



State Demonstrations Group

November 20, 2015

Mr. Darin Gordon
Director
Bureau of TennCare
Tennessee Department of Finance and Administration
310 Great Circle Road
Nashville, TN 37243

Dear Mr. Gordon:

I am writing regarding Tennessee's section 1115(a) Medicaid demonstration, entitled "TennCare II" (Project Number 11-W-00151/4). As we discussed in conversations earlier this year, the Centers for Medicare & Medicaid Services (CMS) is notifying states with uncompensated care pools of the information and analysis that should be included as part of an upcoming uncompensated care pool renewal request. This letter provides you with a detailed description of the independent analysis the state should submit as part of its request.

As we have previously discussed with the state, CMS uses three principles to review states' uncompensated care pool requests: 1) coverage is the best way to assure beneficiary access to health care for low income individuals and uncompensated care pool funding should not pay for costs that would otherwise be covered in a Medicaid expansion; 2) Medicaid payments should support the provision of services to Medicaid and low income uninsured individuals; 3) and provider payment rates must be sufficient to promote provider participation and access, and should support plans in managing and coordinating care. These principles apply whether or not a state expands Medicaid.

At the state's last demonstration renewal, we required that the state complete a report examining the role of the state's uncompensated care pools due in advance of the pools expiration date. The state has since requested an amendment to extend the pool through June 30, 2016. We intend to formally approve the state's amendment which will extend the pool through June 30, 2016. In light of this change, the report's due date will be February 29, 2016.

The additional guidance regarding the state's report explains that the report should include detailed analysis and supporting documentation, which will help to inform discussions about potential reforms to the uncompensated care pool that will improve Medicaid payment systems and funding mechanisms and the quality of health care services for Tennessee's Medicaid beneficiaries.

The analysis of the current uncompensated care pools should be performed by an independent entity qualified to make an assessment on the criteria outlined below. The independent entity should specifically review the impact of the uncompensated care pool on:

- financing overall uncompensated care in the state;
- Medicaid provider payment rates;
- beneficiary access to Medicaid services;
- financing providers that play a significant role in serving the Medicaid population and the low-income uninsured;
- support of managed care plans in managing care; and,
- any state specific circumstances for CMS to take into account as it reviews the uncompensated care pool.

The analysis above is necessary for CMS to assess the role of the pool in promoting Medicaid objectives. My staff is available to provide technical and other assistance about the information that should be included in this report.

We look forward to working with you further on your renewal request. If you have any questions about this letter please contact me at (410) 786-5647.

Sincerely,

/s/

Eliot Fishman
Director

cc: Ms. Jackie Glaze, Associate Regional Administrator, Region IV