

# Notice of Change in TennCare II Demonstration: Amendment 42

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*Updated October 4, 2019 (See highlighted information below.)*

The Commissioner of the Tennessee Department of Finance & Administration is providing official notification of intent to file an amendment to the TennCare II Demonstration. This amendment, which will be known as "Amendment 42," will be filed with the Centers for Medicare & Medicaid Services (CMS).

## **Description of Amendment and Affected Populations**

In Amendment 42, the State is proposing to convert the bulk of TennCare's federal funding to a block grant. The block grant proposed in Amendment 42 will be based on TennCare enrollment, using State Fiscal Years 2016, 2017, and 2018 as the base period for calculating the block grant amount. The proposed block grant will be indexed for inflation and for enrollment growth beyond the experience reflected in the base period.

The proposed block grant is intended to cover core medical services delivered to TennCare's core population. Certain TennCare expenses will be excluded from the block grant and continue to be financed through the current Medicaid financing model. These excluded expenditures include services carved out of the existing TennCare demonstration, outpatient prescription drugs, uncompensated care payments to hospitals, services provided to members enrolled in Medicare, and administrative expenses.

Amendment 42 does not rely on reductions to eligibility or benefits in order to achieve savings under the block grant. Rather, TennCare believes that there are opportunities to deliver healthcare to its current membership more effectively and that, if given sufficient flexibility from overly prescriptive federal involvement to pursue meaningful innovation, TennCare could implement new reform strategies that would reap benefits for both the State and the federal government.

## **Expected Impact on Enrollment and Expenditures**

Amendment 42 is not expected to have a material impact on enrollment under the TennCare demonstration. The only change related to eligibility that the State is requesting in Amendment 42 is the option to temporarily suspend or terminate the eligibility of members who have been determined to be guilty of TennCare fraud. In State Fiscal Year 2019, approximately 100 member fraud convictions or judicial diversions were reported by Tennessee's Office of Inspector General.

In Amendment 42, Tennessee is proposing to adopt the TennCare demonstration’s existing budget neutrality limit as its block grant amount, meaning that Amendment 42 will not entail a change to TennCare’s budget neutrality demonstration. Under Amendment 42, to the extent that the State underspends the block grant amount, the State will share in half (50 percent) of the federal savings represented by the unspent amount. This may result in the State receiving additional federal dollars; however, any such increase would be based on State performance in effectively managing the TennCare program.

**Hypothesis and Evaluation Parameters**

The goal of the State’s proposal is to demonstrate that an alternative model of federal participation in state Medicaid programs will lead to Medicaid programs that are more financially sustainable for states and the federal government, without compromising access to care, quality of care, or health outcomes.

The State’s evaluation will focus on 1) the extent to which TennCare expenditures grow under the block grant, as compared to the growth of Medicaid expenditures nationally, and 2) the extent to which the interventions implemented by the State under the block grant are successful in improving access to care and health outcomes for members.

**Waiver and Expenditure Authorities Requested**

To implement Amendment 42, the State will request the following waiver and expenditure authorities:

Flexibility to be Requested	Statute or Regulation to be Waived
Cap the State’s Medicaid expenditures at the annual block grant amount.	N/A
Disenroll individuals who have been determined to have committed TennCare fraud and prevent them from re-enrolling for a period of up to 12 months.	Section 1902(a)(8); Section 1902(a)(10)
Establish a formulary that does not comply with Section 1927(d)(4) of the Social Security Act.	Section 1902(a)(54), insofar as it incorporates Section 1927
Addition or elimination of optional State Plan benefits shall not require CMS approval. Changes in the amount, duration, and scope of State Plan benefits that do not affect the overall sufficiency of the benefit shall not require CMS approval.	Section 1902(a); 42 CFR Part 430, subpart B

Flexibility to be Requested	Statute or Regulation to be Waived
Target benefits to certain populations.	Section 1902(a)(10)(B)
Modify the requirements for hospitals to receive payments from the uncompensated care funds authorized under the TennCare demonstration.	N/A – CNOM, 1115(a)
Spend federal block grant dollars on items or services not otherwise reimbursable under Title XIX but which have an impact on enrollee health.	N/A – CNOM, 1115(a)
Operate a managed care program that does not comply with the requirements of 42 CFR Part 438.	N/A – CNOM, 1115(a)
Modify enrollment processes, service delivery system, and comparable program elements without the need for a demonstration amendment.	N/A

**Public Notice Process**

TennCare has taken a variety of steps to ensure that members of the public are notified of Amendment 42. These measures include the development and maintenance of this webpage, as well as notices published in the newspapers of widest circulation in Tennessee cities with 50,000 or more residents. TennCare has disseminated information about the proposed amendment via its social media accounts (e.g., Facebook, Twitter). TennCare has also notified members of the Tennessee General Assembly of its intent to submit Amendment 42.

**Public Input Process**

TennCare is seeking feedback on Amendment 42 prior to its submission to CMS. Members of the public are invited to offer comments regarding Amendment 42 from September 17, 2019, through October 18, 2019.

Members of the public who wish to comment on the proposed amendment may do so through either of the following options:

- Comments may be sent by email to [public.notice.tennCare@tn.gov](mailto:public.notice.tennCare@tn.gov).
- Comments may be mailed to

Gabe Roberts, Director  
Division of TennCare  
310 Great Circle Road  
Nashville, TN 37243.

Individuals who prefer to make their comments in person may attend one of the following public hearings to comment on Amendment 42:

**Middle Tennessee**

Location: Family and Children’s Service, Honey Alexander Center, Training Room B  
2400 Clifton Avenue, Nashville  
Date: Tuesday, October 1  
Time: 2:00 p.m. Central Time

**East Tennessee**

Location: Burlington Branch of the Knox County Library, Community Meeting Room  
4614 Asheville Highway, Knoxville  
Date: Wednesday, October 2  
Time: 2:30 p.m. Eastern Time

**West Tennessee**

Location: Jackson-Madison County Library, Program Center  
433 East Lafayette Street, Jackson  
Date: Thursday, October 3  
Time: 2:30 p.m. Central Time

**Additional Public Hearings**

Location: University Center, UC Ballroom A (3<sup>rd</sup> Floor)  
499 University Street, Memphis  
Date: Tuesday, October 15  
Time: 1:30 p.m. Central Time  
Parking: Parking garage attached to the University Center at 505 Zach Curlin Street

Location: Downtown Branch of the Chattanooga Public Library, Auditorium  
1001 Broad Street, Chattanooga  
Date: Wednesday, October 16  
Time: 2:00 p.m. Eastern Time

Individuals with disabilities or individuals with limited English proficiency who wish to participate in one of the hearings and who may require language or communication assistance to do so should contact Talley Olson of TennCare's Office of Civil Rights Compliance by phone at (855) 857-1673 or by email at [HCFA.fairtreatment@tn.gov](mailto:HCFA.fairtreatment@tn.gov) prior to the date of the hearing.

TennCare always appreciates input. In order to be considered for the final draft of Amendment 42, comments must be received no later than October 18, 2019. Individuals wishing to view comments submitted by members of the public may submit their requests to the same physical address and/or email address at which comments are being accepted.

### **Draft of Amendment 42**

A draft of TennCare's proposed demonstration amendment is located at <https://www.tn.gov/content/dam/tn/tenncare/documents2/TennCareAmendment42.pdf>.

Copies of the draft amendment are also available in each county office of the Tennessee Department of Health. Once comments received during the public input period have been reviewed and considered, a final draft of the amendment will be prepared. The final draft will be submitted to CMS and will then be made available at <https://www.tn.gov/tenncare/policy-guidelines/waiver-and-state-plan-public-notice.html>.

Additional materials related to Amendment 42 that are available on the TennCare website include—

- An executive summary of Amendment 42, which is located at <https://www.tn.gov/content/dam/tn/tenncare/documents2/TennCareAmendment42/ExecutiveSummary.pdf>
- An overview of Amendment 42, which is located at <https://www.tn.gov/content/dam/tn/tenncare/documents2/TennCareAmendment42/Overview.pdf>
- Frequently Asked Questions about Amendment 42, which are available at <https://www.tn.gov/content/dam/tn/tenncare/documents2/TennCareAmendment42/FAQs.pdf>

### **TennCare Page on CMS Web Site**

As the federal agency with oversight authority over all Medicaid programs, CMS offers its own online resources regarding the TennCare demonstration. Interested parties may view these materials at

[https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/waivers\\_faceted.html](https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/waivers_faceted.html).