



March 1, 2021

Ms. April Wiley
TennCare Project Officer
Division of Eligibility and Coverage Demonstrations
State Demonstrations Group
Center for Medicaid and CHIP Services
Centers for Medicare and Medicaid Services
Mail Stop S2-26-06
7500 Security Boulevard
Baltimore, Maryland 21244-1850

RE: TennCare Quarterly Progress Report

Dear Ms. Wiley:

Enclosed please find the Quarterly Progress Report for the October – December 2020 quarter. This report is being submitted in accordance with the STCs of the TennCare Demonstration.

Please let us know if you have comments or questions.

Sincerely,

Stephen Smith
Director, Division of TennCare

cc: James G. Scott, Director, Medicaid and CHIP Operations Group
Tandra Hodges, State Monitoring Lead, Medicaid and CHIP Operations Group

TennCare II

Section 1115 Quarterly Report *(For the period October - December 2020)*

Demonstration Year: 19 (7/1/20 - 6/30/21)
Federal Fiscal Quarter: 1/2021 (10/20 - 12/20)
Waiver Quarter: 2/2021 (10/20 - 12/20)

I. Introduction

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

The Division of TennCare contracts with several Managed Care Contractors (MCCs) to provide services to more than 1.5 million enrollees. During this quarter, these entities included Managed Care Organizations (MCOs) for medical services, behavioral health services, and certain Long-Term Services and Supports (LTSS); a Dental Benefits Manager (DBM) for dental services; and a Pharmacy Benefits Manager (PBM) for pharmacy services.

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

The key dates of approval/operation in this quarter, together with the corresponding Special Terms and Conditions (STCs)¹, if applicable, are presented in Table 1.

Table 1
Key Dates of Approval/Operation in the Quarter

Date	Action	STC #
10/22/20	The Monthly Call for October was held.	53
10/22/20	The State submitted the Draft Annual Report for Demonstration Year 18 to CMS.	55
11/2/20	CMS issued written approval of Demonstration Amendment 40, which would establish a “Katie Beckett” program to provide services and supports to certain children with disabilities and/or complex medical needs.	
11/9/20	The State notified the public of its intent to submit to CMS an application to extend the TennCare II Demonstration. (The extension application was subsequently rendered moot in January 2021, when CMS approved the TennCare III Demonstration.)	15
11/16/20	The State published the details (including date, time, and internet location) of a public forum at which comments on the progress of the TennCare Demonstration would be accepted.	10
11/18/20	The State submitted finalized point-in-time and annual aggregate data about the ECF CHOICES program to CMS.	52.d.

¹ All STC numbers included in Table 1 and throughout this Quarterly Progress Report are the ones that were in effect as of the end of the October-December 2020 quarter.

Date	Action	STC #
11/25/20	The State submitted the Quarterly Progress Report for the July – September 2020 quarter to CMS.	54
11/26/20	The Monthly Call for November, which would have been held on this date, was cancelled.	53
12/10/20	The State requested CMS approval of Statewide MCO Contract Amendment 13 and TennCare Select Contract Amendment 49.	44
12/17/20	The State held a public forum to accept comments on the progress of the TennCare Demonstration.	10
12/24/20	The Monthly Call for December, which would have been held on this date, was cancelled.	53

II. Enrollment and Benefits Information

Information about enrollment by category is presented in Table 2.

Table 2
Enrollment Counts for the October – December 2020 Quarter
Compared to the Previous Two Quarters

Demonstration Populations	Total Number of TennCare Enrollees		
	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
EG1 Disabled, Type 1 State Plan eligibles	131,084	131,711	133,024
EG9 H-Disabled, Type 2 Demonstration Population	625	634	671
EG2 Over 65, Type 1 State Plan eligibles	244	264	283
EG10 H-Over 65, Type 2 Demonstration Population	38	38	42
EG3 Children, Type 1 State Plan eligibles	767,803	787,834	802,039
EG4 Adults, Type 1 State Plan eligibles	396,465	416,712	434,966
EG5 Duals, Type 1 State Plan eligibles and EG11 H-Duals 65, Type 2 Demonstration Population	150,136	152,448	154,230
EG6E Expan Adult, Type 3 Demonstration Population	10	10	8

Demonstration Populations	Total Number of TennCare Enrollees		
	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
EG7E Expan Child, Type 3 Demonstration Population	13	13	12
EG8, Med Exp Child, Type 2 Demonstration Population, Optional Targeted Low Income Children funded by Title XIX	0	0	0
Med Exp Child, Title XXI Demonstration Population	12,177	11,761	11,338
EG12E Carryover, Type 3, Demonstration Population	1,913	1,836	1,710
TOTAL*	1,460,508	1,503,261	1,538,323

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

The majority of TennCare’s enrollment continues to be categorized as Type 1 EG3 children and Type 1 EG4 adults, with 80 percent of TennCare enrollees appearing in one of these categories.

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

Table 3
TennCare Managed Care Contractors as of December 31, 2020

Managed Care Organizations	Amerigroup BlueCare ² UnitedHealthcare Community Plan ³ TennCare Select ⁴
Pharmacy Benefits Manager	OptumRx
Dental Benefits Manager	DentaQuest

Launch of Katie Beckett Program. On November 23, 2020, the State launched a new “Katie Beckett” program. The Katie Beckett program provides services and supports for children under age 18 with disabilities and/or complex medical needs who are not eligible for traditional Medicaid because of their parents’ income or assets. The Katie Beckett program is an outgrowth of legislation passed by the Tennessee General Assembly during the 2019 legislative session. Following enactment of this legislation, the State submitted a demonstration amendment

² BlueCare is operated by Volunteer State Health Plan, Inc. (VSHP), which is an independent licensee of the BlueCross BlueShield Association and a licensed HMO affiliate of its parent company, BlueCross BlueShield of Tennessee.

³ UnitedHealthcare Community Plan is operated by UnitedHealthcare Plan of the River Valley, Inc.

⁴ TennCare Select is operated by VSHP.

(“Amendment 40”) to CMS to establish the new program. CMS ultimately approved Amendment 40 on November 2, 2020.

The Katie Beckett program—developed by the Division of TennCare in close collaboration with the Tennessee Department of Intellectual and Developmental Disabilities and other stakeholders—contains two parts:

- Part A – Individuals in this group receive the full TennCare benefits package, as well as essential wraparound home and community based services. These individuals are subject to monthly premiums determined on a sliding scale based on the member’s household income.
- Part B – Individuals in this group receive a specified package of essential wraparound services and supports, including premium assistance.

In addition to Parts A and B, the Katie Beckett program provides continued TennCare eligibility for children already enrolled in TennCare, who subsequently lose TennCare eligibility, and who would qualify for enrollment in Part A but for whom no Part A program slot is available.

Following CMS approval, the Katie Beckett program began accepting self-referral forms from interested families on November 23, 2020.

Response to COVID-19 Emergency. On March 12, 2020, Tennessee Governor Bill Lee declared a state of emergency to help facilitate the State’s response to the threat to public health and safety posed by coronavirus disease 2019 (or “COVID-19”). As the agency in Tennessee state government responsible for providing health insurance to more than 1.5 million individuals, the Division of TennCare has developed a multilayered response to the COVID-19 emergency. Working in tandem with partners and stakeholders at the federal and state levels, TennCare designed and deployed a strategy consisting of such elements as—

- Coordinating with the provider community and TennCare’s health plans to ensure access to care for TennCare members in need of testing or treatment for COVID-19;
- Assisting providers in offering covered services to TennCare members via telehealth when medically appropriate;
- Increasing care coordination services for members impacted by COVID-19 who are self-isolated, so that they can receive additional supports as needed;
- Pausing nearly all terminations of eligibility for TennCare and CoverKids (the State’s separate CHIP program) members during the COVID-19 emergency;
- Working with TennCare’s health plans to streamline or temporarily lift authorization requirements to ensure services are delivered promptly and claims paid quickly;
- Expediting access to home-based care for former nursing facility patients being discharged from hospitals and electing to transition home;
- Enhancing access to prescription drugs by allowing early refills of prescriptions and by allowing 90-day supplies to be prescribed for most medications;

- Obtaining multiple Section 1135 waivers from CMS that provide flexibilities to help ensure that TennCare members receive necessary services;
- Submitting a Section 1115 waiver application seeking CMS authorization to reimburse hospitals, physicians, and medical labs for providing COVID-19 treatment to uninsured individuals;
- Submitting an emergency amendment to the TennCare Demonstration to make retainer payments to providers of HCBS in the Employment and Community First CHOICES program, as well as additional flexibilities to support TennCare HCBS providers during the public health emergency;
- Assisting providers of long-term services and supports in reducing the spread of COVID-19 among individuals who are residents of nursing facilities; and
- Working with the federal government and healthcare providers in Tennessee to provide enhanced financial support for providers disproportionately affected by the COVID-19 emergency, including primary care providers, nursing facilities, dentists, and community mental health centers and other providers of behavioral health services.

Additional resources concerning TennCare’s response to the COVID-19 pandemic are available on the agency’s website at <https://www.tn.gov/tenncare/information-statistics/tenncare-information-about-coronavirus.html>.

Block Grant Demonstration Amendment and Approval of TennCare III Demonstration. On November 20, 2019, the State submitted a demonstration amendment (“Amendment 42”) to CMS. The purpose of the amendment was to convert the bulk of the TennCare program’s federal funding to a block grant. Amendment 42 was developed and submitted in accordance with legislation passed by the General Assembly during the 2019 legislative session.

On January 8, 2021, CMS approved Amendment 42. CMS’ approval takes the form of a new TennCare demonstration referred to as “TennCare III.” Under the terms of this new demonstration, the budget neutrality model applied to TennCare will be calculated in an aggregate basis (subject to certain adjustments). In addition, the State may access additional federal funds (referred to in the demonstration as “shared savings”) by not exceeding the federal budget neutrality cap applied to the program, as well as maintaining or improving performance on key quality metrics. The TennCare III demonstration also provides certain new administrative flexibilities to the State. CMS approved the TennCare III waiver for a period of ten years.

Additional information about Amendment 42 and the TennCare III waiver are available on the TennCare website at <https://www.tn.gov/tenncare/policy-guidelines/tenncare-1115-demonstration.html>.

Demonstration Amendment 35: Substance Use Disorder Services. In May 2018, the State submitted Demonstration Amendment 35 to CMS. Amendment 35 would modify the TennCare benefits package to cover residential substance use disorder (SUD) treatment services in facilities that meet the definition of an institution for mental diseases (IMD). Historically, TennCare’s MCOs were permitted to cover residential treatment services in IMDs, if the MCO determined

that such care was medically appropriate and cost-effective as compared to other treatment options. However, current CMS regulations limit this option to treatment stays of no more than 15 days per calendar month. The State is seeking authority with Amendment 35 to allow enrollees to receive short-term services in IMDs beyond the 15-day limit in federal regulation, up to 30 days per admission.

As of the end of the October-December 2020 quarter, CMS's review of Amendment 35 was ongoing.

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

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

As of the end of the October-December 2020 quarter, CMS's review of Amendment 36 was ongoing.

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

As of the end of the October-December 2020 quarter, discussions between the State and CMS on Amendment 38, as well as conversations between the State and federal TANF officials, were ongoing.

Cost Sharing Compliance Plan. In its April 18, 2012, letter approving TennCare's cost sharing compliance plan for the TennCare Standard population, CMS stipulated that "each Quarterly Report . . . must include a report on whether any families have contacted the State to document having reached their aggregate cap, and how these situations were resolved." During the

October-December 2020 quarter, the State received no notifications that a family with members enrolled in TennCare Standard had met its cost sharing limit. It should be noted that this is the thirty-second consecutive quarter since the plan was implemented in which no notifications have been received.

III. Innovative Activities to Assure Access

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

TDH’s outreach program continues to evolve over time. A new multi-discipline team model known as Community Health Access and Navigation in Tennessee (or “CHANT”) was recently implemented. The vision of CHANT is to promote the health of vulnerable populations—including TennCare-eligible and TennCare-enrolled pregnant women and children and youth under age 21—through such activities as the following:

- Improving access to care by arranging for or providing screening, assessment, and navigation of preventive services;
- Increasing awareness of the importance of primary prevention, including EPSDT services;
- Screening for social determinants of health and connecting individuals to relevant resources; and
- Coordinating services for children and youth with special healthcare needs.

Identification of individuals eligible for CHANT services occurs through referrals from State agencies (such as the Division of TennCare, TDH’s Division of Family Health and Wellness, and the Division of Rehabilitation Services) and from other community partners, like primary care providers and TennCare MCOs. Once individuals within the target populations have been identified, TDH staff members communicate with them in the manner most suitable to the needs of the individual, whether by phone, or in person at such locations as the individual’s home, a local health department, or a community event.

Table 4 summarizes community outreach activity conducted by the CHANT program during the October-December 2020 quarter, as compared with the two preceding quarters.

Table 4
CHANT Community Outreach Activity for EPSDT in the
October – December 2020 Quarter, Compared to the Two Previous Quarters

Activities	Apr – Jun 2020 Quarter	Jul – Sept 2020 Quarter	Oct – Dec 2020 Quarter
Referrals to CHANT program from State agencies and other community partners	2,964	3,623	3,497
Number of individuals successfully contacted as a result of referrals	1,925	2,252	2,039
Number of individuals successfully enrolled in CHANT program as a result of referrals	1,628	1,911	1,679
Number of outreach events (community fairs, local coalition meetings, etc.)	18	51	70
Number of attendees at outreach events	728	3,191	1,451
Articles for newspapers, newsletters, and magazines	1	9	5
Advertisement campaigns (billboards, television, magazines, websites)	1	4	4
Radio or television advertisements and/or interviews	0	1	7
Collaborations with MCOs and other stakeholders	3	5	14
Number of calls completed on primary care/EPSDT benefits	8,734	13,203	14,884
Number of primary care/EPSDT appointments scheduled	35	76	75
Number of calls completed on CHANT services/outreach to families with newborns	1,681	1,684	1,756

Activities	Apr – Jun 2020 Quarter	Jul – Sept 2020 Quarter	Oct – Dec 2020 Quarter
Number of CHANT screenings and assessments completed	1,474	1,512	1,582
Number of calls completed on dental benefits	0	258	429
Number of dental appointments scheduled	0	0	5

IV. Collection and Verification of Encounter and Enrollment Data

Edifecs is the software system being used by the State to review encounter data sent from the MCOs and to identify encounters that are non-compliant so that they can be returned to the MCOs for correction. Edifecs enables the State to reject only the problem encounters, rather than rejecting and requiring resubmission of whole batches of encounter data because of a problem found. Table 5 illustrates the progress that has been made in reducing the number of claims that are returned to the MCOs due to data errors.

Table 5

Number of Initial Encounters Received by TennCare During the October-December 2020 Quarter, and Percentage that Passed Systems Edits, Compared to the Previous Two Quarters

	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
No. of encounters received by TennCare (initial submission)	16,016,608	16,623,519	16,871,046
No. of encounters rejected by Edifecs upon initial submission	15,493	12,665	11,186
Percentage of encounters that were compliant with State standards (including HIPAA) upon initial submission	99.90%	99.92%	99.93%

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

A. CHOICES

As required by STC 34.d., the State offers the following table delineating CHOICES enrollment as of the end of the quarter, as well as information about the number of available reserve slots.

Table 6
CHOICES Enrollment and Reserve Slots
for October-December 2020 Compared to the Previous Two Quarters

	Statewide Enrollment Targets and Reserve Capacity ⁵	Enrollment and Reserve Slots Being Held as of the End of Each Quarter		
		Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
CHOICES 1	Not applicable	16,126	15,729	14,654
CHOICES 2	11,000	9,922	10,094	10,206
CHOICES 3 (including Interim CHOICES 3)	To be determined	2,284	2,256	2,179
Total CHOICES	Not applicable	28,332	28,079	27,039
Reserve Capacity	300	300	300	300

The CMS letter approving CHOICES implementation in Middle Tennessee dated February 26, 2010, and STC 52 require specific monitoring and reporting activities that include:

Data and trends of the designated CHOICES data elements: STC 52.d. requires the State to submit to CMS periodic statistical reports about the use of LTSS by TennCare enrollees. Seventeen separate reports of data pertaining to the CHOICES program have been submitted between August 2011 and June 2020.

Taken together, the reports depict a program evolving according to the characteristics of LTSS recipients, with institutional care available to individuals with the highest acuity of need, and Home and Community-Based Services (HCBS) available to individuals whose needs can be safely and effectively met at home or in other non-institutional settings. Point-in-time data revealed declining use of Nursing Facility (NF) services over time, with placement in institutional settings decreasing from 21,530 individuals on June 30, 2011, to 16,609 individuals on June 30, 2019. According to annual aggregate data contained in the reports, this downward trend was even more pronounced for new LTSS recipients, 81 percent of whom had been admitted to NFs in the year prior to implementation of the CHOICES program, as compared with 63 percent admitted to NFs in the ninth year of CHOICES. Furthermore, nursing facility expenditures in the year prior to CHOICES implementation accounted for more than 90 percent of total LTSS expenditures, whereas the percentage was approximately 79 percent nine years later.

⁵ Of the three active CHOICES groups, only CHOICES 2 has an enrollment target. Interim CHOICES 3 closed to new enrollment on June 30, 2015; an enrollment target for CHOICES 3 has not been set at this time.

By contrast, appropriate use of HCBS by TennCare enrollees grew significantly during these years. The aggregate number of members accessing HCBS increased from 6,226 in the twelve-month period preceding CHOICES implementation in Middle Tennessee to 15,281 after CHOICES had been in place for nine full fiscal years. This trend was mirrored in point-in-time data as well: on the day prior to CHOICES implementation, 4,861 individuals were using HCBS, but the number had grown to 12,484 by June 30, 2019. The percentage of LTSS expenditures devoted to HCBS grew as well, rising from 9.75 percent in the year prior to CHOICES, to 21.01 percent after the CHOICES program had been in place for nine years.

Selected elements of the aforementioned CHOICES data are summarized in Table 7.

Table 7
Changes in Use of HCBS by Persons Who Are Elderly or Disabled (E/D) Before and After CHOICES Implementation

Annual Aggregate Data			Point-in-Time Data		
No. of TennCare enrollees accessing HCBS (E/D), 3/1/09 – 2/28/10	No. of TennCare enrollees accessing HCBS (E/D), 7/1/16 – 6/30/19	Percent increase over a nine-year period	No. of TennCare enrollees accessing HCBS (E/D) on the day prior to CHOICES implementation	No. of TennCare enrollees accessing HCBS (E/D) on 6/30/19	Percent increase from the day prior to CHOICES implementation to 6/30/19
6,226	15,281	145%	4,861 ⁶	12,484	157%

Frequency and use of MCO-distributed transition allowances (CHOICES approval letter dated February 26, 2010): The allocation of CHOICES transition allowance funds is detailed in Table 8.

⁶ The total of 4,861 comprises 1,479 individuals receiving HCBS (E/D) in Middle Tennessee on February 28, 2010 (the day prior to CHOICES implementation in that region), and 3,382 individuals receiving HCBS (E/D) in East and West Tennessee on July 31, 2010 (the day prior to CHOICES implementation in those regions).

Table 8
CHOICES Transition Allowances
for October-December 2020 Compared to the Previous Two Quarters

Grand Region	Frequency and Use of Transition Allowances					
	Apr – Jun 2020		Jul – Sept 2020 ⁷		Oct – Dec 2020	
	# Distributed	Total Amount	# Distributed	Total Amount	# Distributed	Total Amount
East	25	\$13,970	9	\$4,492	19	\$10,171
Middle	46	\$22,713	41	\$19,201	20	\$11,257
West	23	\$13,436	30	\$14,567	17	\$9,731
Statewide Total	94	\$50,119	80	\$38,260	56	\$31,159

B. Employment and Community First CHOICES

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

As required by STC 35.d., the State offers the following table delineating ECF CHOICES enrollment as of the end of the quarter, as well as information about enrollment targets and the number of available reserve slots.

⁷ The data for the July-September 2020 quarter has been corrected. Some transition allowances for this quarter had previously been sorted into the wrong grand region.

Table 9
ECF CHOICES Enrollment, Enrollment Targets, and Reserve Slots
for October-December 2020 Compared to the Previous Two Quarters

	Statewide Enrollment Targets and Reserve Capacity ⁸	Enrollment and Reserve Slots Filled as of the End of Each Quarter ⁹		
		Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
ECF CHOICES 4	928	876	882	881
ECF CHOICES 5	1,679	1,518	1,536	1,554
ECF CHOICES 6	954	840	890	939
ECF CHOICES 7	32	23	31	32
ECF CHOICES 8	44	20	37	44
Total ECF CHOICES	3,637 ¹⁰	3,277	3,376	3,450
Reserve Capacity	1,262	905	1,015	1,056
Waiver Transitions ¹¹	Not applicable	44	53	58

⁸ Statewide enrollment targets and reserve capacity for Demonstration Year 19 (State Fiscal Year 2021) were adjusted to reflect new appropriation authority, effective July 1, 2020. A total of 300 slots were added to ECF CHOICES Groups 4, 5, and 6. The distribution of these slots reflects 25 additional slots in Group 4, 100 additional slots in Group 5, and 175 additional slots in Group 6. As reflected in the revised enrollment targets submitted to CMS in July 2020, COVID-19-related budget impacts resulted in the loss of previously approved funding to cover 50 slots each in Groups 7 and 8. As a result of this loss, funding for the 175 new slots in Group 6 may be reallocated to cover additional slots in Groups 7 and 8 as needed to serve program applicants with severe co-occurring behavior support needs. However, because the expected cost of benefits in Groups 7 and 8 is higher, one and a half Group 6 slots will be needed to cover one slot in either Group 7 or 8. As a result, fewer than 300 new slots may be available for Demonstration Year 19. During the July-September 2020 quarter, a total of 27 slots were reallocated from Group 6 to Groups 7 and 8. Based on the 1:1.5 allocation ratio, this transfer of slots resulted in six new slots in Group 7 and 12 new slots in Group 8, as well as a reduction of nine reserve capacity slots and nine total ECF CHOICES slots. Additional reallocation occurred during the October-December 2020 quarter, with 19 slots moved from Group 5 to Group 6, and 12 slots moved from Group 6 to Groups 7 and 8. Application of the 1:1.5 allocation ratio resulted in one new slot in Group 7 and seven new slots in Group 8, thereby reducing the total number of slots to 3,637.

⁹ Note that enrollment and reserve slots filled do not include slots in “held” status that have been assigned to a person but for whom actual enrollment is pending determination of eligibility.

¹⁰ As provided in the revised enrollment targets submitted to CMS in July 2020, while the combined total of all upper limits is actually 3,700, there would never be a scenario in which all benefit groups would be set at the upper limit, since program funding would be insufficient to cover. These upper limits provide flexibility to move slots as required to meet the needs of program applicants.

¹¹ Waiver transitions are instances in which an individual enrolled in a 1915(c) HCBS waiver program is transferred into the ECF CHOICES program. Since these individuals have an independent funding source (i.e., the money that would have been spent on their care in the 1915(c) program), their enrollment in ECF CHOICES does not count against the enrollment target. Waiver transition numbers are cumulative since the program began. Group 6 enrollment includes some of these transitions that do not count against the enrollment target.

Data and trends of the designated ECF CHOICES data elements: STC 52.d. requires the State to provide CMS periodic statistical reports about the ECF CHOICES program. To date, the State has submitted baseline data for the year-long period preceding implementation of ECF CHOICES, as well as three years' worth of post-implementation data. In comparing the baseline data with the post-implementation data, several notable trends emerged:

- The number of individuals with intellectual disabilities receiving HCBS through the TennCare program grew from 8,295 in the year preceding implementation of ECF CHOICES to 8,637 after ECF CHOICES had been in place for three years.
- The number of individuals with developmental disabilities other than intellectual disabilities who received HCBS through the TennCare program grew from 0 to 1,492.
- Average LTSS expenditures for individuals with intellectual or developmental disabilities fell from \$94,327 per person to \$85,790 per person.
- The percentage of working age adults with intellectual or developmental disabilities who are enrolled in HCBS programs, employed in an integrated setting, and earning at or above the minimum wage grew from 14.32 percent to 21.07 percent.

As ECF CHOICES gains enrollment capacity, these trends toward individuals with intellectual and developmental disabilities living independently in the community are expected to accelerate.

C. Katie Beckett Program

The State's Katie Beckett program provides services and supports for children under age 18 with disabilities and/or complex medical needs who are not eligible for traditional Medicaid because of their parents' income or assets. Although the State has traditionally provided Katie Beckett program services to certain TennCare members via its three section 1915(c) HCBS waivers and the ECF CHOICES program, the scope of the program has now been expanded with CMS's approval of Demonstration Amendment 40 on November 2, 2020.

The State offers services to eligible children through a traditional Katie Beckett program, in which members receive the full TennCare benefits package plus essential wraparound HCBS. In addition, the State's program includes an innovative Medicaid diversion component, which furnishes a specified package of essential wraparound services and supports, including premium assistance.

As required by STC 36.c., the State offers the following table delineating Katie Beckett and Medicaid Diversion enrollment as of the end of the quarter, as well as information about enrollment targets and the number of available reserve slots. With approval of this expanded Katie Beckett program occurring on November 2, 2020, and program launch taking place on November 23, 2020, the data presented in Table 10 does not represent a full quarter of implementation.

Table 10
Katie Beckett and Medicaid Diversion Enrollment and Reserve Slots
For October-December 2020

	Statewide Enrollment Targets and Reserve Capacity	Enrollment and Reserve Slots Filled as of the End of the October-December 2020 Quarter
Katie Beckett	50	0
Medicaid Diversion	2,700	101
Reserve Capacity	50	0

D. Medication Therapy Management

Medication Therapy Management (MTM) is a clinical service provided by licensed pharmacists, the aim of which is to optimize drug therapy and improve therapeutic outcomes for patients. MTM services include medication therapy reviews, pharmacotherapy consults, monitoring efficacy and safety of medication therapy, and other clinical services.

TennCare’s MTM benefit was implemented in July 2018 for TennCare members affected by the State’s patient-centered medical home program and health home program (known as “Health Link”) who met specified clinical risk criteria. The State originally proposed to operate the MTM benefit on a two-year pilot basis in order to evaluate the impact of MTM services on health outcomes, as well as the cost and quality of care for affected members. The pilot project was then extended an additional year to allow additional information to be gathered on the effectiveness of the MTM program and to inform future decision-making about the benefit.

Special Term and Condition 54.d. of the TennCare Demonstration requires the State to include data about the MTM pilot program in each Quarterly Progress Report. Table 11 presents data from the October-December 2020 quarter, as well as data from the preceding two quarters for purposes of comparison.

Table 11
Selected Data Elements Related to the MTM Program
for October – December 2020 Compared to the Previous Two Quarters

Data Element	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
Number of paid claims ¹²	1,794	2,389	2,142
Number of date-of-service claims ¹³	1,506	1,952	1,686
Amount disbursed of paid claims	\$111,898	\$138,775	\$116,254
Number of claims-ready providers	50	47	47

Throughout calendar year 2020, the volume of MTM-related claims has increased. These advances are the result of a number of factors, including the following:

- Higher reimbursement rates that went into effect on January 1, 2020;
- Streamlining of documentation requirements for providers;
- The opportunity for enrollees to access MTM via telehealth services; and
- The addition of a new risk category that enables more enrollees to obtain MTM.

Additional information about the State’s MTM program is available on the TennCare website at <https://www.tn.gov/tenncare/providers/pharmacy/medication-therapy-management-pilot-program.html>.

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

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

The MCOs, the DBM, and the PBM are required to submit monthly claims data files of all TennCare claims processed to the Tennessee Department of Commerce and Insurance (TDCI) for verification of statutory and contractual prompt pay compliance. The plans are required to

¹² The term “paid claim” refers to any claim paid at a particular time, regardless of when the service was performed. For instance, the claim may have been paid in June after the service had been rendered in April. Paid claims numbers are final and may not be retrospectively modified.

¹³ The term “date-of-service claim” (or “DOS claim”) refers to any claim that is performed at a particular time but that has yet to be paid by a TennCare MCO. DOS claims in June, for example, comprise all claims for services rendered solely in June. DOS claims numbers are not finalized and may be retrospectively modified.

separate their claims data by claims processor (e.g., MCO, vision benefits manager, etc.). Furthermore, the MCOs are required to identify separately non-emergency transportation (NEMT) claims in the data files. Finally, the MCOs are required to submit separate claims data files representing a subset of electronically submitted NF and applicable HCBS claims for CHOICES and ECF CHOICES enrollees. TDCI then performs an analysis and reports the results of the prompt pay analyses by NEMT and CHOICES and ECF CHOICES claim types, by claims processor, and by total claims processed for the month.

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

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

During the October-December 2020 quarter, the MCOs submitted their NAIC Third Quarter 2020 Financial Statements. As of September 30, 2020, TennCare MCOs reported net worth as indicated in the table below.¹⁴

Table 12
Net Worth Reported by MCOs as of September 30, 2020

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Amerigroup Tennessee	\$33,562,799	\$254,083,584	\$220,520,785
UnitedHealthcare Plan of the River Valley (UnitedHealthcare Community Plan)	\$77,500,193	\$660,005,694	\$582,505,501
Volunteer State Health Plan (BlueCare & TennCare Select)	\$56,256,150	\$528,957,353	\$472,701,203

During the October-December 2020 quarter, the MCOs were also required to comply with Tennessee’s “Risk-Based Capital for Health Organizations” statute (T.C.A. § 56-46-201 *et seq.*). Risk-based capital (RBC) involves a method of calculating the minimum amount of capital

¹⁴ The “Net Worth Requirement” and “Reported Net Worth” figures in the table are based on the MCOs’ company-wide operations, not merely their TennCare operations.

necessary for a health entity to support its overall business operations depending on its size and risk profile. A health entity with a higher amount of risk is required to hold a higher amount of capital. The RBC statute gives TDCI the authority and mandate to use preventive and corrective measures that vary depending on the amount of capital deficiency indicated by the RBC calculations. A “Company Action Level” deficiency (defined at T.C.A. § 56-46-203(a)) would require the submission of a plan to correct the entity’s capital deficiency.

All TennCare MCOs exceeded their minimum net worth requirements and Company Action Level requirements as of September 30, 2020.

F. Update on Episodes of Care

The State’s episodes of care program aims to transform the way specialty and acute healthcare services are delivered by incentivizing high-quality, cost-effective care, promoting evidence-based clinical pathways, encouraging care coordination, and reducing ineffective or inappropriate treatments. Episodes of care is part of the State’s delivery system transformation initiative, which is changing healthcare delivery in Tennessee by moving from paying for volume to paying for value.

In October 2020, all providers participating in the episodes of care program were invited to a collaborative conference on delivery system transformation hosted jointly by the State and its MCOs. A key learning collaborative session during the conference—titled “Risk Coding and Episodes of Care”—included a productive discussion on the relationship between accuracy in coding and positive outcomes in the episodes program. The conference was hosted virtually, and providers from across the state attended. TennCare anticipates that 2021 will be a particularly strong year for provider engagement opportunities related to episodes of care.

G. Electronic Health Record Incentive Program

The Electronic Health Records (EHR) Incentive Program is a partnership between federal and state governments that grew out of the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009. The purpose of the program is to provide financial incentives to Medicaid providers¹⁵ to replace outdated, often paper-based approaches to medical record-keeping with Certified Electronic Health Record Technology (as defined by CMS) that meets rigorous criteria and that can improve health care delivery and quality. The federal government provides 100 percent of the funding for the incentive payments and 90 percent of the funding for administrative costs. Tennessee’s EHR program has issued payments for six years to eligible professionals and for three years to eligible hospitals.

¹⁵ CMS allows two types of providers to participate in the Medicaid EHR Incentive Program: eligible professionals (medical and osteopathic physicians, nurse practitioners, certified nurse midwives, dentists, and physician assistants who meet certain criteria) and eligible hospitals (acute care hospitals, critical access hospitals, and children’s hospitals).

EHR payments made by the State during the October-December 2020 quarter as compared with payments made throughout the life of the program appear in the table below.

Table 13
EHR Payments
Quarterly and Cumulative

Payment Type	No. of Providers Paid During the Quarter	Quarterly Amount Paid (Oct-Dec 2020)	Cumulative Amount Paid To Date¹⁶
First-year payments	N/A	N/A	\$180,176,644
Second-year payments	3	\$25,500	\$59,990,155
Third-year payments	2	\$17,000	\$37,948,519
Fourth-year payments	5	\$42,500	\$8,998,682
Fifth-year payments	8	\$68,000	\$6,142,672
Sixth-year payments	5	\$42,500	\$3,725,248

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

- Launching TennCare’s attestation software for Program Year 2020 on November 1, 2020 (as permitted by CMS);
- Ongoing communications with providers on attestation timelines for Program Years 2020 and 2021;
- Providing daily technical assistance to providers via email and telephone calls;
- Participation in CMS-led calls regarding the EHR Incentive Program; and
- Newsletters and alerts distributed by the State’s EHR ListServ.

Although enrollment of new providers concluded on April 30, 2017, the State’s EHR Incentive Program will continue through the 2021 program year as required by CMS rules. Tennessee’s program team continues to work with a variety of provider organizations to maintain the momentum of the program. The focus of post-enrollment outreach efforts for the remainder of the program is to encourage all providers who remain eligible to continue attesting and receive all six payments available.

H. *Dyersburg Family Walk-In Clinic, Inc. v. Department of Finance and Administration, et al.* Lawsuit

On December 22, 2020, Dyersburg Family Walk-In Clinic, Inc., which does business under the registered assumed name Reelfoot Family Walk-In Clinic, filed a federal lawsuit against TennCare in the District Court for the Western District of Tennessee. Reelfoot operates three Rural Health Clinics that receive supplemental payments from TennCare. The lawsuit challenges certain

¹⁶ In certain cases, cumulative totals reflect adjustments of payments from previous quarters. The need for these recoupments was identified through standard auditing processes.

requirements related to these supplemental payments and seeks injunctive and declaratory relief. As of the end of the October-December 2020 quarter, the State was preparing a motion to dismiss, which was expected to be filed in January 2021.

I. Public Forum on the TennCare Demonstration

In compliance with the federal regulation at 42 CFR § 431.420(c) and the Special Terms and Conditions of the TennCare Demonstration, the State hosted a public forum on December 17, 2020. The purpose of the forum was to provide members of the public an opportunity to comment on the progress of the TennCare Demonstration project, which has delivered Medicaid services to eligible Tennesseans under a managed care model since 1994.

The December 17 open meeting was not the only avenue through which feedback could be offered. Notice of the forum, which appeared on the TennCare website, included an email address and a physical address at which comments would be accepted. Although no comments were received through any of these outlets, additional opportunities to assess the TennCare Demonstration will be available, as the State is required to convene a forum on this subject each year for the foreseeable future.

VI. Action Plans for Addressing Any Issues Identified

During the October-December 2020 quarter, there were no identified issues requiring action plans.

VII. Financial/Budget Neutrality Development Issues

TennCare continued to demonstrate budget neutrality during the October-December 2020 quarter. For more information about budget neutrality performance, see the spreadsheet submitted separately via the PMDA application.

From a state fiscal perspective, revenue collections remained robust in spite of the public health emergency. Total state and local collections during October, November, and December 2020 were higher than during the corresponding months of 2019. There was more than a 4 percent year-to-year improvement in October, nearly a 4 percent improvement in November, and a better than eight percent improvement in December.¹⁷

The Tennessee unemployment rate fluctuated significantly during the quarter. The rate fell from 7.3 percent in October to 5.2 percent in November, but then rose to 6.4 percent in December. These rates were certainly higher than during the corresponding months of 2019, when the

¹⁷ The Tennessee Department of Revenue's collection summaries are available online at <https://www.tn.gov/revenue/tax-resources/statistics-and-collections/collections-summaries.html>.

Tennessee unemployment rate remained fixed at 3.3 percent for all three months. In addition, the Tennessee unemployment rate was lower than the national rate for two of the three months of the October-December 2020 quarter, with the national rate at 6.9 percent in October and at 6.7 percent in November and December.¹⁸

VIII. Member Month Reporting

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

Table 14
Member Month Reporting for Use in Budget Neutrality Calculations
October – December 2020

Eligibility Group	October 2020	November 2020	December 2020	Sum for Quarter Ending 12/31/20
<i>Medicaid eligibles (Type 1)</i>				
EG1 Disabled, Type 1 State Plan eligibles	133,240	132,830	132,316	398,386
EG2 Over 65, Type 1 State Plan eligibles	257	266	276	799
EG3 Children, Type 1 State Plan eligibles	791,288	795,583	799,876	2,386,747
EG4 Adults, Type 1 State Plan eligibles	421,488	427,483	433,365	1,282,336
EG5 Duals, Type 1 State Plan eligibles	145,112	144,972	144,959	435,043
<i>Demonstration eligibles (Type 2)</i>				
EG8 Med Exp Child, Type 2 Demonstration Population, Optional Targeted Low Income Children funded by Title XIX	0	0	0	0
EG9 H-Disabled, Type 2 Demonstration Population	639	654	665	1,958
EG10 H-Over 65, Type 2 Demonstration Population	40	38	37	115

¹⁸ Information about Tennessee’s unemployment rate is available on the Tennessee Department of Labor and Workforce Development’s website at <https://www.tn.gov/workforce/general-resources/news.html>.

Eligibility Group	October 2020	November 2020	December 2020	Sum for Quarter Ending 12/31/20
EG11 H-Duals, Type 2 Demonstration Population	6,311	6,319	6,342	18,972
TOTAL	1,498,375	1,508,145	1,517,836	4,524,356

Table 15
Member Month Reporting Not Used in Budget Neutrality Calculations
October – December 2020

Eligibility Group	October 2020	November 2020	December 2020	Sum for Quarter Ending 12/31/20
EG6E Expan Adult, Type 3, Demonstration Population	10	10	8	28
EG7E Expan Child, Type 3, Demonstration Population	12	12	12	36
Med Exp Child, Title XXI Demonstration Population	11,555	11,446	11,383	34,384
EG12E Carryover, Type 3, Demonstration Population	1,721	1,685	1,639	5,045
TOTAL	13,298	13,153	13,042	39,493

IX. Consumer Issues

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

Table 16
Eligibility Appeals for October – December 2020
Compared to the Previous Two Quarters

	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
No. of appeals received	7,803	5,061	4,827
No. of appeals resolved or withdrawn	36,728	8,882	6,929
No. of appeals taken to hearing	2,826	3,915	3,074

	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
No. of hearings resolved in favor of appellant	219	140	87

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

Table 17
Medical Service Appeals for October – December 2020
Compared to the Previous Two Quarters

	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
No. of appeals received	1,982	2,674	2,555
No. of appeals resolved	1,129	1,128	1,436
• Resolved at the MCC level	424	336	359
• Resolved at the TSU level	102	121	141
• Resolved at the LSU level	603	671	936
No. of appeals that did not involve a valid factual dispute	926	1,078	1,111
No. of directives issued	174	273	268
No. of appeals taken to hearing	603	671	936
No. of appeals that were withdrawn by the enrollee at or prior to the hearing	239	245	284
Appeals that went to hearing and were decided in the State’s favor	330	394	605
Appeals that went to hearing and were decided in the appellant’s favor	34	32	47

By way of explanation:

- The “MCC” level is the level of the Managed Care Contractors. MCCs sometimes reverse their decisions or develop new recommendations for addressing an issue after reviewing an appeal.
- The “TSU” level is the TennCare Solutions Unit. The TSU is a unit within TennCare that reviews requests for hearings. The TSU might overturn the decision of the MCC and issue a directive requiring the MCC to approve provision of the service under appeal. Alternatively, if, following review, TennCare agrees with the MCC’s decision, the appeal typically proceeds to TennCare’s Legal Solutions Unit (LSU), where it is scheduled for administrative hearing before an Administrative Law Judge.

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

LTSS Appeals. The following table provides information regarding certain appeals administered by TennCare’s Long-Term Services and Supports Division for the quarter (e.g., appeals of PreAdmission Evaluation denials, appeals of PreAdmission Screening and Resident Review determinations, etc.), compared to the previous two quarters.

Table 18
Long-Term Services and Supports Appeals for October – December 2020
Compared to the Previous Two Quarters

	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020
No. of appeals received	98	79	68
No. of appeals resolved or withdrawn	61	62	40
No. of appeals set for hearing	47	14	24
No. of hearings resolved in favor of appellant	2	1	0

X. Quality Assurance/Monitoring Activity

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

As noted in recent Quarterly Progress Reports, the State restructured the PH reporting requirements for each of its MCOs, so that data may be furnished semiannually instead of quarterly. The first submission of semiannual data was a snapshot of PH enrollment on June 30, 2020. The following table presents a sample of individual PH engagement programs developed by TennCare, as well as corresponding enrollment totals for those programs as of June 30, 2020. Data on other PH engagement programs in which TennCare members are enrolled may be included in future reports.

Table 19
Semi-Annual Report of Population Health Engagement Data

PH Engagement Program	Number of Members Engaged in the Program (as of June 30, 2020)
Wellness and Weight Management Care Coordination	13,464
COVID-19 Care Coordination	724
Substance Use Disorder/Opioid Use Disorder Care Coordination	907
Complex Chronic Care Coordination	28,790
Emergency Department Diversion Care Coordination	1,215
Hospital Discharge Care Coordination	10,181
Behavioral Health Facility Discharge Care Coordination	4,898
Low-Risk Maternity	9,251
High-Risk Maternity	3,727
Maternity Members Referred for Tobacco Cessation Services	417
Neonatal Abstinence Syndrome (NAS) – Referrals Made	145

Provider Data Validation Report. In October 2020, TennCare’s External Quality Review Organization (EQRO), Qsource, published the results of its provider data validation survey for the July-September 2020 quarter. Qsource took a sample of provider data files from TennCare’s MCCs¹⁹ and reviewed each for accuracy in the following categories:

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

The validity of such information is one measure of providers’ availability and accessibility to TennCare enrollees. Qsource’s report demonstrated generally strong performance by the MCCs, especially in the categories of “active contract status” (96.0 percent accuracy), “provider specialty / behavioral health service code” (95.4 percent accuracy), “services to patients under age 21” (95.8 percent accuracy), and “prenatal care services” (98.0 percent accuracy).

¹⁹ TennCare’s Pharmacy Benefits Manager (PBM) was not included in the survey.

Because the MCOs' transition to a statewide service delivery model occurred relatively recently, progress in accuracy rates is currently being measured on a quarter-to-quarter basis. Compared with the period of April-June 2020, the MCCs—according to the report—“maintained high accuracy rates” for the third quarter of 2020. Nonetheless, to ensure ongoing improvement in all ten categories of the survey, TennCare required each of its MCCs to submit a Corrective Action Plan no later than December 5, 2020. TennCare, in turn, had received, reviewed, and accepted all of the plans by December 11, 2020.

XI. Demonstration Evaluation

On April 2, 2019, CMS approved the State's evaluation design for the TennCare II Demonstration. According to the terms and conditions of the Demonstration, the focus of the evaluation design was to be the State's two managed long-term services and supports (MLTSS) programs: CHOICES and Employment and Community First CHOICES.

The five objectives related to the CHOICES program as described in the State's approved evaluation design for the TennCare II Demonstration were as follows:

1. Expand access to HCBS for older adults and adults with physical disabilities.
2. Rebalance TennCare spending on long-term services and supports to increase the proportion that goes to HCBS.
3. Provide cost-effective care in the community for persons who would otherwise require nursing facility care.
4. Provide HCBS that will enable persons who would otherwise be required to enter nursing facilities to be diverted to the community.
5. Provide HCBS that will enable persons receiving services in nursing facilities to be able to transition back to the community.

The five objectives related to the Employment and Community First CHOICES program as described in the State's draft evaluation design for the TennCare II Demonstration were as follows:

1. Expand access to HCBS for individuals with intellectual and developmental disabilities.
2. Provide more cost-effective services and supports in the community for persons with intellectual and developmental disabilities.
3. Continue balancing TennCare spending on long-term services and supports for individuals with intellectual and developmental disabilities to increase the proportion spent on HCBS.
4. Increase the number and percentage of persons with intellectual and developmental disabilities enrolled in HCBS programs who are employed in an integrated setting earning at or above the minimum wage.

5. Improve the quality of life of individuals with intellectual and developmental disabilities enrolled in HCBS programs.

On November 9, 2020, as part of its application to extend the TennCare II Demonstration, the State published an interim evaluation report produced jointly by the Division of TennCare and its external evaluation partner, Qsource. The report describes progress to date on the ten objectives contained in the State's evaluation design. Among the findings of the report was that nine of the ten objectives had been achieved, and that data collection for the tenth objective was still occurring. The report also concluded that this progress could be sustained over time. The report is available as Appendix B to the document available on the TennCare website at <https://www.tn.gov/content/dam/tn/tenncare/documents2/DraftTennCareExtensionApplication.pdf>.

XII. Uncompensated Care Fund for Charity Care

On July 1, 2018, the structure for uncompensated care payments made by TennCare to Tennessee hospitals changed. Among the changes to the structure that went into effect on that date was the elimination of the Essential Access Hospital Pool and the Critical Access Hospital Pool. Now, as detailed in STC 65 of the TennCare II Demonstration, uncompensated care payments to Tennessee hospitals are made from the Virtual DSH Fund and the Uncompensated Care Fund for Charity Care. As detailed in Attachment H of the TennCare II Demonstration, these two funds are further divided into several sub-pools. The hospitals that received payments from the Virtual DSH Fund and the Uncompensated Care Fund for Charity Care during the October-December 2020 quarter, as well as the sub-pool(s) to which they are assigned, are provided below.

Children's Safety Net Sub-Pool

East Tennessee Children's Hospital
LeBonheur Children's Hospital

Other Essential Acute Sub-Pool

Jellico Medical Center
Saint Thomas Stones River Hospital
Claiborne Medical Center
Unity Medical Center
Saint Thomas DeKalb Hospital
West Tennessee Healthcare Milan Hospital
Henderson County Community Hospital
Lincoln Medical Center
Livingston Regional Hospital
Unicoi County Hospital
Wayne Medical Center
Tennova Healthcare – Shelbyville

Tennova Healthcare – LaFollette Medical Center
Sycamore Shoals Hospital
Tennova Healthcare – Newport Medical Center
Tennova Healthcare – Harton
TriStar Horizon Medical Center
West Tennessee Healthcare Dyersburg Hospital
Southern Tennessee Regional Health System – Winchester
Southern Tennessee Regional Health System – Pulaski
Morristown – Hamblen Healthcare System
Hardin Medical Center
Henry County Medical Center
Tennova Healthcare – Jefferson Memorial Hospital
Southern Tennessee Regional Health System – Lawrenceburg
Sweetwater Hospital Association
Baptist Memorial Hospital – Union City
Roane Medical Center
NorthCrest Medical Center
LeConte Medical Center
Delta Specialty Hospital
Indian Path Community Hospital
Baptist Memorial Hospital – Tipton
Saint Thomas River Park Hospital
Franklin Woods Community Hospital
West Tennessee Healthcare Volunteer Hospital
Methodist Medical Center of Oak Ridge
Blount Memorial Hospital
Tennova Healthcare – Cleveland
TriStar Southern Hills Medical Center
Ascension Saint Thomas Hospital
TriStar Centennial Medical Center
TriStar Skyline Medical Center
TriStar Summit Medical Center
Greeneville Community Hospital
Parkridge Medical Center
Fort Sanders Regional Medical Center
Parkwest Medical Center
Tennova Healthcare – North Knoxville Medical Center
Jackson – Madison County General Hospital
Maury Regional Medical Center
Tennova Healthcare – Clarksville
Cookeville Regional Medical Center
Saint Thomas Rutherford Hospital
TriStar StoneCrest Medical Center
Baptist Memorial Hospital – Memphis

Methodist University Hospital
Saint Francis Hospital
Saint Francis Hospital – Bartlett
Bristol Regional Medical Center
Holston Valley Medical Center
Sumner Regional Medical Center
TriStar Hendersonville Medical Center
Saint Thomas Highlands Hospital
Williamson Medical Center
Vanderbilt Wilson County Hospital

Safety Net Sub-Pool

Nashville General Hospital
Erlanger Health System
Regional One Health
Vanderbilt University Medical Center
University of Tennessee Medical Center
Johnson City Medical Center

Psychiatric Facilities Sub-Pool

Ridgeview Psychiatric Hospital and Center
Erlanger Behavioral Health Hospital
Pathways of Tennessee
Perimeter Behavioral of Jackson
Crestwyn Behavioral Health
Creekside Behavioral Health

Other Safety Net Sub-Pool

Vanderbilt University Medical Center
University of Tennessee Medical Center
Johnson City Medical Center

Research and Rehabilitation Facilities Sub-Pool

Vanderbilt Stallworth Rehabilitation Hospital
Select Specialty Hospital – Nashville
Siskin Hospital for Physical Rehabilitation
Encompass Health Rehabilitation Hospital of Chattanooga
West Tennessee Healthcare Rehabilitation Hospital Jackson
Saint Jude Children's Research Hospital
Encompass Health Rehabilitation Hospital of Memphis
Baptist Memorial Restorative Care Hospital
Encompass Health Rehabilitation Hospital of North Memphis
Regional One Health Extended Care Hospital
Encompass Health Rehabilitation Hospital of Kingsport

Quillen Rehabilitation Hospital
 West Tennessee Healthcare Rehabilitation Hospital Cane Creek
 Encompass Health Rehabilitation Hospital of Franklin

XIII. Graduate Medical Education (GME) Hospitals

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

The GME hospitals and their affiliated teaching universities are listed below:

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

XIV. Critical Access Hospitals

The hospitals currently designated as active Critical Access Hospitals by the Tennessee Department of Health and TennCare are as follows:

Ascension Saint Thomas Hickman
 Erlanger Bledsoe Hospital
 Hancock County Hospital

Houston County Community Hospital
Johnson County Community Hospital
Lauderdale Community Hospital
Macon Community Hospital
Marshall Medical Center
Rhea Medical Center
Riverview Regional Medical Center
Three Rivers Hospital
TriStar Ashland City Medical Center
Trousdale Medical Center
West Tennessee Healthcare Bolivar General Hospital
West Tennessee Healthcare Camden General Hospital

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