



FY2018 BUDGET PRESENTATION

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November 22, 2016

This is HCFA

Mission

Improving lives through high-quality cost-effective care.

Who we serve:



**1.5 million
Tennesseans**



**39,500
receiving long
term services
and supports**



**More than 50
percent of
Tennessee's
births**

How we serve:



**465,150
Well child visits
to the doctor**

**51,530
Tennesseans
treated for cancer**



**2,877,460
Mental health and
substance abuse
counseling visits**

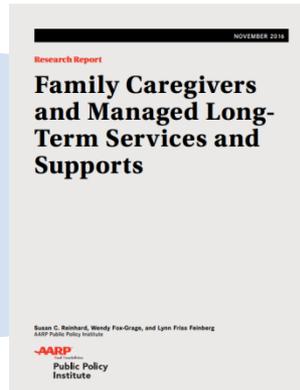
HCFA Update – Quality and Trend

Quality



90% Our goal is to maintain at least a 90% satisfaction rate. We have scored a 90% or better on our annual TennCare satisfaction survey for the past 8 years. This is an independent survey conducted by the University of Tennessee on behalf of TennCare.

An AARP study on MLTSS found that “managed care can lead the way in advancing person- and family-centered care.” The authors identify promising practices in four programs, including TennCare CHOICES, which requires “the caregiver’s role to be determined, health and well-being assessed, and training and other needs identified.”

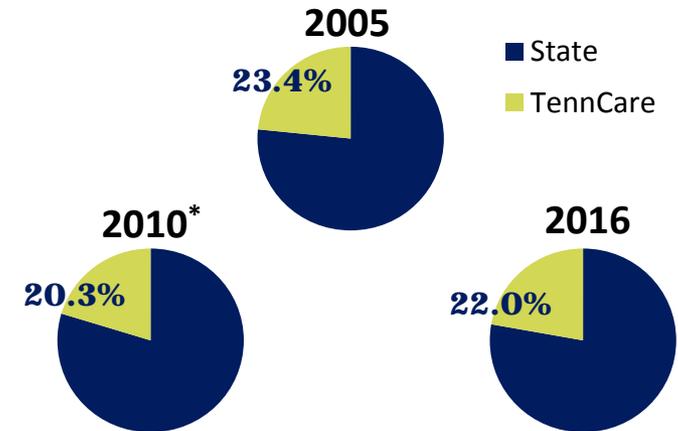


- All TennCare health plans are NCQA accredited and TennCare was the first state to require this of its Medicaid health plans.
- TennCare has the 3rd highest quality scores among the 11 states in the Southeast region.[^]

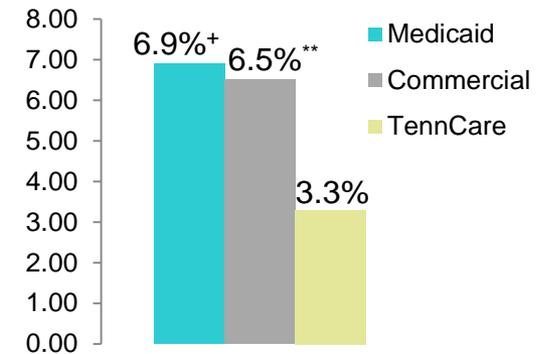
[^] Using non-weighted averages

Trend

Percent of State Budget



TennCare Medical Trend 2016



- So as not to under-report TennCare Appropriations, 2009, 2010 & 2011 were increased to account for ARRA. The increases for these years were taken from the 2011 Governor's Recommended Budget.
- ^{**} PwC Health Research Institute
- ⁺ The Henry J. Kaiser Family Foundation



HCFA Update – Priorities

Tennessee Health Care Innovation Initiative

- **Episodes of care** - Results after the first year showed a reduction in costs of 3.4% in perinatal, 8.8% in asthma exacerbation, and 6.7% in total joint replacement (hips and knees). This results in savings of \$11.1 million while maintaining quality.
- **Tennessee Health Link** - Program will launch on December 1, 2016 and will provide integrated and value-based behavioral and primary care services for people with Severe and Persistent Mental Illness (SPMI).
- **Patient-Centered Medical Homes (PCMH)** – TennCare’s three MCOs will launch a statewide aligned PCMH program starting with approximately 30 practices on January 1, 2017.
- **TN selected as Comprehensive Primary Care Plus region** – TN is one of 14 states to receive federal funding to support continued transformation of primary care.

Employment and Community First CHOICES

- Provides supports for people with intellectual and developmental disabilities targeted to employment and independent community living.
- Greater integration and coordination of services to help improve employment, health, and quality of life outcomes.
- Higher quality, more efficient care reduces per member cost, allowing more individuals to be served and reducing the waiting list over time.

1700



**Slots available
in first year of
enrollment**

1600

**Referrals
received***



500

**More than 500
members enrolled**

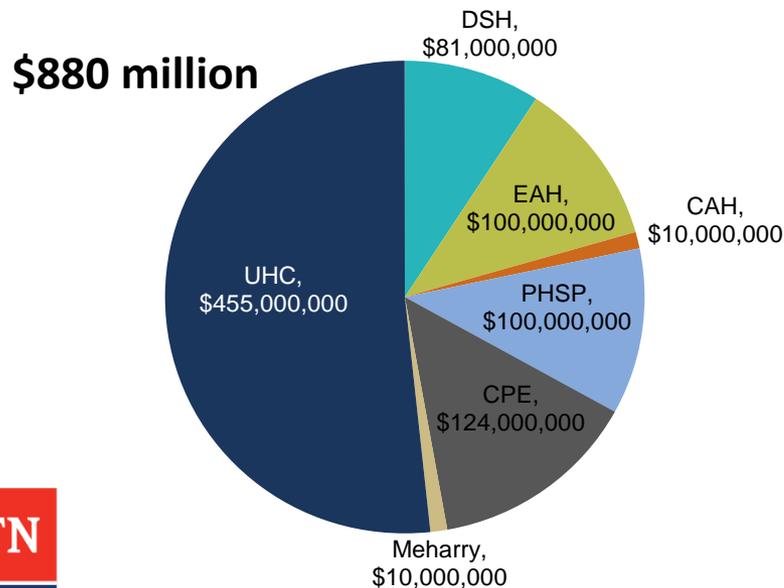


HCFA Update – Priorities: Waiver

TennCare Waiver Extension and Changes in Hospital Pools

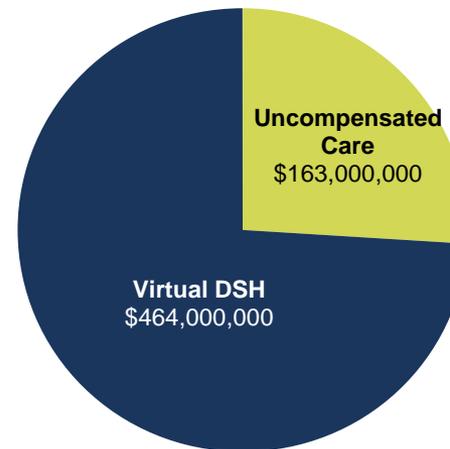
- Current waiver expired June 30, 2016.
- TennCare submitted application for a five-year renewal on December 22, 2015.
- CMS has granted multiple short-term extensions while discussions have continued.
- Most recent extension lasts through November 30, 2016.
- Biggest change in the new waiver will relate to supplemental pool payments to hospitals.

Current Pool Structure



Future Pool Structure

\$627 million+
Directed Payments



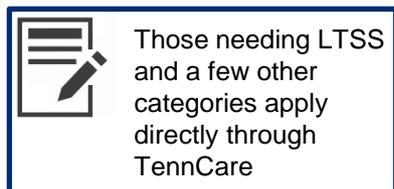
Directed Payments

- Will allow continued payments to “classes” of hospitals.
- Tied to performance and utilization rather than unreimbursed costs.
- New structure and distribution method phased in over FY18 and FY19.

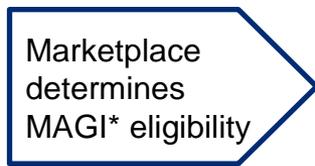
HCFA Update – Priorities: Eligibility

Current Process

Application



Decision



Non-MAGI referral



Result

Not eligible →

Marketplace denies eligibility

MAGI eligible →

TennCare enrolls applicant

Not eligible →

TennCare denies eligibility

Non-MAGI eligible →

TennCare enrolls applicant

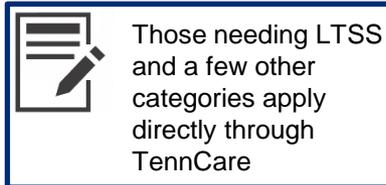
- Currently operating under a federally-approved mitigation plan.
- The current process requires inefficient labor-intensive manual workarounds.
- TennCare eligibility workers use an outdated mainframe computer system called ACCENT to assist in non-MAGI eligibility determinations.
- Federal government is determining eligibility for the majority of TennCare members.

*Modified Adjusted Gross Income. The ACA changed how Medicaid financial eligibility is determined in some categories. Since Jan. 1, 2014 states have used MAGI methodologies to determine income for most Medicaid applicants.

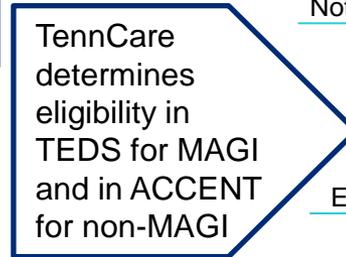
HCFA Update – Priorities: Eligibility

Phase 1 Tennessee Eligibility Determination System (TEDS) Implementation

Application



Decision



Not eligible

Eligible

Result

TennCare denies eligibility

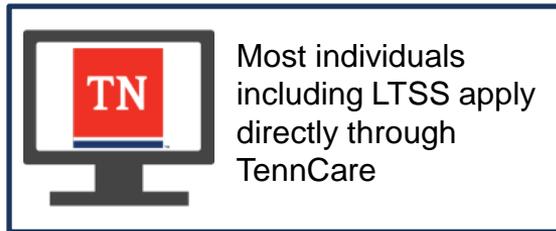
TennCare enrolls applicant

- Improvement on current process.
- TennCare determines eligibility for all applicants. Marketplace will no longer determine eligibility but will assess an application as potentially eligible or not.
- Eligibility determination for most TennCare categories is done in TEDS, workers must still use the outdated ACCENT system to assist in non-MAGI eligibility determinations.

HCFA Update – Priorities: Eligibility

Full Implementation of TEDS

Application



Marketplace assesses application as potentially TennCare eligible

Decision



Not eligible

Eligible

Result

TennCare denies eligibility and systematically refers to Marketplace

TennCare enrolls applicant

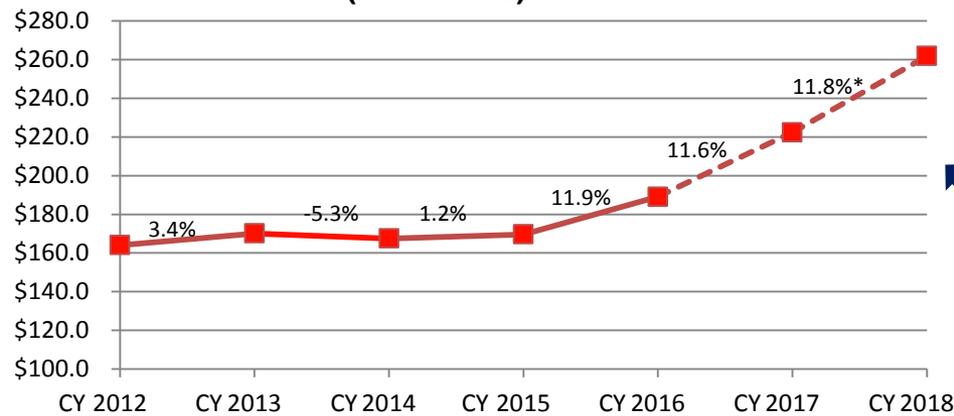
- Automated and seamless eligibility system.
- Applicants can apply at the Marketplace or directly to TennCare.
- No reliance on the ACCENT system.

Update on Redetermination:

- Redetermination is an annual process where TennCare requests members provide updated household and income information to ensure those on the program continue to qualify for the program.
- Tennessee – like most other states – was granted a waiver in 2014 to suspend redetermination efforts during implementation of the many ACA–related Medicaid changes.
- TEDS will include redetermination capabilities. While TEDS is being built, TennCare has implemented a strategy to perform eligibility redeterminations utilizing a contracted vendor and additional state workers. We are currently redetermining 60,000 members each month.
- TennCare saw an increase in enrollment since Jan. 1, 2014, due to a variety of reasons including eligible but not enrolled individuals coming onto the program and the temporary suspension of redeterminations.

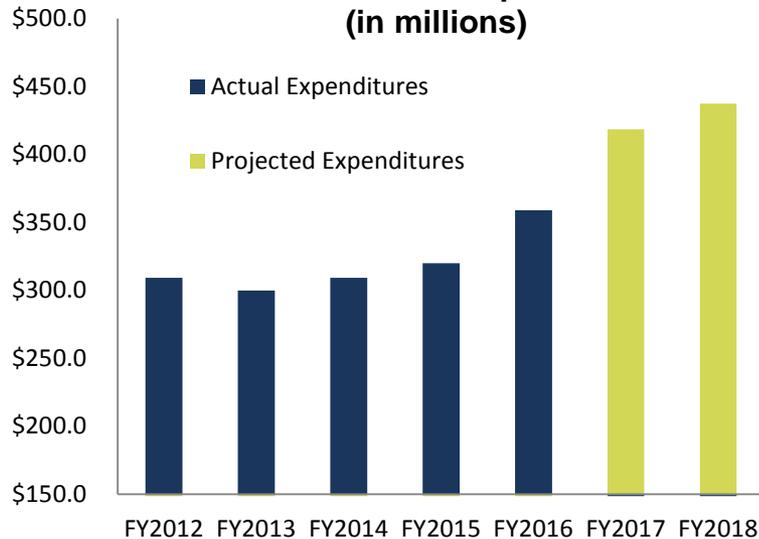
FY 2018 Cost Increases

**Medicare Part D Premiums
(in millions)**



*CY18 growth rate unknown at this point but anticipated to be 11.8%.

**Medicare Part B Expenditures
(in millions)**



Cost Increases	State	Total
Medical Inflation and Utilization	\$40,097,100	\$116,578,300
Pharmacy	14,863,400	251,808,100
Medicare Services	72,494,600	126,517,900
Federally Qualified Health Centers	5,503,200	16,000,000
Employment and Community First CHOICES	11,641,400	33,846,100
Crossover Claims for Cancer Drugs	343,900	1,000,000
Eligibility Systems Development (NR)	13,391,700	85,927,000
Staffing for Reverification and Eligibility Appeals	8,806,300	17,612,600
1% Rate Reduction Restoration	18,173,000	52,836,200
Pharmacy Restoration	6,079,500	17,675,500
Total	\$191,394,100	\$719,801,700

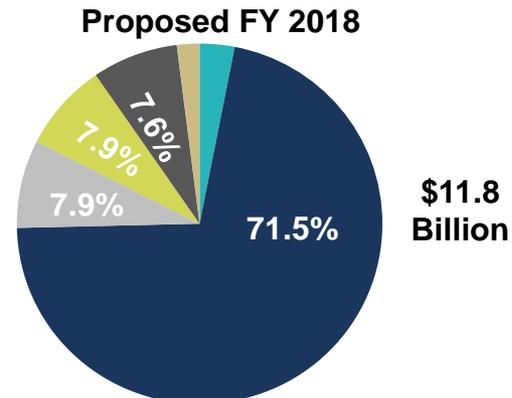
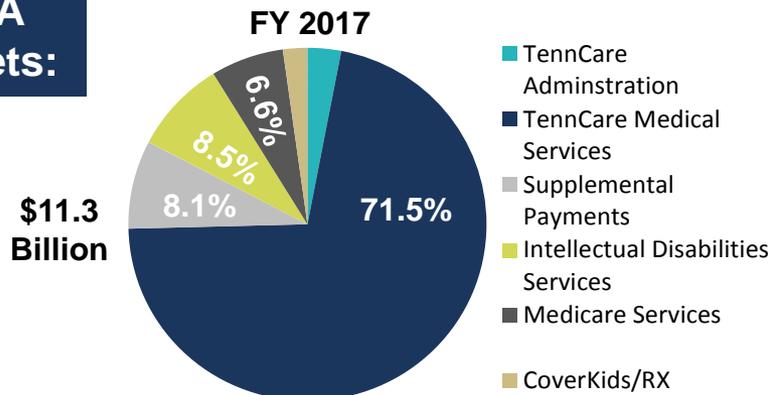
FY 2018 Proposed Reductions

Core Reductions	State	Total
AccessTN Reserves	\$3,848,700	\$3,848,700
CoverKids Savings	6,145,300	26,000,000
Provider Education on Opioids	1,750,800	5,000,000
Payment and Delivery System Reform	4,727,300	13,500,000
CoverRx Management	443,600	143,600
Diabetic Supplies Savings	202,700	579,000
Eliminate Paper Remittance Advices	526,300	1,052,600
Preferred Drug Strategy for Opioid Addiction	2,486,200	7,100,000
Estate Recovery Improved Processes	2,101,000	6,000,000
Automated Court Recording	500,000	1,000,000
Total	\$22,731,900	\$64,223,900

Non-recurring Reductions	State	Total
CoverKids Enhanced Federal Match	\$48,979,800	\$0
Annual FMAP Adjustment	50,290,500	0
Total	\$99,270,300	\$0

Other Agency Reductions	State	Total
Office of Inspector General Reduction	\$47,300	\$94,600
DHS Eligibility Contract Reduction	2,000,000	4,000,000
Total	\$2,047,300	\$4,094,600
Grand Total	\$124,049,500	\$68,318,500

HCFA Budgets:





THANK YOU