



# TENNCARE POLICY MANUAL

**Policy No:** BEN 08-001 (Rev 4)

**Subject:** Cost-Effective Alternatives

**Approved by:** *Wendy Long MD*

**Date:** 4/13/11

**PURPOSE OF THE POLICY:** This policy outlines the accepted use of cost-effective alternative services by TennCare managed care contractors (MCCs).

**POLICY:** TennCare MCCs may provide services not listed in the Medicaid State Plan or in the covered benefits section of the contractor risk agreements (CRAs) when the use of such alternative services is medically appropriate and cost-effective. Such services shall be referred to as ***cost-effective alternative services***.

A cost-effective alternative service is a service that is not covered but that is approved by TennCare and provided solely at the MCC's discretion. TennCare enrollees are not entitled to receive these services. Cost-effective alternative services may be provided because they are either (1) alternatives to covered Medicaid services that, in the MCC's judgment, are cost-effective or (2) preventive in nature and offered to avoid the development of conditions that, in the MCC's judgment, would require more costly treatment in the future. Cost-effective alternative services need not be determined medically necessary except to the extent that they are provided as an alternative to covered Medicaid services. Even if medically necessary, cost-effective alternative services are not covered services and are provided only at an MCC's discretion.<sup>1</sup>

There are certain services on this list that may be available under one of TennCare's 1915(c) waivers for persons with mental retardation (called "MR Waivers") or under the CHOICES program. However, for TennCare enrollees who are not participating in an MR Waiver or CHOICES, these services would be available only as cost-effective alternatives. It should be noted that one of the services on the list ("Transition Allowance") is available as a cost-effective alternative only for certain CHOICES enrollees.

<sup>1</sup> The information contained in this paragraph also appears in the definition of "cost-effective alternative service" located in the TennCare Rules at 1200-13-01-.02(33), 1200-13-13-.01(29), and 1200-13-14-.01(29). The MCC's discretion to use such services is addressed in the Rules at 1200-13-13-.04(2), 1200-13-13-.10(2), 1200-13-14-.04(2), and 1200-13-14-.10(2).

The cost-effective alternative services listed below may be provided without obtaining prior approval from TennCare.<sup>2</sup> An MCC seeking to provide cost-effective alternative services not listed in this policy must obtain prior approval in writing from TennCare.

**Cost-Effective Alternative Services**

<b>SERVICE</b>	<b>GROUP FOR WHOM THE SERVICE MAY BE PROVIDED AS A COST-EFFECTIVE ALTERNATIVE</b>
Adult day care	Non-CHOICES adults aged 21 and older. (Not covered in the State Plan.)
Adult day health services <sup>3</sup>	Adults aged 21 and older. (Not covered in the State Plan.)
Chiropractic services	Adults aged 21 and older. (Not covered in the State Plan.)
Dental care	Adults aged 21 and older. (Not covered in the State Plan.)
High tech prosthetic devices for active lifestyles rather than standard prosthetic devices	Persons of any age. (Not covered in the State Plan.)
Hotel accommodations for persons receiving frequent treatment at a distant location, to avoid the rigors of excessive transportation.	Persons of any age. (Not covered in the State Plan.)
Inpatient rehabilitation facility services	Adults aged 21 and older. (Not covered in the State Plan.)
Non-medical adaptive devices such as reactors, buttonhole adaptive devices, etc.	Persons of any age. (Not covered in the State Plan.)
Nutritional programs and supplements	Adults aged 21 and older. (Not covered in the State Plan.)
Over-the-counter medical supplies	Adults aged 21 and older. (Not covered in the State Plan.)

<sup>2</sup> Because it functions as a partial-risk plan, TennCare Select must maintain documentation that demonstrates the cost-effectiveness of any non-covered services that are provided to TennCare enrollees and for which TennCare Select seeks reimbursement from the State. See Special Term and Condition (STC) #31 of the TennCare Waiver.

<sup>3</sup> This is a service which combines adult day care with preventive and/or rehabilitative services (in a manner similar to the PACE program).

SERVICE	GROUP FOR WHOM THE SERVICE MAY BE PROVIDED AS A COST-EFFECTIVE ALTERNATIVE
Scooters	Persons of any age. (Not covered in the State Plan.)
Short-term continuous care, to include Level 2 Nursing Facility care, for episodic conditions to stabilize a condition rather than admit to hospital or to facilitate hospital discharge	Adults aged 21 and older. (Nursing Facility care is covered in the State Plan; however, it is considered long-term care rather than short-term, episodic care and requires a level of care evaluation (PAE).)
Supported community living	Persons 18 years of age and older for whom psychiatric rehabilitation services have proven unsuccessful or the potential for psychiatric rehabilitation is very low but services are required to prevent inpatient psychiatric hospitalization. (Not covered in the State Plan.)
Transition allowance <sup>4</sup>	CHOICES members transitioning from CHOICES Group 1 to CHOICES Group 2. (Not covered in the State Plan)
Vision services and eyeglasses or contact lenses for adults	Adults aged 21 and older. (Not covered in the State Plan.)
Weight reduction programs for the treatment of obesity	Persons of any age. (Not covered in the State Plan.)

**OFFICES OF PRIMARY RESPONSIBILITY:**

Office of the Chief Medical Officer  
Managed Care Operations

**REFERENCES:**

<http://www.tn.gov/tenncare/forms/eastwestmcocontract.pdf>  
Contractor Risk Agreement (East and West Tennessee) Section 2.6.5

<http://www.tn.gov/tenncare/forms/middletnmco.pdf>  
Contractor Risk Agreement (Middle Tennessee) Section 2.6.5

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<sup>4</sup> A per-member allotment not to exceed two thousand dollars (\$2,000) per lifetime. See Rule 1200-13-01-.02(144), Rule 1200-13-01-.05(7)(m), and STC #31 and Attachment D of the TennCare Waiver.

<http://www.tn.gov/tenncare/forms/tenncarewaiver.pdf>

TennCare II Waiver, Special Term and Condition #31 and Attachment D

<http://tn.gov/sos/rules/1200/1200-13/1200-13.htm>

TennCare Rules 1200-13-01-.02 and -.05

TennCare Rules 1200-13-13-.01, -.04, and -.10

TennCare Rules 1200-13-14-.01, -.04, and -.10

Original: 04/22/08: KML

Revision 1: 09/17/08: KML

Revision 2: 11/24/09: KML

Revision 3: 03/03/10: KML

Revision 4: 04/13/11: JTR