defined by the uncompensated cost of services provided both to TennCare enrollees and to uninsured patients.

The public hospitals receiving PHSP funding do not receive UHC funding and are not designated as CAHs. However, they are eligible to receive EAH



funding as well as DSH funding if it is made available in a given year. Eligible providers are public hospitals which serve as safety net hospitals for their respective counties and experience significant funding shortfalls even after other supplemental payment pools are distributed. They are not included in the UHC pool because their status as county-owned or affiliated hospitals provides an opportunity for an alternative financing mechanism for the state share of payments, as discussed below.

Initially the pool comprised a maximum \$50 million and was only available to one provider, the Regional Medical Center at Memphis; the Metropolitan Nashville General Hospital was added later. Over time, the pool amount increased to \$70 million, still split between these two providers. However, approved in April 2014 and beginning with payments for FY 2015, the pool was expanded to include the Erlanger Medical Center system, comprising Erlanger Medical Center, Erlanger North, and Erlanger East. At this time, the maximum size of the pool was increased to \$100 million.

Eligible Providers

As noted above, the eligible providers are:

- Metropolitan Nashville General Hospital
- The Regional Medical Center at Memphis, now called Regional One Health
- Erlanger Medical Center System
 - Erlanger Medical Center
 - Erlanger North
 - Erlanger East

Methodology

As noted above, the maximum amount authorized by the waiver for the PHSP pool is \$100 million in total. If the total uncompensated care costs among the three eligible providers falls below \$100 million, the providers are compensated only their reported uncompensated care amount. However, in practice, the total uncompensated care amount always exceeds the available funds. In this case, the available funds are distributed among the three providers based on their relative proportion of the total uncompensated care costs incurred.

For instance, in 2015, the total uncompensated care cost reported was distributed according to the table below:

Hospital	Uncompensated Care Costs	% of Total	Pool Payment
Metropolitan Nashville General Hospital	\$48,294,518	16.40%	\$16,404,228
Regional Medical Center at Memphis	\$161,027,380	54.70%	\$54,696,267
Erlanger Medical Center System	\$85,080,970	28.90%	\$28,899,505
TOTAL	\$294,402,868		\$100,000,000

Therefore, Metropolitan Nashville General Hospital received 16.4% of the \$100 million pool, Regional Medical Center at Memphis received 54.7%, and so on.

The uncompensated care amount is calculated using data from the most recent edited and finalized JAR available. The report is generally based on data from one or two years prior to the current year and this data is used as a proxy for costs incurred in the current year. (For instance, the 2015 amounts were calculated using 2013 data.) The calculation for the fiscal year is made in June, prior to the start of the fiscal year.

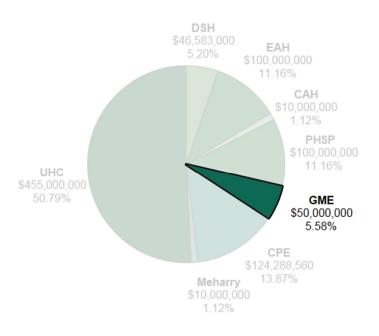
Uncompensated care costs for each provider are calculated as a combination of TennCare shortfall and costs resulting from bad debt and charity care. All three figures are calculated using the per provider cost to charge methodology used in the JAR, applied to reported TennCare, bad debt, and charity care charges. All TennCare payments received are deducted from the calculated costs.

As noted above, each of these hospitals is owned by or affiliated with county governments. Payments are made once per State fiscal year, in a single distribution to each county. The State share for the pool payment is contributed by the appropriate county government via IGTs. The county may choose a month to receive their distribution but they are generally restricted to the first quarter of the year. (In 2015, when Erlanger Medical Center System was added to the pool, they received their payment in April, as their inclusion was not finalized in time to receive payments at the same time as the other two providers.)

VI. GRADUATE MEDICAL EDUCATION (GME) POOL

Historical Context and Rationale

In SFY 1996, the State assigned a task force of hospital administrators, deans of medical colleges, and physicians to develop a plan to accomplish the State's goals. The goals were to encourage an increase of primary care physicians, increase the number of physicians in underserved areas, that residents training in Tennessee would stay to practice in Tennessee and that resident training would be more compatible with the movement toward managed health care. In order to accomplish these goals TennCare decided to allocate funding directly to the four medical schools in Tennessee as opposed to making payments to hospitals, as had been previously done. By allocating funds to the medical schools on the basis of primary care positions TennCare would provide incentives for the medical schools to increase primary care residency positions and decrease those in the non-primary care disciplines.



Eligible Providers

The current TennCare waiver provides \$50 million for Graduate Medical Education. Payments are made directly to the four Tennessee medical universities that operate graduate physician medical education programs. Forty-eight million dollars of these payments are restricted for use by these universities to fund graduate medical education activities of associated teaching hospitals or clinics: Meharry Medical College, East Tennessee State University (ETSU), University of Tennessee at Memphis (UT Memphis), and Vanderbilt University. The schools are required to allocate the remaining \$2 million to the Tennessee Rural Partnership to recruit and provide stipends to primary care providers who commit to practice in underserved rural areas across the state.

For purposes of our review, PCG has allocated GME funds to a single hospital provider for each medical school, although in practice some of the GME funding may be distributed to other providers. These providers are:

- For Meharry Medical College, Nashville Metropolitan General Hospital;
- For ETSU, Johnson City Medical Center;
- For UT Memphis, University of Tennessee Memorial Hospital; and,
- For Vanderbilt University, Vanderbilt University Hospitals.

Methodology

The annual GME pool funds will be allocated based on the annual ratio derived by dividing each hospital's average of its Primary Care Position Allocation and its Total Filled Positions Allocation by the aggregate of the medical hospitals' averages. The Primary Care Position Allocation is computed by taking each

hospital's total number of primary care residents in years 1 through 4 of residency and dividing it by the total of all primary care residents in the medical hospitals in years 1 through 4 of residency.

The Total Filled Positions Allocation is computed by taking each hospital's total number of residents in years 1 through 4 of residency and dividing it by the total of the medical hospitals' number of residents in years 1 through 4 of residency. This annual ratio is applied to the total GME Pool funding to be allocated. The annual GME Pool funds will be disbursed quarterly. The State must make these payments directly to the universities, and not through any third party or intermediary.

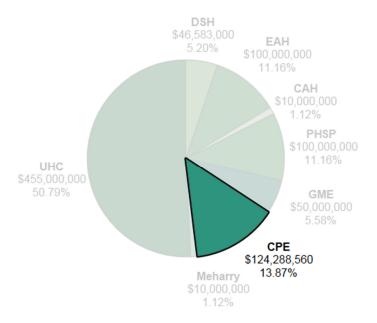
VII. UNREIMBURSED PUBLIC HOSPITAL COSTS POOL FOR CERTIFIED PUBLIC EXPENDITURES (CPE)

Historical Context and Rationale

The Public Hospital CPE supplemental payment was created in order to reimburse the State for actual unreimbursed costs of providing hospital inpatient and outpatient services that exceed the amounts paid to the public hospital from the MCOs, TennCare enrollees and the uninsured, TennCare supplemental pool payments, any DSH payments, and other sources.

Eligible Providers

Only public providers designated to be assessed and settled under the CPE methodology are impacted by the Unreimbursed Public Hospital Costs pool for Certified Public Expenditure. There are 27 providers who qualify for the CPE pool.



Methodology

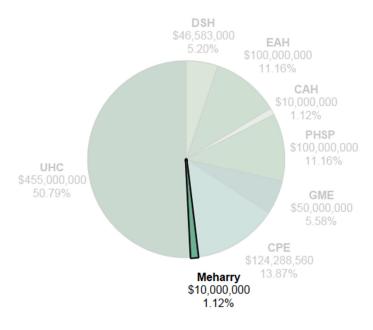
CPE payments are initially calculated by computing the difference between the actual costs of providing hospital inpatient and outpatient services to TennCare enrollees and uninsured patients, and the payments paid to the public hospital from the MCOs, TennCare enrollees and the uninsured, TennCare supplemental pool payments, any DSH payments, and other sources for the latest DSH audit period. This is then trended forward to each demonstration year using a trend factor to calculate the current fiscal year's interim CPE payments.

Once the corresponding payment period DSH audits are finalized, the final CPE will be reconciled. Specifically the final CPE cost and the interim CPE cost will be analyzed to ensure payment levels do not exceed provider specific DSH limits. If the final CPE cost is lower than the interim CPE cost, the State will be required to return the difference to CMS. If the final CPE cost is higher than the interim CPE cost, the federal share of the difference will be reported and drawn down from CMS.

VIII. MEHARRY MEDICAL COLLEGE POOL

Historical Context and Rationale

Meharry Medical College is one of the nation's top five producers of primary care physicians. It spends \$24.5 million on medical research annually. Meharry provides \$26 million annually in medical and dental care to the local Nashville community at no cost to the patient. It also interacts with the broader Nashville community through a variety of programs that aid underserved populations such as the homeless and the elderly to help improve the quality of their health care. The Meharry Medical College pool was created in order to address the uncompensated costs incurred by the two Medicaid clinics operated by the Meharry Medical College. The Meharry Medical College pool payments are limited to the



uncompensated costs of the care as determined by an independent audit each year and subject to the review and approval by CMS.

Eligible Providers

The payments made through this methodology are paid to the two clinics associated with Meharry Medical College. The two clinics must be contracted with an MCO participating in TennCare. They must also maintain adequate and accurate financial and statistical records in order to report their costs and revenue.

Methodology

With an annual budget of \$10 million per year, TennCare makes supplemental payments to Meharry Medical College's clinics based on the unreimbursed TennCare costs incurred by the two clinics. Meharry provides an annual analysis of unreimbursed TennCare costs incurred by the clinics. This analysis is subjected to certain agreed-upon procedures determined by TennCare and Meharry Medical College and applied by a certified public accountant to ensure costs and related revenues are accurately reflected in the analysis. The analysis takes into consideration all revenue received for the TennCare services provided, including revenue from supplemental TennCare payments and from Metropolitan Government of Nashville and Davidson County through a professional services agreement. The annual amount is allocated and paid in twelve monthly payments to the clinics.

c. Standard TennCare Inpatient/Outpatient Medicaid Reimbursement

In the current Medicaid reimbursement system, TennCare reimburses hospitals for Medicaid allowable services through a managed care delivery system. Unlike many states which have introduced managed care innovations, Tennessee has eliminated almost all fee-for-service reimbursement and all Medicaid reimbursement flows through MCOs. Health plans are established on a regional basis but currently the same managed care networks serve each of the three regions (East, Middle and West). Managed care Per-Member-Per-Month (PMPM) capitation rates are set by actuarially sound methodologies using encounter claims data provided by the MCOs to TennCare, with reimbursement from the MCO to individual providers negotiated on a contractual basis. The PMPM rate structure is split to recognize differences in costs by geographic region, TennCare eligibility groups, and age/gender. In addition to the cost of health care services, the rates also include an administrative cost allowance and a provision for necessary taxes for the MCOs.

The PMPM capitation rates were developed by the State-contracted actuary through an analysis of detailed enrollment and medical claim encounter data received from the MCOs through TennCare. Data were summarized by rate cell, making appropriate adjustments for missing information, population changes, non-covered services, trend, provider reimbursement changes, benefit changes and other relevant items, and then divided by the member months of enrollment. Given that TennCare is a mature managed care program that shows reasonable variances year over year, the most recent experience is sufficiently credible.

The resulting Medicaid capitated payments to the various MCOs and the rates negotiated by the MCOs with the individual hospitals play an important part in the analysis of Medicaid shortfall and form the basis for projections of additional payments under a potential Medicaid expansion. Therefore, it is important to understand the level of standard Medicaid reimbursement in relation to the Medicaid costs, and the scale of the pools in comparison with the overall Medicaid reimbursement.

In order to assess the adequacy of base Medicaid payment levels through the normal TennCare channels, PCG requested and received encounter data for CY 2013 from the State's Medicaid management information system (MMIS) for the hospitals included in the analysis. Payments were aggregated by provider and across provider types, as well as used to calculate a total payment amount for the hospitals as a whole.

In aggregate, total inpatient and outpatient Medicaid base payments for Tennessee providers amounted to \$1,440,662,895. The total Medicaid cost for the same time period was calculated to be \$1,945,490,850, resulting in a 74% Medicaid base payment adequacy ratio. Supplemental pool payments authorized under the Tennessee Medicaid 1115 waiver added an additional \$871,819,113 to assist providers in accounting for the \$1,275,071,078 in unreimbursed expenses accrued while providing services to Medicaid and uninsured patients. The in-depth analysis of the Medicaid and uninsured costs and shortfalls will be presented in section IV of this report.

IV. CALCULATION OF COSTS AND SHORTFALLS

a. Calculation of Medicaid Costs and Payments

Identifying the appropriate Medicaid costs is essential in determining the role of supplemental pools in the overall Medicaid payment system. As such, PCG has carefully examined various methodologies and data sources to ensure our review of Tennessee's Medicaid payment system yields results consistent with the approach CMS requires for other audits. The Medicaid cost calculation methodology PCG has ultimately applied in this review is based on the Medicare cost allocation methodology used in the Medicare cost report. This same methodology is used for institutional rate setting and for establishing provider-specific DSH ceilings in many other states, and is a generally accepted method for allocating a specific portion of costs to a particular set of utilization. As noted above, the cost calculation methodology used in this review does not necessarily reconcile with the Tennessee JAR cost calculation methodology. Because the assessment costs entered in the cost report were offset by UHC payments (but no other payments) PCG also included a discrete amount for each provider to counter this offset, equal to the impact of the offset on the calculated Medicaid cost.

For this review, Tennessee provider-specific inpatient and outpatient Medicaid costs were derived using Medicare cost reporting and allocation principles, based on Healthcare Cost Report Information System (HCRIS) data. Medicaid utilization is drawn from HCFA Medicaid encounter data for a similar time period. Hospital providers' FY 2013 Medicare cost reports and calendar year (CY) 2013 inpatient and outpatient encounter data were used to calculate the total provider costs associated with serving Tennessee Medicaid beneficiaries. It should also be noted that the costs described here are exclusive of out of state Medicaid costs, which would not be recorded in the State MMIS system.

PCG has attempted to evaluate all hospital providers in the state with a particular focus on those who receive supplemental pool payments. However, the necessary data for the review was not available for all providers. Among the providers with no HCRIS data available, those who also had no Medicaid utilization were simply excluded from the analysis, as they did not have any relevant Medicaid costs. Two providers had Medicaid utilization but no HCRIS data. These two hospitals primarily serve children and neither reported providing any services to adults over 65 years of age on their most recent JAR. For one of these providers, East Tennessee Children's Hospital (ETCH), the JAR cost was therefore adopted as the best available data. ETCH's Medicaid payment information was compiled from the Medicaid encounter data consistent with the other providers.

The other provider, St. Jude's Children's Research Hospital, was excluded from the analysis. St. Jude's funding mechanism is unique in comparison to other hospitals in Tennessee, with many patients not charged co-pays or deductibles at all, and the majority of reimbursement derived from third part insurance coverage, grants and charitable contributions. As a result, the apparent shortfall experienced by St. Jude's was disproportionate (approximately \$250 million) and would have been significant enough to skew the resulting statewide shortfall calculation. In all, 138 unique Tennessee providers by Medicare ID were included in the analysis (See appendix A).

Inpatient Medicaid Cost

Provider inpatient Medicaid cost is comprised of three distinct cost categories: room & board, ancillary, and organ acquisition, which were calculated by applying the different cost statistics derived from the

Medicare cost report to the Medicaid encounter inpatient utilization. Room & board cost center-specific cost per days that were derived from provider statistics in worksheet B and worksheet S-3 of the Medicare cost report were applied to Medicaid days from provider encounter data to determine the total Medicaid room & board cost for a given provider. For inpatient Medicaid ancillary costs, ancillary cost center-specific CCRs derived from provider statistics in worksheet B and worksheet C of the Medicare cost report were applied to inpatient Medicaid charges from the encounter data. To calculate Medicaid organ acquisition cost, the average CCR derived from worksheet D-4 in the Medicare cost report was applied to organ acquisition-related Medicaid inpatient charges.

The combination of the calculated costs in these three cost categories determined the total Medicaid inpatient cost for a given provider. These costs were then added to the provider's outpatient Medicaid cost to determine the total Medicaid cost.

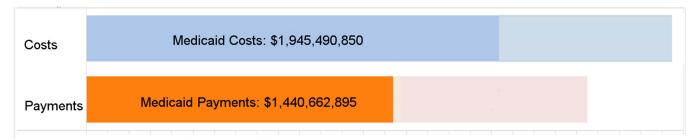
Outpatient Medicaid Cost

Provider outpatient Medicaid cost is comprised of only one cost category, ancillary, which was calculated by applying cost center-specific CCRs derived from the Medicare cost report to allowable outpatient Medicaid utilization. Ancillary CCRs derived from provider statistics in worksheet B and worksheet C of the Medicare cost report were applied to Medicaid outpatient charges from the encounter data to determine the provider's total outpatient Medicaid cost. The outpatient cost was added to the provider's inpatient Medicaid cost to determine the total Medicaid cost for the given provider.

Medicaid Cost and Payment Summary

Using the inpatient and outpatient Medicaid cost calculation methodology described in the above sections, the total hospital inpatient and outpatient Medicaid cost for acute care, critical access, rehabilitation, psychiatric, and children's providers is \$1,945,490,850, or \$2B. For a provider-by-provider analysis of the Medicaid costs, Medicaid payments, uninsured costs, uninsured payments, and supplemental pool payments, please refer to Appendix A.

The same CY 2013 encounter data was used to aggregate base Medicaid payments to providers for covered services rendered to Tennessee Medicaid beneficiaries. Total inpatient and outpatient base Medicaid payments from TennCare MCOs to hospitals totaled \$1,440,662,895, or \$1.4B.



In aggregate, base Medicaid payments do not fully cover Medicaid costs incurred by Tennessee hospitals for servicing Tennessee Medicaid beneficiaries. There remains a Medicaid shortfall of \$504,827,955, which is approximately 26% of total Medicaid costs. Without the supplemental payments, insufficient cost coverage by base Medicaid payments could result in inadequate access to quality hospital care, particularly in regions where providers are scarce and margins are low.

b. Calculation of Uninsured Costs and Payments

Similar to the calculation of Medicaid costs, Tennessee provider-specific inpatient and outpatient uninsured costs were derived using Medicare cost reporting and allocation principles, based on HCRIS data. (As with Medicaid costs, PCG included a discrete amount for each provider to counter the UHC payment offset to assessment costs, equal to the impact of the offset on the calculated uninsured cost.) Utilization was drawn from a database of uninsured claims data that are required by Tennessee statute to be reported quarterly to the Tennessee Department of Health and are maintained by the Tennessee Hospital Association (THA). Though the best available data source, this database has shortfalls. Claims for freestanding psychiatric hospitals are not included. Additionally, the database only captures claims from patients with no third party insurance whatsoever. Claims that would quality as charity care resulting from deductibles and co-pays for low income patients who do have coverage but not the means to cover cost-sharing are not classified as charity care in the database. Consequently, the identified charity care costs are likely underestimated.

For the purpose of this review, providers' FY 2013 Medicare cost reports and CY 2014 uninsured claims data were used to calculate the total provider uninsured costs and payments. CY2013 uninsured claims data was not available with the level of detail and completeness necessary for the calculation.

Uninsured hospital claims were discretely identified and extracted from the THA hospital claims database using specific claim category codes. Uninsured claims consist of claims identified as charity care and claims identified as general uninsured (self-pay). This categorization method is consistent with the JAR definition of uninsured, which is the combination of charity care and bad debt. The bad debt as presented in the JAR is defined by State law and does not reconcile with the Medicare definition of bad debt, and is instead used as a general term to describe general uninsured (refer to "Pool Calculation Data Sources" subsection).

Inpatient Uninsured Cost

Provider inpatient uninsured cost is comprised of three distinct cost categories: room & board, ancillary, and organ acquisition, which were calculated by applying different cost statistics derived from the Medicare cost report to uninsured inpatient utilization. Room & board cost center-specific cost per days derived from provider statistics in worksheet B and worksheet S-3 of the Medicare cost report were applied to uninsured days from the THA uninsured data to determine the total uninsured room & board cost for a given provider. For inpatient uninsured ancillary costs, ancillary cost center-specific CCRs derived from provider statistics in worksheet B and worksheet C of the Medicare cost report are applied to uninsured inpatient charges from the THA uninsured data. To calculate the uninsured inpatient organ acquisition cost, the average CCR derived from the worksheet D-4 in the Medicare cost report was applied to organ acquisition-related uninsured inpatient charges. The sum of the calculated costs in these three cost categories determined the total inpatient uninsured cost for each provider. This was added to the outpatient uninsured cost to determine total uninsured cost.

Outpatient Uninsured Cost

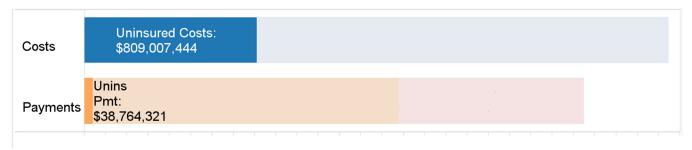
Provider outpatient uninsured cost is comprised of only one cost category, ancillary, which was calculated by applying cost center-specific CCRs derived from the Medicare cost report to uninsured outpatient utilization. Ancillary CCRs derived from provider statistics in worksheet B and worksheet C of the Medicare cost report were applied to outpatient uninsured charges from the THA uninsured data to

determine the provider's total outpatient uninsured cost. The outpatient uninsured cost is added to the provider's inpatient uninsured cost to determine the total uninsured cost for the given provider.

Uninsured Cost and Payment Summary

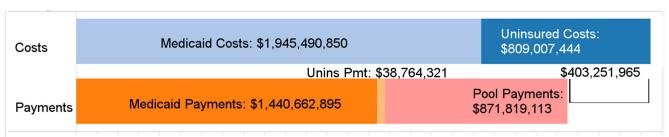
Using the inpatient and outpatient uninsured cost calculation methodology described in the above sections, the total hospital inpatient and outpatient uninsured cost for acute care, critical access, rehabilitation, psychiatric, and children's providers is \$809,007,444, or \$809M.

The same CY 2014 THA uninsured data was used to aggregate claim payments to providers from uninsured patients. Total inpatient and outpatient uninsured claim payments to hospitals totaled \$38,764,321, or \$38.7M. When compared against the total uninsured cost incurred by Tennessee providers, uninsured payments on average covered 4.79% of the total uninsured cost.



c. Calculation of Uncompensated Care Costs with Inclusion of Supplemental Pools

Where the above sections outlined the Medicaid shortfall and the uninsured shortfall separately, this section provides a combined look at total hospital uncompensated care costs and the uncompensated care shortfall, which consists of Medicaid shortfall and uninsured shortfall. TennCare base Medicaid payments to providers, uninsured payments, and the Medicaid 1115 waiver supplemental pool payments were aggregated and compared against total Medicaid cost and total uninsured cost. Supplemental pool payments accounted for \$871,819,113 in additional reimbursement to qualified providers. All Tennessee Medicaid 1115 waiver supplemental pools are included in the total payment aggregation, with the exception of the Meharry Medical College pool, which is paid directly to the clinics operated by the Medical school and is therefore not included in this analysis. Payments made to providers excluded from the analysis (most significantly, St. Jude's) are also not included. PCG found that Tennessee hospitals experience a total of \$403,251,965 in uncompensated care (Medicaid and uninsured) shortfall after all MCO payments and supplemental pool payments to hospitals.



Approximately 58% of the supplemental pools are required to completely meet the Medicaid shortfall. The remaining 42% of the supplemental pools (\$366,991,158) are used to cover a portion of the uninsured shortfall. At the current levels of supplemental pool contribution, there remains a significant amount of uninsured shortfall. In the following sections, the extent to which this uninsured shortfall can be addressed by expanding Medicaid coverage will be discussed.

d. Calculation and Comparison of Shortfalls with Implementation of ACA Expansion

In addition to articulating the history and background of the pools, PCG was also charged with examining the necessity of these funds if Tennessee elected to expand Medicaid eligibility, as permitted under the ACA. In this section, PCG has combined the Medicaid cost and payment information, uninsured cost and payment information, and appropriate Tennessee Medicaid 1115 waiver Supplemental Pool payments to assess the financial impact if Tennessee expands Medicaid under the ACA.

To estimate the latest statistics regarding population demographics in Tennessee, identify uninsured individuals, and project the enrollment effect of Medicaid expansion on the uninsured population, the 2014 American Community Survey (ACS) data from the United States Census Bureau was used. This dataset is the most recently published ACS data from the Census Bureau and provides the latest update on the population demographics in Tennessee. The Medicaid expansion population is defined as individuals with MAGI income levels below 138% of the FPL who are also currently ineligible for traditional Medicaid. Poor adults without dependent children (childless adults) and poor parents make up the majority of individuals that are part of the expansion population.

Based on the findings from the 2014 ACS dataset, 770,280 individuals in Tennessee do not possess any type of health insurance coverage. Out of the 770,280 uninsured individuals, 234,000 (30.38%) were considered as eligible for Medicaid if Tennessee chooses to expand the Medicaid program. This figure is based on the projected expansion population of 234,000 used in the report "Missed Opportunities: The Consequences of State Decisions Not to Expand Medicaid," produced by the Council of Economic Advisors in July 2014 for the Congressional Budget Office.

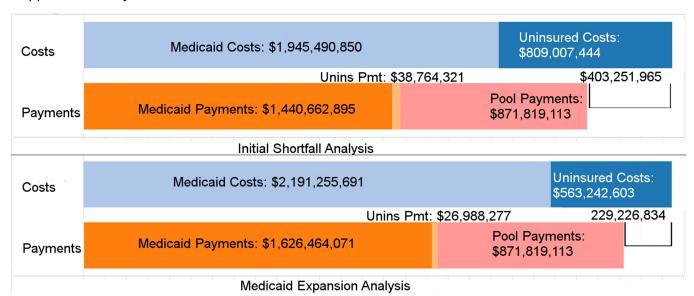
Using these Medicaid expansion population ratios, the total uninsured costs after expansion will drop proportionally from \$809,007,444 to \$563,242,603, a decrease of \$245,764,841. This projected decrease in uninsured cost assumes that the expansion impact will occur immediately.

Assuming that all expansion eligible individuals enroll into Medicaid, the decrease in uninsured cost will result in an increase of \$245,764,841 to total Medicaid cost, increasing the total Medicaid cost from \$1,945,490,850 to \$2,191,255,691. Additional Medicaid payments to providers as a result of the increase in expansion enrollment are projected to equal \$185,801,175, or 75.6% of the \$245,764,841 increase in Medicaid cost.

In order to calculate these additional payments, a share of the total shift in costs is allocated for each provider based on that provider' percentage of the total Uninsured cost. Projected Medicaid payments for this portion of the shifted cost are then calculated on a provider-by-provider basis using each provider's payment-to-cost ratio.

Uninsured payments will decrease from \$38,764,321 to \$26,988,277 to reflect projected uninsured payments for the post-expansion \$563,242,603 in uninsured cost. As with projected Medicaid payments, these payments are based on each provider's uninsured payment-to-cost ratio.

In aggregate, post-expansion Medicaid and uninsured cost remains at \$2,754,498,294, while Medicaid, remaining uninsured, and supplemental payments are projected to be \$2,525,271,460, leaving a projected uncompensated care shortfall of \$229,226,834 if Medicaid were expanded in Tennessee. Per projections, Medicaid cost and uninsured cost post-Medicaid expansion still exceed the total of Medicaid inpatient and outpatient payments plus the payments from the Tennessee Medicaid 1115 waiver Supplemental Payment Pools.



If Tennessee expands Medicaid under the federal definition and provides full Medicaid coverage to individuals below the 138% modified adjusted gross income (MAGI) income level, the total uncompensated care shortfall will significantly decrease. However, the increase in Medicaid coverage from the potential Medicaid expansion is not sufficient to warrant the discontinuation of, or a decrease in, the current Medicaid 1115 waiver supplemental payment pools.

Even with Medicaid expansion and maintaining the current level of supplemental funding to Tennessee providers, a high level of uncompensated care shortfall will still exist. If the supplemental payment pools were *removed* from the Tennessee Medicaid 1115 waiver, the uncompensated care shortfall after Medicaid expansion would increase up to \$1,101,045,947. The funding levels provided by the hospital supplemental payment pools detailed in the current Tennessee Medicaid 1115 waiver are essential for appropriately reimbursing providers for their costs in providing services to Tennessee Medicaid and uninsured patients even after Medicaid expansion and maintaining access to health care.

V. CONCLUSION

Using the most recent historical Medicaid utilization and cost statistics, the in-depth assessment of the current Tennessee hospitals' Medicaid shortfalls reveals a relatively high cost coverage, after accounting for the supplemental pools. Medicaid base payment levels, through the use of actuarially sound capitation rates, in combination with the supplemental pools have ensured sufficient access and quality of care for Tennessee Medicaid patients. Uninsured care costs in Tennessee hospitals continue to be significant and contribute more than 60% of the total uncompensated care shortfall in the State of Tennessee. With the addition of the applicable Tennessee Medicaid 1115 waiver supplemental pool payments, the total uncompensated care shortfall is reduced by more than 68%. While TennCare will consider alternative methods of supplementing Medicaid base payments to address uncompensated care costs, the current supplemental payment level authorized through the Medicaid 1115 waiver is essential in ensuring appropriate access to care and quality of care for both Tennessee Medicaid patients and uninsured patients.

a. Impact of Supplemental Payment Pools

The combination of Medicaid base payments and supplemental pool payments to Tennessee hospitals have ensured sufficient access and quality of care. As is the case in most every state, Medicaid base payments do not fully cover the cost of providing Medicaid services to Tennessee residents. The total Medicaid shortfall is estimated at \$504,827,955 (26% of total Medicaid cost). This amount of Medicaid shortfall ultimately places a financial burden on a variety of essential providers whose operating margins are tighter than those of other providers within the state. To remedy this gap in reimbursement, TennCare, through the Medicaid 1115 waiver, has designed various supplemental payment pools aimed at recognizing providers with high Medicaid volume and providing additional monetary assistance to safeguard these providers against funding shortage and operating margin volatility. Currently, approximately 58% of the \$871,819,113 in waiver supplemental payments can be attributed to supplementing Medicaid provider payment rates and covering the existing Medicaid shortfall. As a result of the additional funding from the waiver supplemental payment pools, TennCare has the ability and flexibility to appropriately address the needs of safety net providers and ensure sufficient beneficiary access to Medicaid services.

Although the Medicaid managed care plans are not directly involved in the distribution of the waiver supplemental payments to the qualifying providers, these payments have been a key component of the Medicaid program for many years and their presence has served to incentivize participation in the networks for the plans. Hospitals must participate in a Medicaid managed care plan's network and Tennessee's "back-up" plan, TennCare Select, in order to be eligible for supplemental payments. This secondary funding stream allows for flexibility in coordinating care costs among providers and managed care plans and ultimately supports patient access and the management of patient care. Loss of supplemental pools could have a negative impact on MCO networks and put access at risk for TennCare members.

In addition to financing Tennessee's current Medicaid shortfall, the Medicaid 1115 waiver supplemental payment pools also serve to address the high level of uninsured care costs in the state. The remaining 42% of the total supplemental payment pool amount covers a portion of the uninsured shortfall. In

summary, the Medicaid 1115 waiver supplemental pool funding currently covers the entire Medicaid shortfall and approximately 48% of the uninsured shortfall in Tennessee.

While the supplemental pool funding is essential to financing the overall uncompensated care in the state, it is even more crucial in financing providers that play a significant role in serving the Medicaid population and the low-income uninsured. Tennessee is a diverse state with both highly populated metropolitan areas and rural low-income areas. The current supplemental payment system was designed to address the unique circumstances and environment in Tennessee and provide the necessary assistance and support to the health care system. The majority of the supplemental payment pools authorized through the Medicaid 1115 waiver place a large emphasis on identifying important safety net providers with high Medicaid and uninsured volume and reimbursing them accordingly. These providers are generally allocated a larger portion of the payment pools due to their vital positions within the safety net system.

b. Recommendations

While there has been a waiver amendment approved to maintain the current supplemental pools for the interim, CMS has been very clear in its position that these types of funding mechanisms will be evaluated to better understand how the current pools direct reimbursement to Tennessee hospitals and consider alternatives where opportunities exist to align payments with current CMS priorities and principles. CMS uses the principle that coverage is the best way to assure beneficiary access to health care for low income individuals. Expansion of Medicaid coverage would address a significant amount of, but not all, uncompensated care provided by Tennessee hospitals. Governor Haslam's Insure Tennessee program shows that the State has been willing to seriously consider and craft a Medicaid expansion alternative that takes the best parts of a high performing Medicaid managed care system and adds an option to make employer-sponsored coverage accessible to the potential newly eligible population. The State's SIM grant is funding a forward thinking approach to payment and delivery system reform that is already paying off in reduced cost in perinatal episodes of care and improved quality measures. Combined, these efforts show Tennessee continues to strive to be a leader in Medicaid and health care innovation and desires to partner with CMS to maintain components of the existing waiver that have worked well for many years while discussing ways to prepare for the future of the health care delivery system.

While it remains unclear whether Medicaid expansion will occur in Tennessee in the near future, a significant change in the program such as the addition of a large, newly eligible population will take time to prepare for changes within the infrastructure of the program. As Tennessee looks down the road to potentially expand Medicaid, PCG recommends that Tennessee continue to focus on innovation – to move through the transition period by implementing additional new approaches that transform payment and delivery systems in a way that incentivize efficient uses of health care system resources. This will in turn help to preserve and strengthen existing networks and ensure access to care.

This system will build on and align with the State's existing value-based purchasing efforts and will issue incentive payments to participating hospitals for adopting initiatives for quality improvement of the Tennessee health care system and the measurement of that improvement. The performance objective would be designed to advance health system transformation, drive integration of services across the full continuum (including behavioral health, substance abuse treatment, community-based care and long-term care), reduce costs, and improve patient safety.

One option for Tennessee to consider is allocating a portion of the funding to a pay for performance system based upon established measures. Examples of such measures are reduction to readmissions, improvements to medication safety, improvements to patient experience, reduction to healthcare-associated infections, reductions to emergency department visits, and improvement on follow up behavioral health services. The advantage of this type of reimbursement is that it transitions the uncompensated pool funding to a system that rewards services that generate value instead of rewarding for volume. This system also creates a path to transition from a cost based reimbursement system.

As with any change, this methodology would require a transitional process. Tennessee can begin with a pay for reporting (P4R) program and then move towards pay for performance (P4P) over time and allow hospitals to prepare for changes in reimbursement. Throughout this transition, maintaining supplemental reimbursement at current levels will be instrumental to supporting the Medicaid and uninsured safety net in the state.



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Provider Identification Data			
Medicare ID	Provider Name	Provider Type	
440068	Athens Regional Medical Center	AH	
440133	Baptist Hospital	AH	
440048	Baptist Memorial Hospital	AH	
440016	Baptist Memorial Hospital - Huntingdon	AH	
440131	Baptist Memorial Hospital - Tipton	AH	
440130	Baptist Memorial Hospital - Union City	AH	
442010	Baptist Memorial Restorative Care Hospital	LTH	
440147	Baptist Rehabilitation - Germantown	AH	
440011	Blount Memorial Hospital	AH	
440181	Bolivar General Hospital	AH	
441316	Camden General Hospital	CAH	
440161	Centennial Medical Center	AH	
441311	Centennial Medical Center at Ashland City	CAH	
440057	Claiborne County Hospital	AH	
444020	Community Behavioral Health (Closed 5/31/13)	Psych	
440059	Cookeville Regional Medical Center	AH	
441315	Copper Basin Medical Center	CAH	
440175	Crockett Hospital	AH	
440009	Cumberland Medical Center	AH	
440141	Cumberland River Hospital	AH	
440070	Decatur County General Hospital	AH	
440148	DeKalb Community Hospital	AH	
440159	Delta Medical Center	AH	
440072	Dyersburg Regional Medical Center	AH	
440058	Emerald - Hodgson Hospital	AH	
440104	Erlanger Medical Center	AH	
441306	Erlanger-Bledsoe	CAH	
440110	Fort Loudoun Medical Center	AH	
440125	Fort Sanders Regional Medical Center	AH	
440184	Franklin Woods Community Hospital	AH	
440035	Gateway Medical Center	AH	
440047	Gibson General Hospital (Closed 1/17/14)	AH	
440064	Grandview Medical Center	AH	

Costs				
	Uninsured			
Medicaid Costs	Costs	Total Costs		
\$7,867,541	\$3,301,274	\$11,168,815		
\$38,760,623	\$15,400,938	\$54,161,561		
\$63,695,142	\$22,443,779	\$86,138,921		
\$2,028,147	\$1,236,320	\$3,264,467		
\$9,792,412	\$2,263,153	\$12,055,565		
\$9,178,544	\$2,909,174	\$12,087,718		
\$497,413	\$811,081	\$1,308,494		
\$986,656	\$88,997	\$1,075,653		
\$14,894,984	\$5,765,191	\$20,660,175		
\$1,283,827	\$660,323	\$1,944,149		
\$1,004,883	\$641,088	\$1,645,971		
\$54,485,887	\$22,193,071	\$76,678,958		
\$2,641,591	\$2,290,080	\$4,931,672		
\$2,924,675	\$964,655	\$3,889,330		
\$1,248,273	\$0	\$1,248,273		
\$23,974,570	\$7,586,466	\$31,561,035		
\$695,045	\$237,572	\$932,617		
\$5,965,638	\$2,339,128	\$8,304,766		
\$9,114,488	\$4,074,818	\$13,189,306		
\$1,469,779	\$189,024	\$1,658,803		
\$18,667,070	\$341,730	\$19,008,800		
\$4,392,383	\$1,275,407	\$5,667,790		
\$5,250,486	\$2,389,053	\$7,639,539		
\$13,375,698	\$4,935,554	\$18,311,252		
\$7,899,901	\$2,882,413	\$10,782,314		
\$79,828,282	\$24,067,138	\$103,895,419		
\$1,272,605	\$953,464	\$2,226,070		
\$2,922,829	\$2,594,921	\$5,517,750		
\$28,522,941	\$14,243,492	\$42,766,433		
\$10,117,824	\$4,840,995	\$14,958,819		
\$20,425,222	\$7,522,725	\$27,947,947		
\$677,897	\$19,173	\$697,070		
\$3,810,342	\$1,446,290	\$5,256,632		

Payments						
Medicaid	Uninsured	r	ayments			
Payment	Payment					
to Cost	to Cost	Medicaid	Uninsured	Pool		
Ratio	Ratio	Payments	Payments	Payments	Total Payments	
54.90%	7.55%	\$4,319,048	\$249,161	\$1,767,906	\$6,336,115	
63.62%	4.21%	\$24,661,366	\$648,663	\$19,692,483	\$45,002,512	
54.30%	5.18%	\$34,585,377	\$1,162,393	\$21,436,338	\$57,184,107	
64.01%	4.42%	\$1,298,250	\$54,606	\$1,203,755	\$2,556,610	
78.09%	4.23%	\$7,646,923	\$95,809	\$1,009,071	\$8,751,803	
33.36%	5.46%	\$3,061,504	\$158,881	\$3,381,336	\$6,601,721	
2.47%	0.00%	\$12,282	\$0	\$0	\$12,282	
66.19%	4.26%	\$653,045	\$3,788	\$0	\$656,833	
59.43%	6.43%	\$8,852,562	\$370,887	\$13,494,122	\$22,717,571	
67.71%	5.06%	\$869,230	\$33,410	\$550,309	\$1,452,949	
65.60%	3.50%	\$659,249	\$22,409	\$499,222	\$1,180,879	
88.89%	13.16%	\$48,431,874	\$2,921,018	\$10,722,523	\$62,075,415	
0.00%	3.03%	\$0	\$69,357	\$211,332	\$280,689	
61.38%	0.00%	\$1,795,310	\$0	\$1,699,047	\$3,494,357	
0.00%	0.00%	\$0	\$0	\$0	\$0	
78.80%	11.29%	\$18,892,420	\$856,847	\$13,377,821	\$33,127,088	
65.07%	0.00%	\$452,252	\$0	\$484,328	\$936,580	
71.84%	7.72%	\$4,285,879	\$180,652	\$1,692,585	\$6,159,116	
76.57%	0.00%	\$6,978,687	\$0	\$4,241,116	\$11,219,803	
62.02%	0.00%	\$911,557	\$0	\$0	\$911,557	
1.56%	6.33%	\$291,352	\$21,623	\$159,298	\$472,273	
63.66%	6.50%	\$2,796,288	\$82,918	\$647,702	\$3,526,908	
127.87%	0.00%	\$6,713,652	\$0	\$1,129,764	\$7,843,416	
50.58%	1.29%	\$6,765,984	\$63,588	\$4,557,001	\$11,386,573	
54.91%	0.00%	\$4,338,004	\$0	\$856,974	\$5,194,977	
82.11%	6.87%	\$65,548,561	\$1,654,095	\$44,881,510	\$112,084,167	
51.79%	3.35%	\$659,133	\$31,905	\$479,939	\$1,170,977	
66.68%	0.00%	\$1,948,886	\$0	\$1,220,005	\$3,168,891	
71.42%	0.00%	\$20,370,569	\$0	\$12,242,916	\$32,613,485	
70.38%	11.85%	\$7,121,287	\$573,672	\$340,578	\$8,035,538	
59.84%	9.98%	\$12,223,208	\$750,671	\$5,514,189	\$18,488,068	
1.79%	0.00%	\$12,148	\$0	\$0	\$12,148	
0.00%	4.11%	\$0	\$59,371	\$2,119,775	\$2,179,146	



Provider Identification Data				
Medicare ID	Provider Name	Provider Type		
440109	Hardin Medical Center	AH		
440144	Harton Regional Medical Center	AH		
440174	Haywood Park Community Hospital	AH		
440162	HealthSouth Chattanooga Rehabilitation Hospital	AH		
443027	HealthSouth Rehabilitation Hospital	Rehab		
443031	HealthSouth Rehabilitation Hospital - North	Rehab		
443029	HealthSouth Rehabilitation Hospital of Memphis	Rehab		
440008	Henderson County Community Hospital	AH		
440132	Henry County Medical Center	AH		
440137	Heritage Medical Center	AH		
441300	Hickman Community Hospital	CAH		
440020	Hillside Hospital	AH		
440046	Horizon Medical Center	AH		
441312	Houston County Community Hospital	CAH		
440115	Humboldt General Hospital (Closed 1/17/14)	AH		
440176	Indian Path Medical Center	AH		
440002	Jackson - Madison County General Hospital	AH		
440083	Jamestown Regional Medical Center	AH		
440180	Jellico Community Hospital, Inc.	AH		
440063	Johnson City Medical Center with Woodridge	AH		
441304	Johnson County Community Hospital	CAH		
442007	Kindred Hospital - Chattanooga	LTH		
442006	Kindred Hospital - Nashville	LTH		
444004	Lakeside Behavioral Health System	Psych		
440067	Lakeway Regional Hospital	AH		
441314	Lauderdale Community Hospital	CAH		
440025	Laughlin Memorial Hospital	AH		
440081	LeConte Medical Center	AH		
440102	Lincoln Medical Center	AH		
440187	Livingston Regional Hospital	AH		
441305	Macon County General Hospital	CAH		
441309	Marshall Medical Center	CAH		
440073	Maury Regional Hospital	AH		

	Costs					
	Uninsured					
Total Costs	Costs	Medicaid Costs				
\$5,899,611	\$1,158,342	\$4,741,269				
\$16,396,466	\$4,301,730	\$12,094,737				
\$2,861,420	\$967,250	\$1,894,170				
\$206,068	\$74,256	\$131,812				
\$177,031	\$154,447	\$22,584				
\$164,518	\$116,188	\$48,330				
\$1,038,668	\$282,194	\$756,474				
\$3,264,349	\$894,911	\$2,369,438				
\$8,064,785	\$2,489,285	\$5,575,500				
\$7,325,258	\$2,759,945	\$4,565,313				
\$2,243,799	\$1,157,634	\$1,086,165				
\$5,751,195	\$1,481,393	\$4,269,802				
\$18,431,907	\$6,853,668	\$11,578,239				
\$602,919	\$473,931	\$128,988				
\$807,661	\$39,515	\$768,145				
\$15,149,501	\$4,613,456	\$10,536,045				
\$77,546,897	\$27,786,323	\$49,760,573				
\$4,597,930	\$966,300	\$3,631,629				
\$3,231,290	\$650,935	\$2,580,355				
\$80,046,221	\$36,243,644	\$43,802,578				
\$1,508,054	\$374,726	\$1,133,329				
\$539,817	\$0	\$539,817				
\$779,503	\$0	\$779,503				
\$8,447,164	\$0	\$8,447,164				
\$9,318,680	\$1,623,921	\$7,694,759				
\$3,695,083	\$1,396,951	\$2,298,132				
\$10,054,520	\$2,485,099	\$7,569,421				
\$18,337,165	\$7,616,374	\$10,720,792				
\$4,582,883	\$809,917	\$3,772,965				
\$5,895,621	\$1,397,144	\$4,498,478				
\$1,833,619	\$727,491	\$1,106,128				
\$3,725,445	\$1,511,800	\$2,213,645				
\$37,097,881	\$10,906,806	\$26,191,075				

	Payments					
	Medicaid	Uninsured	r	ayments		
	Payment	Payment				
	to Cost	to Cost	Medicaid	Uninsured	Pool	
Total Costs	Ratio	Ratio	Payments	Payments	Payments	Total Payments
\$5,899,611	68.95%	8.54%	\$3,268,985	\$98,922	\$2,279,260	\$5,647,167
\$16,396,466	76.66%	3.89%	\$9,272,042	\$167,351	\$2,119,953	\$11,559,346
\$2,861,420	12.73%	0.00%	\$241,041	\$0	\$122,354	\$363,395
\$206,068	19.82%	0.00%	\$26,121	\$0	\$0	\$26,121
\$177,031	283.11%	0.00%	\$63,937	\$0	\$0	\$63,937
\$164,518	119.85%	0.00%	\$57,925	\$0	\$0	\$57,925
\$1,038,668	10.93%	0.00%	\$82,678	\$0	\$0	\$82,678
\$3,264,349	286.07%	5.24%	\$6,778,162	\$46,905	\$1,682,823	\$8,507,890
\$8,064,785	73.61%	8.15%	\$4,104,048	\$202,946	\$4,123,388	\$8,430,382
\$7,325,258	61.75%	13.89%	\$2,818,989	\$383,336	\$2,651,252	\$5,853,577
\$2,243,799	133.10%	0.00%	\$1,445,684	\$0	\$178,779	\$1,624,464
\$5,751,195	51.17%	5.41%	\$2,184,735	\$80,174	\$2,049,155	\$4,314,064
\$18,431,907	72.22%	3.05%	\$8,361,531	\$208,974	\$3,187,819	\$11,758,324
\$602,919	172.09%	0.00%	\$221,971	\$0	\$0	\$221,971
\$807,661	4.00%	0.00%	\$30,718	\$0	\$0	\$30,718
\$15,149,501	78.59%	16.84%	\$8,280,220	\$776,928	\$1,759,530	\$10,816,677
\$77,546,897	85.52%	3.78%	\$42,557,150	\$1,051,005	\$33,742,691	\$77,350,846
\$4,597,930	57.81%	5.76%	\$2,099,270	\$55,633	\$0	\$2,154,903
\$3,231,290	42.45%	0.01%	\$1,095,412	\$50	\$3,674,881	\$4,770,342
\$80,046,221	83.81%	24.26%	\$36,712,813	\$8,791,882	\$22,203,004	\$67,707,698
\$1,508,054	114.30%	16.08%	\$1,295,437	\$60,269	\$603,094	\$1,958,799
\$539,817	187.75%	0.00%	\$1,013,500	\$0	\$0	\$1,013,500
\$779,503	77.15%	0.00%	\$601,400	\$0	\$0	\$601,400
\$8,447,164	198.26%	0.00%	\$16,747,663	\$0	\$95,767	\$16,843,430
\$9,318,680	46.84%	4.44%	\$3,603,855	\$72,043	\$2,758,917	\$6,434,815
\$3,695,083	58.37%	4.34%	\$1,341,388	\$60,672	\$521,719	\$1,923,779
\$10,054,520	57.70%	0.00%	\$4,367,448	\$0	\$3,549,691	\$7,917,139
\$18,337,165	76.40%	0.00%	\$8,190,922	\$0	\$2,270,892	\$10,461,814
\$4,582,883	63.16%	0.00%	\$2,382,834	\$0	\$1,763,787	\$4,146,621
\$5,895,621	55.66%	14.95%	\$2,503,630	\$208,849	\$489,585	\$3,202,063
\$1,833,619	87.13%	0.00%	\$963,745	\$0	\$1,206,542	\$2,170,287
\$3,725,445	0.00%	0.00%	\$0	\$0	\$1,361,240	\$1,361,240
\$37,097,881	85.76%	7.71%	\$22,462,173	\$840,611	\$11,730,070	\$35,032,854



Provider Identification Data				
Medicare ID	Provider Name			
440182	McKenzie Regional Hospital	AH		
440051	McNairy Regional Hospital	AH		
441308	Medical Center of Manchester	CAH		
440091	Memorial North Park	AH		
440168	Methodist Healthcare - Fayette	AH		
440049	Methodist Hospital - Germantown	AH		
440034	Methodist Medical Center of Oak Ridge	AH		
440111	Metro Nashville General Hospital	AH		
440053	Middle Tennessee Medical Center	AH		
444014	Middle Tennessee Mental Health Institute	Psych		
440060	Milan General Hospital	AH		
444002	Moccasin Bend Mental Health Institute	Psych		
440030	Morristown - Hamblen Healthcare System	AH		
440065	NorthCrest Medical Center	AH		
440156	Parkridge Medical Center, Inc. with Parkridge Valley	AH		
440173	Parkwest Medical Center with Peninsula	AH		
444010	Pathways of Tennessee	Psych		
440040	Perry Community Hospital	AH		
440194	Portland Medical Center	AH		
444022	PremierCare Tennessee, Inc. (Opened 11/20/12)	Psych		
440189	Regional Hospital of Jackson	AH		
441310	Rhea Medical Center	CAH		
444003	Ridgeview Psychiatric Hospital and Center	Psych		
440151	River Park Hospital	AH		
441307	Riverview Regional Medical Center South	CAH		
440031	Roane Medical Center	AH		
444007	Rolling Hills Hospital	Psych		
440183	Saint Francis Hospital	AH		
440228	Saint Francis Hospital - Bartlett	AH		
440082	Saint Thomas Hospital	AH		
442012	Select Specialty Hospital - Knoxville	LTH		
442014	Select Specialty Hospital - Memphis	LTH		
442011	Select Specialty Hospital - Nashville	LTH		

Costs				
	Uninsured			
Medicaid Costs	Costs	Total Costs		
\$2,030,121	\$906,365	\$2,936,486		
\$4,714,598	\$698,763	\$5,413,361		
\$1,609,377	\$850,300	\$2,459,678		
\$15,021,277	\$6,430,393	\$21,451,670		
\$1,438,501	\$934,457	\$2,372,959		
\$218,677,172	\$68,802,381	\$287,479,553		
\$17,853,388	\$9,424,534	\$27,277,923		
\$21,072,355	\$31,045,502	\$52,117,857		
\$30,609,767	\$15,329,358	\$45,939,125		
\$1,941,670	\$0	\$1,941,670		
\$1,145,754	\$796,671	\$1,942,425		
\$3,411,034	\$0	\$3,411,034		
\$15,396,264	\$5,312,137	\$20,708,400		
\$8,589,805	\$5,953,392	\$14,543,198		
\$3,865,014	\$8,000,615	\$11,865,629		
\$19,298,754	\$14,358,361	\$33,657,115		
\$686,032	\$0	\$686,032		
\$716,705	\$497,092	\$1,213,797		
\$9,705,556	\$6,840,139	\$16,545,695		
\$630,163	\$0	\$630,163		
\$11,795,376	\$3,547,318	\$15,342,694		
\$2,770,015	\$1,361,853	\$4,131,868		
\$677,321	\$0	\$677,321		
\$7,998,860	\$2,328,839	\$10,327,699		
\$3,594,137	\$1,196,716	\$4,790,853		
\$6,207,034	\$3,969,727	\$10,176,760		
\$5,000,161	\$0	\$5,000,161		
\$30,869,130	\$12,736,359	\$43,605,489		
\$10,961,579	\$4,719,769	\$15,681,348		
\$21,067,391	\$14,745,228	\$35,812,619		
\$765,445	\$0	\$765,445		
\$1,244,221	\$0	\$1,244,221		
\$1,649,621	\$0	\$1,649,621		

	Payments				
Medicaid	Uninsured				
Payment	Payment				
to Cost	to Cost	Medicaid	Uninsured	Pool	
Ratio	Ratio	Payments	Payments	Payments	Total Payments
119.42%	2.73%	\$2,424,375	\$24,703	\$2,375,420	\$4,824,498
39.14%	4.74%	\$1,845,093	\$33,092	\$2,451,450	\$4,329,636
46.41%	0.00%	\$746,860	\$0	\$635,654	\$1,382,514
60.66%	7.24%	\$9,112,444	\$465,363	\$8,845,087	\$18,422,894
71.59%	0.00%	\$1,029,789	\$0	\$1,065,098	\$2,094,887
89.76%	2.37%	\$196,278,148	\$1,632,770	\$116,460,588	\$314,371,506
55.76%	0.00%	\$9,955,252	\$0	\$4,731,349	\$14,686,601
50.93%	1.13%	\$10,732,156	\$351,162	\$43,388,841	\$54,472,159
55.53%	10.78%	\$16,996,400	\$1,652,576	\$14,512,868	\$33,161,844
232.04%	0.00%	\$4,505,425	\$0	\$0	\$4,505,425
94.86%	7.72%	\$1,086,887	\$61,515	\$0	\$1,148,402
0.00%	0.00%	\$0	\$0	\$0	\$0
54.49%	0.00%	\$8,389,559	\$0	\$4,710,800	\$13,100,359
75.43%	0.00%	\$6,479,685	\$0	\$741,352	\$7,221,037
352.23%	7.34%	\$13,613,896	\$587,276	\$4,264,455	\$18,465,627
51.38%	2.10%	\$9,915,211	\$301,147	\$6,455,413	\$16,671,772
105.82%	0.00%	\$725,945	\$0	\$1,228,282	\$1,954,227
31.13%	0.00%	\$223,127	\$0	\$471,978	\$695,106
104.50%	5.15%	\$10,142,498	\$352,427	\$1,311,714	\$11,806,639
172.01%	0.00%	\$1,083,953	\$0	\$0	\$1,083,953
0.00%	6.96%	\$0	\$246,770	\$4,939,789	\$5,186,559
71.26%	2.02%	\$1,974,017	\$27,493	\$1,303,103	\$3,304,614
54.83%	0.00%	\$371,359	\$0	\$1,139,443	\$1,510,801
67.03%	0.00%	\$5,361,654	\$0	\$2,693,673	\$8,055,327
94.71%	4.77%	\$3,403,873	\$57,039	\$1,339,785	\$4,800,697
50.33%	0.00%	\$3,124,161	\$0	\$4,578,853	\$7,703,015
116.61%	0.00%	\$5,830,700	\$0	\$704,345	\$6,535,045
61.86%	10.52%	\$19,095,192	\$1,340,338	\$8,246,068	\$28,681,598
71.27%	9.56%	\$7,811,779	\$451,234	\$1,601,907	\$9,864,919
51.94%	6.74%	\$10,942,455	\$993,443	\$14,764,438	\$26,700,336
128.79%	0.00%	\$985,830	\$0	\$0	\$985,830
97.66%	0.00%	\$1,215,125	\$0	\$0	\$1,215,125
46.59%	0.00%	\$768,575	\$0	\$0	\$768,575



Provider Identification Data			
Medicare ID	Provider Name	Provider Type	
442015	Select Specialty Hospital - North Knoxville	LTH	
442016	Select Specialty Hospitals - Tricities, Inc.	LTH	
443025	Siskin Hospital for Physical Rehabilitation	Rehab	
440006	Skyline Medical Center with Madison Campus	AH	
440185	Skyridge Medical Center	AH	
440197	Southern Hills Medical Center	AH	
440227	StoneCrest Medical Center	AH	
440200	Stones River Hospital	AH	
440150	Summit Medical Center	AH	
440003	Sumner Regional Medical Center	AH	
440084	Sweetwater Hospital Association	AH	
440018	Sycamore Shoals Hospital	AH	
440050	Takoma Regional Hospital	AH	
440120	Tennova Healthcare	AH	
440056	Tennova Healthcare - Jefferson Memorial Hospital	AH	
440033	Tennova Healthcare - Lafollette Medical Center	AH	
440153	Tennova Healthcare - Newport Medical Center	AH	
440218	The Center for Spinal Surgery	AH	
440152	The Regional Medical Center at Memphis	AH	
441303	Three Rivers Hospital	CAH	
441301	Trousdale Medical Center	CAH	
440231	Trust Point Hospital	AH	
440001	Unicoi County Memorial Hospital, Inc.	AH	
440007	United Regional Medical Center	AH	
440193	University Medical Center with McFarland	AH	
440015	University of Tennessee Memorial Hospital	AH	
443028	Vanderbilt Stallworth Rehabilitation Hospital	Rehab	
440039	Vanderbilt University Hospitals	AH	
440061	Volunteer Community Hospital	AH	
440010	Wayne Medical Center	AH	
440017	Wellmont - Holston Valley Medical Center, Inc.	AH	
440012	Wellmont Bristol Regional Medical Center	AH	
441313	Wellmont Hancock County Hospital	CAH	

Costs				
	¥1:			
Medicaid Costs	Uninsured Costs	Total Costs		
\$700,988	\$0	\$700,988		
\$388,959	\$0	\$388,959		
\$591,854	\$95,439	\$687,293		
\$16,417,277	\$13,878,404	\$30,295,682		
\$20,258,366	\$615,028	\$20,873,395		
\$13,509,130	\$12,351,251	\$25,860,380		
\$13,599,375	\$7,577,699	\$21,177,074		
\$1,491,672	\$629,169	\$2,120,841		
\$13,647,096	\$8,809,337	\$22,456,434		
\$13,286,171	\$6,400,670	\$19,686,842		
\$5,401,269	\$2,323,542	\$7,724,811		
\$5,504,469	\$3,385,913	\$8,890,381		
\$6,187,088	\$2,130,644	\$8,317,732		
\$42,089,331	\$20,782,566	\$62,871,896		
\$5,280,271	\$3,342,364	\$8,622,635		
\$5,332,131	\$1,474,762	\$6,806,893		
\$5,726,061	\$3,292,862	\$9,018,923		
\$485,228	\$139,401	\$624,630		
\$71,249,783	\$50,496,849	\$121,746,631		
\$856,579	\$334,565	\$1,191,144		
\$1,602,427	\$806,353	\$2,408,780		
\$723,318	\$306,974	\$1,030,292		
\$11,763	\$1,139,973	\$1,151,737		
\$250,859	\$694,920	\$945,779		
\$14,162,880	\$4,718,771	\$18,881,651		
\$82,045,294	\$45,378,436	\$127,423,730		
\$621,851	\$586,837	\$1,208,689		
\$274,210,321	\$76,696,156	\$350,906,477		
\$5,068,500	\$1,213,626	\$6,282,125		
\$1,118,442	\$459,779	\$1,578,222		
\$22,731,619	\$13,849,233	\$36,580,851		
\$9,640,518	\$6,672,395	\$16,312,914		
\$1,313,199	\$837,429	\$2,150,628		

	Payments				
Medicaid	Uninsured				
Payment	Payment				
to Cost	to Cost	Medicaid	Uninsured	Pool	
Ratio	Ratio	Payments	Payments	Payments	Total Payments
119.83%	0.00%	\$840,000	\$0	\$0	\$840,000
122.75%	0.00%	\$477,428	\$0	\$0	\$477,428
32.18%	0.00%	\$190,449	\$0	\$0	\$190,449
93.46%	4.93%	\$15,344,341	\$683,681	\$5,403,137	\$21,431,159
51.31%	6.89%	\$10,395,292	\$42,355	\$8,905,084	\$19,342,731
69.50%	4.00%	\$9,388,969	\$494,345	\$2,990,279	\$12,873,594
78.81%	4.55%	\$10,717,567	\$345,042	\$2,085,179	\$13,147,788
77.16%	10.63%	\$1,150,957	\$66,882	\$564,886	\$1,782,724
79.22%	5.18%	\$10,811,626	\$456,510	\$3,313,143	\$14,581,279
63.22%	4.51%	\$8,399,189	\$288,434	\$5,474,804	\$14,162,428
162.14%	6.13%	\$8,757,843	\$142,526	\$569,545	\$9,469,914
82.24%	10.53%	\$4,526,898	\$356,641	\$2,264,369	\$7,147,909
86.19%	6.28%	\$5,332,382	\$133,719	\$3,572,243	\$9,038,344
70.23%	4.12%	\$29,559,233	\$855,753	\$5,030,746	\$35,445,732
63.92%	4.50%	\$3,375,211	\$150,535	\$1,617,472	\$5,143,218
99.99%	6.83%	\$5,331,505	\$100,664	\$962,595	\$6,394,765
94.65%	4.60%	\$5,419,529	\$151,485	\$577,101	\$6,148,115
105.42%	0.00%	\$511,532	\$0	\$70,892	\$582,425
68.48%	0.00%	\$48,792,927	\$0	\$74,416,658	\$123,209,585
57.12%	7.02%	\$489,301	\$23,499	\$323,594	\$836,394
83.83%	2.42%	\$1,343,289	\$19,532	\$216,305	\$1,579,126
134.20%	0.00%	\$970,703	\$0	\$0	\$970,703
0.00%	7.50%	\$0	\$85,493	\$0	\$85,493
174.23%	12.58%	\$437,065	\$87,425	\$786,465	\$1,310,956
71.87%	6.33%	\$10,178,501	\$298,816	\$6,375,221	\$16,852,538
90.23%	1.78%	\$74,028,646	\$808,022	\$56,015,830	\$130,852,498
38.82%	0.00%	\$241,387	\$0	\$0	\$241,387
76.76%	0.00%	\$210,493,488	\$0	\$123,002,743	\$333,496,231
43.27%	6.84%	\$2,193,150	\$82,955	\$2,011,150	\$4,287,255
0.00%	0.00%	\$0	\$0	\$708,894	\$708,894
56.37%	2.37%	\$12,814,461	\$327,554	\$13,882,321	\$27,024,336
63.47%	10.34%	\$6,118,626	\$689,664	\$9,042,362	\$15,850,652
47.91%	0.72%	\$629,130	\$6,060	\$1,007,585	\$1,642,775



	Provider Identification Data				
Medicare ID	Provider Name	Provider Type			
440032	Wellmont Hawkins County Memorial Hospital	AH			
444008	Western Mental Health Institute	Psych			
440192	White County Community Hospital	AH			
440029	Williamson Medical Center	AH			
440054	Woods Memorial Hospital	AH			
443303	East Tennessee Children's Hospital	Children			

Costs					
Medicaid Costs	Uninsured Costs	Total Costs			
\$3,024,106	\$1,190,431	\$4,214,537			
\$1,324,794	\$0	\$1,324,794			
\$3,784,945	\$1,112,217	\$4,897,163			
\$7,787,242	\$6,153,544	\$13,940,786			
\$1,468,531	\$1,276,481	\$2,745,011			
\$102,602,588	\$1,843,094	\$104,445,682			
\$1,945,490,850	\$809,007,444	\$2,754,498,294			

	Payments							
Medicaid	Uninsured							
Payment	Payment	35 11 13						
to Cost	to Cost	Medicaid	Uninsured	Pool				
Ratio	Ratio	Payments	Payments	Payments	Total Payments			
95.43%	3.23%	\$2,886,027	\$38,426	\$1,267,512	\$4,191,965			
293.35%	0.00%	\$3,886,247	\$0	\$0	\$3,886,247			
67.37%	8.45%	\$2,549,920	\$93,939	\$209,318	\$2,853,177			
53.93%	0.00%	\$4,199,941	\$0	\$0	\$4,199,941			
0.00%	5.48%	\$0	\$70,001	\$1,025,726	\$1,095,727			
67.62%	6.17%	\$69,375,400	\$113,741	\$7,425,059	\$76,914,200			
74.05%	4.79%	\$1,440,662,895	\$38,764,321	\$871,819,113	\$2,351,246,329			



PCG Review of Medicaid and Uncompensated Care Costs and Supplemental Payment Methodologies in TennCare - Appendix A

	Provider Identification Data					
Medicare ID	Provider Name	Provider Type				
440068	Athens Regional Medical Center	AH				
440133	Baptist Hospital	AH				
440048	Baptist Memorial Hospital	AH				
440016	Baptist Memorial Hospital - Huntingdon	AH				
440131	Baptist Memorial Hospital - Tipton	AH				
440130	Baptist Memorial Hospital - Union City	AH				
442010	Baptist Memorial Restorative Care Hospital	LTH				
440147	Baptist Rehabilitation - Germantown	AH				
440011	Blount Memorial Hospital	AH				
440181	Bolivar General Hospital	AH				
441316	Camden General Hospital	САН				
440161	Centennial Medical Center	AH				
441311	Centennial Medical Center at Ashland City	САН				
440057	Claiborne County Hospital	AH				
444020	Community Behavioral Health (Closed 5/31/13)	Psych				
440059	Cookeville Regional Medical Center	AH				
441315	Copper Basin Medical Center	CAH				
440175	Crockett Hospital	AH				
440009	Cumberland Medical Center	AH				
440141	Cumberland River Hospital	AH				
440070	Decatur County General Hospital	AH				
440148	DeKalb Community Hospital	AH				
440159	Delta Medical Center	AH				
440072	Dyersburg Regional Medical Center	AH				
440058	Emerald - Hodgson Hospital	AH				
440104	Erlanger Medical Center	AH				
441306	Erlanger-Bledsoe	CAH				
440110	Fort Loudoun Medical Center	AH				
440125	Fort Sanders Regional Medical Center	AH				
440184	Franklin Woods Community Hospital	AH				
440035	Gateway Medical Center	AH				
440047	Gibson General Hospital (Closed 1/17/14)	AH				
440064	Grandview Medical Center	AH				

Costs					
Portion of Total	Costs Shifted from Uninsured to	Medicaid Costs	Uninsured Costs Post	Total Costs Post	
Uninsured	Medicaid	Post Expansion	Expansion	Expansion	
0.41%	\$1,002,880	\$8,870,421	\$2,298,394	\$11,168,815	
1.90%	\$4,678,584	\$43,439,206	\$10,722,354	\$54,161,561	
2.77%	\$6,818,098	\$70,513,240	\$15,625,681	\$86,138,921	
0.15%	\$375,576	\$2,403,724	\$860,744	\$3,264,467	
0.28%	\$687,513	\$10,479,925	\$1,575,640	\$12,055,565	
0.36%	\$883,765	\$10,062,310	\$2,025,409	\$12,087,718	
0.10%	\$246,395	\$743,808	\$564,686	\$1,308,494	
0.01%	\$27,036	\$1,013,692	\$61,961	\$1,075,653	
0.71%	\$1,751,382	\$16,646,367	\$4,013,809	\$20,660,175	
0.08%	\$200,597	\$1,484,423	\$459,726	\$1,944,149	
0.08%	\$194,753	\$1,199,636	\$446,334	\$1,645,971	
2.74%	\$6,741,936	\$61,227,823	\$15,451,135	\$76,678,958	
0.28%	\$695,694	\$3,337,285	\$1,594,387	\$4,931,672	
0.12%	\$293,048	\$3,217,724	\$671,607	\$3,889,330	
0.00%	\$0	\$1,248,273	\$0	\$1,248,273	
0.94%	\$2,304,659	\$26,279,229	\$5,281,806	\$31,561,035	
0.03%	\$72,171	\$767,216	\$165,401	\$932,617	
0.29%	\$710,594	\$6,676,231	\$1,628,535	\$8,304,766	
0.50%	\$1,237,871	\$10,352,359	\$2,836,947	\$13,189,306	
0.02%	\$57,423	\$1,527,201	\$131,601	\$1,658,803	
0.04%	\$103,813	\$18,770,882	\$237,917	\$19,008,800	
0.16%	\$387,450	\$4,779,833	\$887,957	\$5,667,790	
0.30%	\$725,760	\$5,976,246	\$1,663,293	\$7,639,539	
0.61%	\$1,499,350	\$14,875,049	\$3,436,204	\$18,311,252	
0.36%	\$875,636	\$8,775,537	\$2,006,778	\$10,782,314	
2.97%	\$7,311,251	\$87,139,533	\$16,755,887	\$103,895,419	
0.12%	\$289,649	\$1,562,254	\$663,816	\$2,226,070	
0.32%	\$788,300	\$3,711,128	\$1,806,621	\$5,517,750	
1.76%	\$4,326,968	\$32,849,909	\$9,916,524	\$42,766,433	
0.60%	\$1,470,625	\$11,588,449	\$3,370,370	\$14,958,819	
0.93%	\$2,285,296	\$22,710,517	\$5,237,429	\$27,947,947	
0.00%	\$5,824	\$683,721	\$13,349	\$697,070	
0.18%	\$439,362	\$4,249,704	\$1,006,928	\$5,256,632	

	Payments						
		Total Post	Total Post				
Additional	Reduction in	Expansion	Expansion				
Medicaid	Uninsured	Medicaid	Uninsured		Total Payments		
Payments	Payment	Payments	Payments	Pool Payments	-		
\$550,551	-\$75,691.53	\$4,869,599	\$173,469.47	\$1,767,905.94	\$6,810,974.35		
\$2,976,739	-\$197,054.50	\$27,638,105	\$451,608.50	\$19,692,482.71	\$47,782,196.62		
\$3,702,111	-\$353,118.30	\$38,287,487	\$809,274.70	\$21,436,337.85	\$60,533,099.84		
\$240,412	-\$16,588.52	\$1,538,662	\$38,017.48	\$1,203,754.58	\$2,780,434.11		
\$536,881	-\$29,105.40	\$8,183,805	\$66,703.60	\$1,009,070.92	\$9,259,579.04		
\$294,780	-\$48,265.77	\$3,356,284	\$110,615.23	\$3,381,336.33	\$6,848,235.41		
\$6,084	\$0.00	\$18,365	\$0.00	\$0.00	\$18,365.50		
\$17,895	-\$1,150.74	\$670,939	\$2,637.26	\$0.00	\$673,576.53		
\$1,040,902	-\$112,670.14	\$9,893,464	\$258,216.86	\$13,494,122.17	\$23,645,803.19		
\$135,816	-\$10,149.48	\$1,005,046	\$23,260.52	\$550,309.01	\$1,578,615.99		
\$127,767	-\$6,807.53	\$787,016	\$15,601.47	\$499,221.62	\$1,301,838.60		
\$5,992,829	-\$887,363.31	\$54,424,703	\$2,033,654.69	\$10,722,522.70	\$67,180,880.45		
\$0	-\$21,069.66	\$0	\$48,287.34	\$211,331.70	\$259,619.04		
\$179,888	\$0.00	\$1,975,197	\$0.00	\$1,699,047.28	\$3,674,244.32		
\$0	\$0.00	\$0	\$0.00	\$0.00	\$0.00		
\$1,816,116	-\$260,297.81	\$20,708,536	\$596,549.19	\$13,377,820.71	\$34,682,905.51		
\$46,960	\$0.00	\$499,212	\$0.00	\$484,328.09	\$983,540.52		
\$510,510	-\$54,879.48	\$4,796,389	\$125,772.52	\$1,692,584.97	\$6,614,746.96		
\$947,800	\$0.00	\$7,926,487	\$0.00	\$4,241,116.21	\$12,167,603.32		
\$35,614	\$0.00	\$947,171	\$0.00	\$0.00	\$947,171.03		
\$1,620	-\$6,568.76	\$292,972	\$15,054.24	\$159,297.74	\$467,324.15		
\$246,660	-\$25,189.30	\$3,042,948	\$57,728.70	\$647,701.60	\$3,748,378.28		
\$928,009	\$0.00	\$7,641,661	\$0.00	\$1,129,763.90	\$8,771,425.23		
\$758,434	-\$19,317.12	\$7,524,418	\$44,270.88	\$4,557,000.89	\$12,125,689.85		
\$480,830	\$0.00	\$4,818,834	\$0.00	\$856,973.60	\$5,675,807.43		
\$6,003,411	-\$502,490.30	\$71,551,972	\$1,151,604.70	\$44,881,510.45	\$117,585,086.95		
\$150,021	-\$9,692.28	\$809,154	\$22,212.72	\$479,938.64	\$1,311,305.06		
\$525,623	\$0.00	\$2,474,509	\$0.00	\$1,220,004.82	\$3,694,513.51		
\$3,090,243	\$0.00	\$23,460,811	\$0.00	\$12,242,916.35	\$35,703,727.76		
\$1,035,078	-\$174,273.31	\$8,156,366	\$399,398.69	\$340,578.33	\$8,896,342.93		
\$1,367,606	-\$228,043.07	\$13,590,813	\$522,627.93	\$5,514,188.88	\$19,627,630.06		
\$104	\$0.00	\$12,253	\$0.00	\$0.00	\$12,252.60		
\$0	-\$18,036.06	\$0	\$41,334.94	\$2,119,775.20	\$2,161,110.14		



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	Provider Identification Data					
Medicare ID	Provider Name	Provider Type				
440109	Hardin Medical Center	AH				
440144	Harton Regional Medical Center	AH				
440174	Haywood Park Community Hospital	AH				
440162	HealthSouth Chattanooga Rehabilitation Hospital	AH				
443027	HealthSouth Rehabilitation Hospital	Rehab				
443031	HealthSouth Rehabilitation Hospital - North	Rehab				
443029	HealthSouth Rehabilitation Hospital of Memphis	Rehab				
440008	Henderson County Community Hospital	AH				
440132	Henry County Medical Center	AH				
440137	Heritage Medical Center	AH				
441300	Hickman Community Hospital	САН				
440020	Hillside Hospital	AH				
440046	Horizon Medical Center	AH				
441312	Houston County Community Hospital	CAH				
440115	Humboldt General Hospital (Closed 1/17/14)	AH				
440176	Indian Path Medical Center	AH				
440002	Jackson - Madison County General Hospital	AH				
440083	Jamestown Regional Medical Center	AH				
440180	Jellico Community Hospital, Inc.	AH				
440063	Johnson City Medical Center with Woodridge	AH				
441304	Johnson County Community Hospital	CAH				
442007	Kindred Hospital - Chattanooga	LTH				
442006	Kindred Hospital - Nashville	LTH				
444004	Lakeside Behavioral Health System	Psych				
440067	Lakeway Regional Hospital	AH				
441314	Lauderdale Community Hospital	CAH				
440025	Laughlin Memorial Hospital	AH				
440081	LeConte Medical Center	AH				
440102	Lincoln Medical Center	AH				
440187	Livingston Regional Hospital	AH				
441305	Macon County General Hospital	CAH				
441309	Marshall Medical Center	CAH				
440073	Maury Regional Hospital	AH				

Costs					
Portion of Total Uninsured	Costs Shifted from Uninsured to Medicaid	Medicaid Costs Post Expansion	Uninsured Costs Post Expansion	Total Costs Post Expansion	
0.14%	\$351,888	\$5,093,157	\$806,454	\$5,899,611	
0.53%	\$1,306,804	\$13,401,541	\$2,994,926	\$16,396,466	
0.12%	\$293,837	\$2,188,007	\$673,413	\$2,861,420	
0.01%	\$22,558	\$154,370	\$51,698	\$206,068	
0.02%	\$46,919	\$69,502	\$107,528	\$177,031	
0.01%	\$35,296	\$83,626	\$80,892	\$164,518	
0.03%	\$85,727	\$842,200	\$196,468	\$1,038,668	
0.11%	\$271,861	\$2,641,299	\$623,050	\$3,264,349	
0.31%	\$756,209	\$6,331,709	\$1,733,076	\$8,064,785	
0.34%	\$838,432	\$5,403,745	\$1,921,514	\$7,325,258	
0.14%	\$351,672	\$1,437,837	\$805,961	\$2,243,799	
0.18%	\$450,026	\$4,719,828	\$1,031,367	\$5,751,195	
0.85%	\$2,082,046	\$13,660,285	\$4,771,622	\$18,431,907	
0.06%	\$143,973	\$272,961	\$329,958	\$602,919	
0.00%	\$12,004	\$780,150	\$27,511	\$807,661	
0.57%	\$1,401,502	\$11,937,546	\$3,211,955	\$15,149,501	
3.43%	\$8,441,086	\$58,201,659	\$19,345,237	\$77,546,897	
0.12%	\$293,548	\$3,925,178	\$672,752	\$4,597,930	
0.08%	\$197,745	\$2,778,099	\$453,190	\$3,231,290	
4.48%	\$11,010,298	\$54,812,876	\$25,233,345	\$80,046,221	
0.05%	\$113,836	\$1,247,165	\$260,889	\$1,508,054	
0.00%	\$0	\$539,817	\$0	\$539,817	
0.00%	\$0	\$779,503	\$0	\$779,503	
0.00%	\$0	\$8,447,164	\$0	\$8,447,164	
0.20%	\$493,324	\$8,188,083	\$1,130,597	\$9,318,680	
0.17%	\$424,374	\$2,722,506	\$972,577	\$3,695,083	
0.31%	\$754,937	\$8,324,358	\$1,730,162	\$10,054,520	
0.94%	\$2,313,745	\$13,034,537	\$5,302,629	\$18,337,165	
0.10%	\$246,041	\$4,019,006	\$563,876	\$4,582,883	
0.17%	\$424,432	\$4,922,910	\$972,711	\$5,895,621	
0.09%	\$221,001	\$1,327,130	\$506,490	\$1,833,619	
0.19%	\$459,263	\$2,672,908	\$1,052,537	\$3,725,445	
1.35%	\$3,313,331	\$29,504,406	\$7,593,475	\$37,097,881	

	Payments						
		Total Post	Total Post				
Additional	Reduction in	Expansion	Expansion				
Medicaid	Uninsured	Medicaid	Uninsured		Total Payments		
Payments	Payment	Payments	Payments	Pool Payments	Post Expansion		
\$242,618	-\$30,051.08	\$3,511,602	\$68,870.92	\$2,279,260.32	\$5,859,733.59		
\$1,001,819	-\$50,838.83	\$10,273,861	\$116,512.17	\$2,119,953.44	\$12,510,326.21		
\$37,392	\$0.00	\$278,433	\$0.00	\$122,353.88	\$400,787.33		
\$4,470	\$0.00	\$30,591	\$0.00	\$0.00	\$30,590.70		
\$132,833	\$0.00	\$196,770	\$0.00	\$0.00	\$196,770.44		
\$42,304	\$0.00	\$100,228	\$0.00	\$0.00	\$100,228.22		
\$9,369	\$0.00	\$92,048	\$0.00	\$0.00	\$92,047.73		
\$777,702	-\$14,249.07	\$7,555,865	\$32,655.93	\$1,682,823.23	\$9,271,343.76		
\$556,635	-\$61,652.08	\$4,660,684	\$141,293.92	\$4,123,387.62	\$8,925,365.11		
\$517,715	-\$116,451.97	\$3,336,704	\$266,884.03	\$2,651,251.96	\$6,254,839.73		
\$468,076	\$0.00	\$1,913,760	\$0.00	\$178,779.25	\$2,092,539.27		
\$230,265	-\$24,355.71	\$2,415,000	\$55,818.29	\$2,049,154.92	\$4,519,973.13		
\$1,503,604	-\$63,483.30	\$9,865,135	\$145,490.70	\$3,187,819.37	\$13,198,445.33		
\$247,758	\$0.00	\$469,729	\$0.00	\$0.00	\$469,729.13		
\$480	\$0.00	\$31,198	\$0.00	\$0.00	\$31,198.42		
\$1,101,433	-\$236,019.57	\$9,381,652	\$540,908.43	\$1,759,529.83	\$11,682,090.34		
\$7,219,140	-\$319,280.22	\$49,776,291	\$731,724.78	\$33,742,691.01	\$84,250,706.60		
\$169,686	-\$16,900.51	\$2,268,956	\$38,732.49	\$0.00	\$2,307,688.71		
\$83,947	-\$15.19	\$1,179,358	\$34.81	\$3,674,880.59	\$4,854,273.79		
\$9,228,202	-\$2,670,847.47	\$45,941,014	\$6,121,034.53	\$22,203,003.61	\$74,265,052.40		
\$130,119	-\$18,308.86	\$1,425,556	\$41,960.14	\$603,093.53	\$2,070,609.67		
\$0	\$0.00	\$1,013,500	\$0.00	\$0.00	\$1,013,500.00		
\$0	\$0.00	\$601,400	\$0.00	\$0.00	\$601,400.00		
\$0	\$0.00	\$16,747,663	\$0.00	\$95,767.00	\$16,843,429.86		
\$231,049	-\$21,885.63	\$3,834,905	\$50,157.37	\$2,758,916.99	\$6,643,978.86		
\$247,701	-\$18,431.28	\$1,589,089	\$42,240.72	\$521,718.87	\$2,153,048.44		
\$435,588	\$0.00	\$4,803,036	\$0.00	\$3,549,691.39	\$8,352,727.33		
\$1,767,752	\$0.00	\$9,958,674	\$0.00	\$2,270,892.07	\$12,229,566.44		
\$155,389	\$0.00	\$2,538,223	\$0.00	\$1,763,786.94	\$4,302,009.69		
\$236,218	-\$63,445.33	\$2,739,847	\$145,403.67	\$489,584.69	\$3,374,835.84		
\$192,553	\$0.00	\$1,156,298	\$0.00	\$1,206,542.22	\$2,362,840.32		
\$0	\$0.00	\$0	\$0.00	\$1,361,240.19	\$1,361,240.19		
\$2,841,602	-\$255,365.55	\$25,303,774	\$585,245.45	\$11,730,070.09	\$37,619,089.99		



PCG Review of Medicaid and Uncompensated Care Costs and Supplemental Payment Methodologies in TennCare - Appendix A

	Provider Identification Data				
Medicare ID	Provider Name	Provider Type			
440182	McKenzie Regional Hospital	AH			
440051	McNairy Regional Hospital	AH			
441308	Medical Center of Manchester	CAH			
440091	Memorial North Park	AH			
440168	Methodist Healthcare - Fayette	AH			
440049	Methodist Hospital - Germantown	AH			
440034	Methodist Medical Center of Oak Ridge	AH			
440111	Metro Nashville General Hospital	AH			
440053	Middle Tennessee Medical Center	AH			
444014	Middle Tennessee Mental Health Institute	Psych			
440060	Milan General Hospital	AH			
444002	Moccasin Bend Mental Health Institute	Psych			
440030	Morristown - Hamblen Healthcare System	AH			
440065	NorthCrest Medical Center	AH			
440156	Parkridge Medical Center, Inc. with Parkridge Valley	AH			
440173	Parkwest Medical Center with Peninsula	AH			
444010	Pathways of Tennessee	Psych			
440040	Perry Community Hospital	AH			
440194	Portland Medical Center	AH			
444022	PremierCare Tennessee, Inc. (Opened 11/20/12)	Psych			
440189	Regional Hospital of Jackson	AH			
441310	Rhea Medical Center	CAH			
444003	Ridgeview Psychiatric Hospital and Center	Psych			
440151	River Park Hospital	AH			
441307	Riverview Regional Medical Center South	CAH			
440031	Roane Medical Center	AH			
444007	Rolling Hills Hospital	Psych			
440183	Saint Francis Hospital	AH			
440228	Saint Francis Hospital - Bartlett	AH			
440082	Saint Thomas Hospital	AH			
442012	Select Specialty Hospital - Knoxville	LTH			
442014	Select Specialty Hospital - Memphis	LTH			
442011	Select Specialty Hospital - Nashville	LTH			

Costs						
Portion of Total	Costs Shifted from Uninsured to	Medicaid Costs	Uninsured Costs Post	Total Costs Post		
Uninsured	Medicaid	Post Expansion	Expansion	Expansion		
0.11%	\$275,341	\$2,305,462	\$631,025	\$2,936,486		
0.09%	\$212,274	\$4,926,872	\$486,489	\$5,413,361		
0.11%	\$258,309	\$1,867,686	\$591,991	\$2,459,678		
0.79%	\$1,953,461	\$16,974,738	\$4,476,932	\$21,451,670		
0.12%	\$283,875	\$1,722,376	\$650,582	\$2,372,959		
8.50%	\$20,901,175	\$239,578,347	\$47,901,206	\$287,479,553		
1.16%	\$2,863,038	\$20,716,427	\$6,561,496	\$27,277,923		
3.84%	\$9,431,178	\$30,503,533	\$21,614,324	\$52,117,857		
1.89%	\$4,656,839	\$35,266,606	\$10,672,519	\$45,939,125		
0.00%	\$0	\$1,941,670	\$0	\$1,941,670		
0.10%	\$242,017	\$1,387,771	\$554,654	\$1,942,425		
0.00%	\$0	\$3,411,034	\$0	\$3,411,034		
0.66%	\$1,613,751	\$17,010,014	\$3,698,386	\$20,708,400		
0.74%	\$1,808,555	\$10,398,360	\$4,144,837	\$14,543,198		
0.99%	\$2,430,472	\$6,295,486	\$5,570,143	\$11,865,629		
1.77%	\$4,361,864	\$23,660,618	\$9,996,497	\$33,657,115		
0.00%	\$0	\$686,032	\$0	\$686,032		
0.06%	\$151,009	\$867,715	\$346,082	\$1,213,797		
0.85%	\$2,077,936	\$11,783,492	\$4,762,203	\$16,545,695		
0.00%	\$0	\$630,163	\$0	\$630,163		
0.44%	\$1,077,624	\$12,873,000	\$2,469,694	\$15,342,694		
0.17%	\$413,711	\$3,183,727	\$948,141	\$4,131,868		
0.00%	\$0	\$677,321	\$0	\$677,321		
0.29%	\$707,468	\$8,706,328	\$1,621,371	\$10,327,699		
0.15%	\$363,545	\$3,957,682	\$833,171	\$4,790,853		
0.49%	\$1,205,946	\$7,412,980	\$2,763,781	\$10,176,760		
0.00%	\$0	\$5,000,161	\$0	\$5,000,161		
1.57%	\$3,869,123	\$34,738,253	\$8,867,236	\$43,605,489		
0.58%	\$1,433,798	\$12,395,377	\$3,285,971	\$15,681,348		
1.82%	\$4,479,388	\$25,546,780	\$10,265,839	\$35,812,619		
0.00%	\$0	\$765,445	\$0	\$765,445		
0.00%	\$0	\$1,244,221	\$0	\$1,244,221		
0.00%	\$0	\$1,649,621	\$0	\$1,649,621		

		Pav	ments		
		Total Post	Total Post		
Additional	Reduction in	Expansion	Expansion		
Medicaid	Uninsured	Medicaid	Uninsured		Total Payments
Payments	Payment	Payments	Payments	Pool Payments	Post Expansion
\$328,813	-\$7,504.42	\$2,753,187	\$17,198.58	\$2,375,420.40	\$5,145,806.04
\$83,075	-\$10,052.87	\$1,928,168	\$23,039.13	\$2,451,450.30	\$4,402,657.81
\$119,873	\$0.00	\$866,733	\$0.00	\$635,653.90	\$1,502,386.51
\$1,185,039	-\$141,370.60	\$10,297,484	\$323,992.40	\$8,845,087.24	\$19,466,563.22
\$203,219	\$0.00	\$1,233,008	\$0.00	\$1,065,098.38	\$2,298,106.47
\$18,760,275	-\$496,012.07	\$215,038,424	\$1,136,757.93	\$116,460,587.58	\$332,635,769.01
\$1,596,463	\$0.00	\$11,551,715	\$0.00	\$4,731,348.81	\$16,283,063.88
\$4,803,301	-\$106,677.97	\$15,535,458	\$244,484.03	\$43,388,841.06	\$59,168,782.62
\$2,585,759	-\$502,028.85	\$19,582,160	\$1,150,547.15	\$14,512,867.89	\$35,245,574.92
\$0	\$0.00	\$4,505,425	\$0.00	\$0.00	\$4,505,425.02
\$229,583	-\$18,687.37	\$1,316,470	\$42,827.63	\$0.00	\$1,359,297.85
\$0	\$0.00	\$0	\$0.00	\$0.00	\$0.00
\$879,347	\$0.00	\$9,268,906	\$0.00	\$4,710,800.14	\$13,979,705.82
\$1,364,276	\$0.00	\$7,843,962	\$0.00	\$741,352.00	\$8,585,313.69
\$8,560,951	-\$178,406.01	\$22,174,847	\$408,869.99	\$4,264,455.22	\$26,848,171.87
\$2,241,015	-\$91,484.13	\$12,156,227	\$209,662.87	\$6,455,413.09	\$18,821,302.67
\$0	\$0.00	\$725,945	\$0.00	\$1,228,282.00	\$1,954,227.07
\$47,013	\$0.00	\$270,140	\$0.00	\$471,978.37	\$742,118.34
\$2,171,484	-\$107,062.26	\$12,313,982	\$245,364.74	\$1,311,714.07	\$13,871,060.42
\$0	\$0.00	\$1,083,953	\$0.00	\$0.00	\$1,083,952.52
\$0	-\$74,965.18	\$0	\$171,804.82	\$4,939,789.35	\$5,111,594.17
\$294,826	-\$8,351.98	\$2,268,844	\$19,141.02	\$1,303,103.49	\$3,591,088.24
\$0	\$0.00	\$371,359	\$0.00	\$1,139,442.64	\$1,510,801.42
\$474,217	\$0.00	\$5,835,872	\$0.00	\$2,693,672.62	\$8,529,544.14
\$344,300	-\$17,327.63	\$3,748,173	\$39,711.37	\$1,339,784.95	\$5,127,669.22
\$606,984	\$0.00	\$3,731,145	\$0.00	\$4,578,853.31	\$8,309,998.73
\$0	\$0.00	\$5,830,700	\$0.00	\$704,344.81	\$6,535,044.98
\$2,393,383	-\$407,175.43	\$21,488,574	\$933,162.57	\$8,246,068.02	\$30,667,804.81
\$1,021,797	-\$137,078.41	\$8,833,576	\$314,155.59	\$1,601,906.71	\$10,749,638.25
\$2,326,605	-\$301,793.71	\$13,269,061	\$691,649.29	\$14,764,437.71	\$28,725,147.64
\$0	\$0.00	\$985,830	\$0.00	\$0.00	\$985,829.92
\$0	\$0.00	\$1,215,125	\$0.00	\$0.00	\$1,215,125.37
\$0	\$0.00	\$768,575	\$0.00	\$0.00	\$768,575.00



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	Provider Identification Data							
Medicare ID	Provider Name	Provide Type						
442015	Select Specialty Hospital - North Knoxville	LTH						
442016	Select Specialty Hospitals - Tricities, Inc.	LTH						
443025	Siskin Hospital for Physical Rehabilitation	Rehab						
440006	Skyline Medical Center with Madison Campus	AH						
440185	Skyridge Medical Center	AH						
440197	Southern Hills Medical Center	AH						
440227	StoneCrest Medical Center	AH						
440200	Stones River Hospital	AH						
440150	Summit Medical Center	AH						
440003	Sumner Regional Medical Center	AH						
440084	Sweetwater Hospital Association	AH						
440018	Sycamore Shoals Hospital	AH						
440050	Takoma Regional Hospital	AH						
440120	Tennova Healthcare	AH						
440056	Tennova Healthcare - Jefferson Memorial Hospital	AH						
440033	Tennova Healthcare - Lafollette Medical Center	AH						
440153	Tennova Healthcare - Newport Medical Center	AH						
440218	The Center for Spinal Surgery	AH						
440152	The Regional Medical Center at Memphis	AH						
441303	Three Rivers Hospital	CAH						
441301	Trousdale Medical Center	CAH						
440231	Trust Point Hospital	AH						
440001	Unicoi County Memorial Hospital, Inc.	AH						
440007	United Regional Medical Center	AH						
440193	University Medical Center with McFarland	AH						
440015	University of Tennessee Memorial Hospital	AH						
443028	Vanderbilt Stallworth Rehabilitation Hospital	Rehab						
440039	Vanderbilt University Hospitals	AH						
440061	Volunteer Community Hospital	AH						
440010	Wayne Medical Center	AH						
440017	Wellmont - Holston Valley Medical Center, Inc.	AH						
440012	Wellmont Bristol Regional Medical Center	AH						
441313	Wellmont Hancock County Hospital	CAH						

Costs							
Portion of Total	otal Uninsured to Medicaid Costs Costs Post		Total Costs Post				
Uninsured	Medicaid	Post Expansion	Expansion	Expansion			
0.00%	\$0	\$700,988	\$0	\$700,988			
0.00%	\$0	\$388,959	\$0	\$388,959			
0.01%	\$28,993	\$620,847	\$66,446	\$687,293			
1.72%	\$4,216,060	\$20,633,337	\$9,662,344	\$30,295,682			
0.08%	\$186,837	\$20,445,203	\$428,192	\$20,873,395			
1.53%	\$3,752,132	\$17,261,262	\$8,599,118	\$25,860,380			
0.94%	\$2,301,996	\$15,901,371	\$5,275,703	\$21,177,074			
0.08%	\$191,133	\$1,682,805	\$438,037	\$2,120,841			
1.09%	\$2,676,150	\$16,323,247	\$6,133,187	\$22,456,434			
0.79%	\$1,944,432	\$15,230,603	\$4,456,239	\$19,686,842			
0.29%	\$705,859	\$6,107,128	\$1,617,683	\$7,724,811			
0.42%	\$1,028,592	\$6,533,060	\$2,357,321	\$8,890,381			
0.26%	\$647,259	\$6,834,347	\$1,483,385	\$8,317,732			
2.57%	\$6,313,445	\$48,402,776	\$14,469,121	\$62,871,896			
0.41%	\$1,015,362	\$6,295,634	\$2,327,002	\$8,622,635			
0.18%	\$448,011	\$5,780,142	\$1,026,750	\$6,806,893			
0.41%	\$1,000,324	\$6,726,385	\$2,292,538	\$9,018,923			
0.02%	\$42,348	\$527,576	\$97,053	\$624,630			
6.24%	\$15,340,217	\$86,590,000	\$35,156,631	\$121,746,631			
0.04%	\$101,636	\$958,215	\$232,929	\$1,191,144			
0.10%	\$244,958	\$1,847,386	\$561,394	\$2,408,780			
0.04%	\$93,254	\$816,572	\$213,720	\$1,030,292			
0.14%	\$346,308	\$358,071	\$793,666	\$1,151,737			
0.09%	\$211,107	\$461,965	\$483,813	\$945,779			
0.58%	\$1,433,495	\$15,596,375	\$3,285,276	\$18,881,651			
5.61%	\$13,785,317	\$95,830,611	\$31,593,119	\$127,423,730			
0.07%	\$178,273	\$800,124	\$408,565	\$1,208,689			
9.48%	\$23,299,190	\$297,509,512	\$53,396,965	\$350,906,477			
0.15%	\$368,682	\$5,437,182	\$844,944	\$6,282,125			
0.06%	\$139,674	\$1,258,117	\$320,105	\$1,578,222			
1.71%	\$4,207,198	\$26,938,817	\$9,642,035	\$36,580,851			
0.82%	\$2,026,978	\$11,667,496	\$4,645,417	\$16,312,914			
0.10%	\$254,399	\$1,567,598	\$583,030	\$2,150,628			

	Payments							
	Total Post Total Post Expansion Expansion							
Additional			Expansion					
Medicaid	Uninsured	Medicaid	Uninsured	D1 D	Total Payments			
Payments	Payment	Payments	Payments	Pool Payments	Post Expansion			
\$0	\$0.00	\$840,000	\$0.00	\$0.00	\$840,000.00			
\$0	\$0.00	\$477,428	\$0.00	\$0.00	\$477,428.21			
\$9,329	\$0.00	\$199,778	\$0.00	\$0.00	\$199,778.06			
\$3,940,523	-\$207,692.47	\$19,284,864	\$475,988.53	\$5,403,136.99	\$25,163,989.09			
\$95,873	-\$12,866.84	\$10,491,165	\$29,488.16	\$8,905,084.12	\$19,425,736.88			
\$2,607,767	-\$150,174.91	\$11,996,736	\$344,170.09	\$2,990,279.38	\$15,331,185.49			
\$1,814,186	-\$104,818.80	\$12,531,753	\$240,223.20	\$2,085,179.30	\$14,857,155.08			
\$147,476	-\$20,317.79	\$1,298,432	\$46,564.21	\$564,885.67	\$1,909,881.97			
\$2,120,124	-\$138,681.18	\$12,931,750	\$317,828.82	\$3,313,142.94	\$16,562,721.37			
\$1,229,222	-\$87,622.11	\$9,628,411	\$200,811.89	\$5,474,804.18	\$15,304,027.14			
\$1,144,509	-\$43,297.35	\$9,902,352	\$99,228.65	\$569,545.00	\$10,571,125.59			
\$845,918	-\$108,342.41	\$5,372,817	\$248,298.59	\$2,264,369.12	\$7,885,484.21			
\$557,844	-\$40,621.91	\$5,890,226	\$93,097.09	\$3,572,243.08	\$9,555,566.32			
\$4,433,917	-\$259,965.47	\$33,993,150	\$595,787.53	\$5,030,746.19	\$39,619,683.43			
\$649,031	-\$45,730.37	\$4,024,242	\$104,804.63	\$1,617,471.79	\$5,746,518.49			
\$447,959	-\$30,580.28	\$5,779,464	\$70,083.72	\$962,595.43	\$6,812,143.31			
\$946,774	-\$46,018.97	\$6,366,303	\$105,466.03	\$577,101.00	\$7,048,870.48			
\$44,644	\$0.00	\$556,176	\$0.00	\$70,892.32	\$627,068.34			
\$10,505,212	\$0.00	\$59,298,139	\$0.00	\$74,416,658.37	\$133,714,797.19			
\$58,057	-\$7,138.66	\$547,358	\$16,360.34	\$323,593.99	\$887,312.32			
\$205,345	-\$5,933.54	\$1,548,634	\$13,598.46	\$216,305.16	\$1,778,537.47			
\$125,149	\$0.00	\$1,095,851	\$0.00	\$0.00	\$1,095,851.45			
\$0	-\$25,971.55	\$0	\$59,521.45	\$0.00	\$59,521.45			
\$367,806	-\$26,558.46	\$804,871	\$60,866.54	\$786,465.37	\$1,652,203.38			
\$1,030,216	-\$90,776.01	\$11,208,717	\$208,039.99	\$6,375,221.38	\$17,791,978.38			
\$12,438,353	-\$245,465.48	\$86,467,000	\$562,556.52	\$56,015,830.24	\$143,045,386.50			
\$69,201	\$0.00	\$310,588	\$0.00	\$0.00	\$310,588.10			
\$17,885,278	\$0.00	\$228,378,766	\$0.00	\$123,002,743.16	\$351,381,509.54			
\$159,529	-\$25,200.54	\$2,352,679	\$57,754.46	\$2,011,150.38	\$4,421,584.05			
\$0	\$0.00	\$0	\$0.00	\$708,894.20	\$708,894.20			
\$2,371,717	-\$99,506.20	\$15,186,178	\$228,047.80	\$13,882,321.47	\$29,296,547.23			
\$1,286,478	-\$209,510.02	\$7,405,104	\$480,153.98	\$9,042,361.67	\$16,927,620.09			
\$121,878	-\$1,840.94	\$751,008	\$4,219.06	\$1,007,585.25	\$1,762,812.33			



Provider Identification Data						
Medicare ID	Provider Type					
440032	Wellmont Hawkins County Memorial Hospital	AH				
444008	Western Mental Health Institute	Psych				
440192	White County Community Hospital	AH				
440029	Williamson Medical Center	AH				
440054	Woods Memorial Hospital	AH				
443303	East Tennessee Children's Hospital	Children				

Uninsured Base Population	770,280	PCG Review of Medicaid and Uncompensated Care Costs and Supplemental Payment Methodologies in TennCare - Appendix A
Expansion Population	234,000	

Costs								
	Costs Shifted							
Portion of	7		Uninsured					
Total	Uninsured to	Medicaid Costs		Total Costs Post				
Uninsured	Medicaid	Post Expansion	Expansion	Expansion				
0.15%	\$361,636	\$3,385,742	\$828,795	\$4,214,537				
0.00%	\$0	\$1,324,794	\$0	\$1,324,794				
0.14%	\$337,876	\$4,122,821	\$774,342	\$4,897,163				
0.76%	\$1,869,358	\$9,656,600	\$4,284,186	\$13,940,786				
0.16%	\$387,777	\$1,856,307	\$888,704	\$2,745,011				
0.23%	\$559,906	\$103,162,494	\$1,283,189	\$104,445,682				
100 00%	\$245 764 841	\$2 101 255 601	\$563 242 603	\$2 754 408 204				

Costs				Payments						
Portion of Total Uninsured	Costs Shifted from Uninsured to Medicaid	Medicaid Costs		Total Costs Post	Additional Medicaid Payments	Reduction in Uninsured Payment	Total Post Expansion Medicaid Payments	Total Post Expansion Uninsured Payments	Pool Payments	Total Payments Post Expansion
0.15%	\$361,636		\$828,795	•	\$345,124	-\$11,673.27	\$3,231,151	\$26,752.73	\$1,267,512.24	\$4,525,415.63
0.00%	\$0	\$1,324,794	\$0		\$0	\$0.00	\$3,886,247	\$0.00	\$0.00	\$3,886,246.50
0.14%	\$337,876	\$4,122,821	\$774,342	\$4,897,163	\$227,627	-\$28,537.32	\$2,777,547	\$65,401.68	\$209,317.99	\$3,052,266.34
0.76%	\$1,869,358	\$9,656,600	\$4,284,186	\$13,940,786	\$1,008,212	\$0.00	\$5,208,153	\$0.00	\$0.00	\$5,208,153.44
0.16%	\$387,777	\$1,856,307	\$888,704	\$2,745,011	\$0	-\$21,265.30	\$0	\$48,735.70	\$1,025,726.19	\$1,074,461.89
0.23%	\$559,906	\$103,162,494	\$1,283,189	\$104,445,682	\$378,584	-\$34,552.88	\$69,753,984	\$79,188.12	\$7,425,058.78	\$77,258,230.84
100.00%	\$245,764,841	\$2,191,255,691	\$563,242,603	\$2,754,498,294	\$185,801,175	-\$11,776,044	\$1,626,464,071	\$26,988,277	\$871,819,113	\$2,525,271,460