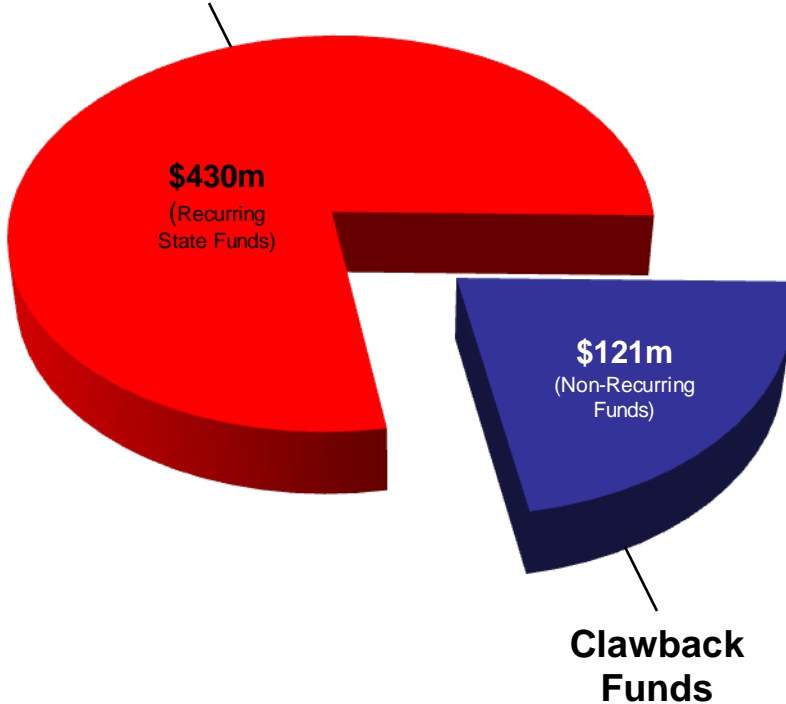




Part D Clawback

Total FY 2010-2011 Reductions



*For a detailed proposal on the use of clawback funds, see page a3.

- The Part D clawback is money states pay to the federal government to help offset costs the federal government incurs by covering the prescription benefit for enrollees who have both Medicare and Medicaid.
- The states and CMS disagreed on how ARRA impacted the Part D clawback calculation.
- On Feb. 19, 2010, TennCare received word that CMS had revised the way the federal clawback is calculated. This new interpretation means TennCare will pay approximately \$120 million less in clawback payments.
- These non-recurring funds will help temporarily delay some of the proposed reductions, but cannot mitigate all cuts.



TennCare Clawback Proposal

All amounts are based on FY2011 \$'s

Items Temporarily Funded By Clawback	Total Outlay	Clawback*	Unfunded	Final Total Reduction
Postpone the implementation of the ADL change until end of ARRA period (half year)	\$(23,562,000)	\$(6,910,000)		-
Temporarily removing the cost of transplant hospitalizations from the 10k cap	(5,635,600)	(1,652,800)		-
7% Rate reduction reduced to 4.1% rate reduction (eff 7/1/2010)	(366,890,300)	(44,380,300)	\$(63,217,700)	\$(215,561,300)
State supplemental hospital grant	(10,000,000)	(10,000,000)		-
Postpone the elimination of matched grant to Meharry	(10,000,000)	(2,932,700)		-
Postpone Limit to 8 non-emergency outpatient visits per year	(28,472,000)	(8,350,000)		-
Postpone the \$4 pricing on widely available generic drugs	(16,502,100)	(4,839,600)		-
Postpone implementation of \$2 copay on non-emergency transportation	(3,829,300)	(1,123,000)		-
Postpone changing MAC pricing to AWP - 82%	(12,000,000)	(3,519,200)		-
Postpone Limit of 8 physician office procedures per year	(38,181,000)	(11,197,300)		-
Postpone 8 lab x/ray occasions of service per year	(60,288,900)	(17,680,900)		-
Postpone Eliminate reimbursement for OT/PT/ST	(9,900,900)	(2,903,600)		-
Reduction in growth due to benefit limits	(19,928,300)	(5,844,400)		-
Total		\$(121,333,800)		

Significant Items Unfunded By Clawback	Total Outlay	Clawback	Unfunded	Final Total Reduction
Eliminate Critical Access Hospital Payments**	(10,000,000)		(3,422,000)	(10,000,000)
Eliminate Graduate Medical Education program**	(50,000,000)		(14,663,500)	(50,000,000)
Meharry (state only)**	(3,000,000)		(3,000,000)	(3,000,000)
Establish a provider reimbursement ceiling from the MCOs of 100% of Medicare**	(52,104,900)		(15,280,800)	(52,104,900)
\$10,000 annual cap per enrollee on hospital inpatient reimbursement**	(144,083,600)		(42,255,300)	(144,083,600)
Eliminate Essential Access Hospital Payments**	(100,000,000)		(34,220,000)	(100,000,000)

*Clawback items are non-recurring

**Items shown as unfunded in the clawback proposal are a sample and not representative of all proposed FY 2010-2011 reductions

