



Division of  
**Health Care  
Finance & Administration**

TennCare

# TennCare

Fiscal Year 2014-2015 Annual Report



## Overview and History of TennCare

TennCare is the state of Tennessee's Medicaid program that provides health care for approximately 1.3 million Tennesseans and operates with an annual budget of approximately \$10 billion. TennCare members are primarily low-income pregnant women, children and individuals who are elderly or have a disability. TennCare covers approximately 20 percent of the state's population, 50 percent of the state's births, and 50 percent of the state's children.

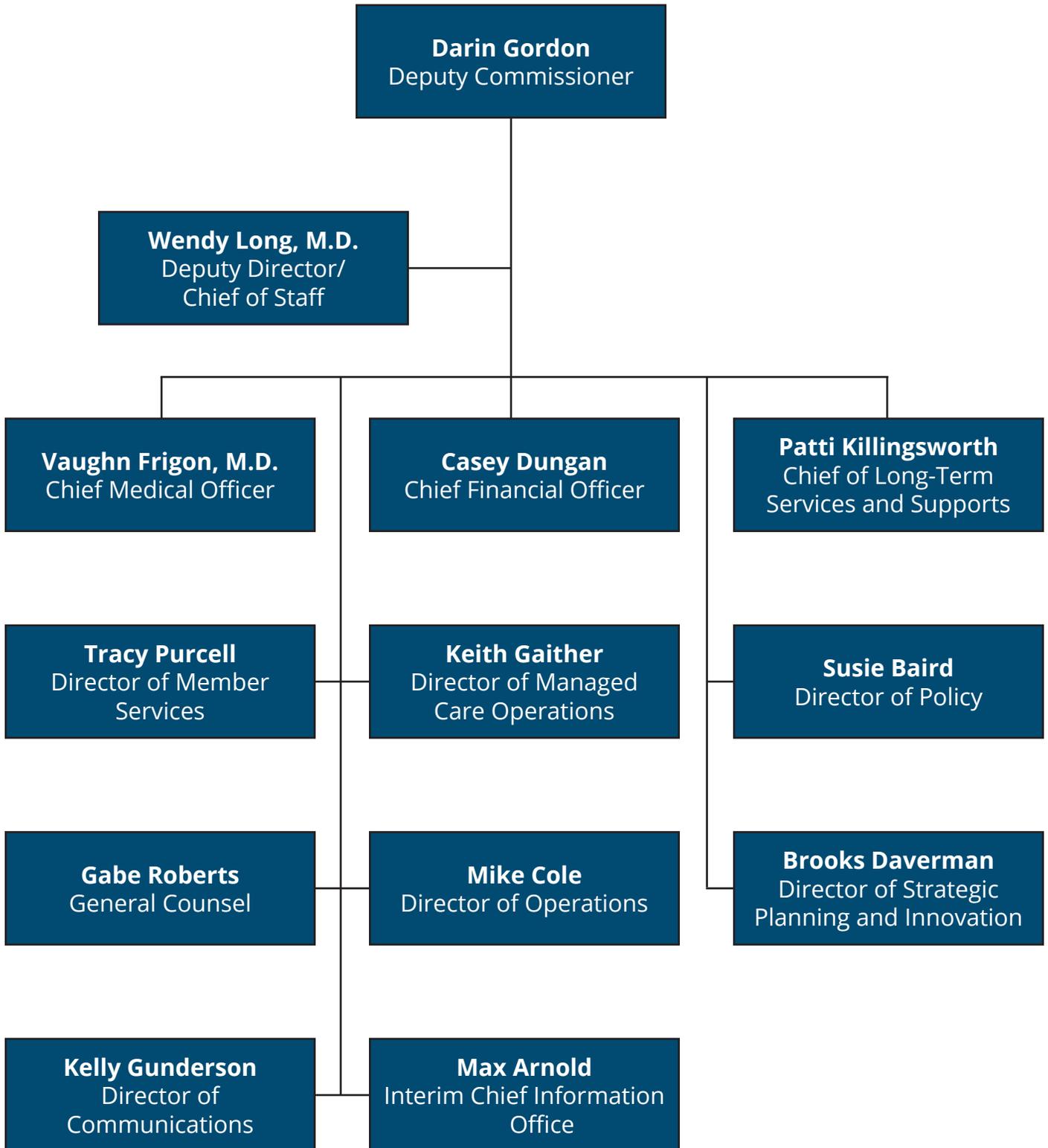
TennCare is one of the oldest Medicaid managed care programs in the country, having begun on January 1, 1994. It is the only program in the nation to enroll the entire state's Medicaid population in managed care. The TennCare program operates under a Section 1115 waiver from the Centers for Medicare and Medicaid Services (CMS) in the United States Department of Health and Human Services. Unlike traditional fee-for-service Medicaid, TennCare is an integrated, full-risk, managed care program. TennCare services are offered through managed care entities. Medical, behavioral and Long-Term Services and Supports are covered by "at-risk" Managed Care Organizations (MCOs). All of TennCare's MCOs are ranked among the top 100 Medicaid health plans in the country.

The care provided by TennCare's MCOs is assessed annually by the National Committee for Quality Assurance (NCQA) as part of the state's accreditation process. In addition to the MCOs, there is a Pharmacy Benefits Manager for coverage of prescription drugs and a Dental Benefits Manager for coverage of dental services to children under age 21. As a leader in managed care Long-Term Services and Supports (LTSS), the state successfully implemented TennCare CHOICES in 2010 bringing LTSS into the managed care model. These services are provided in Nursing Facilities (NFs) and Intermediate Care Facilities for persons with intellectual disabilities (ICF/IID), as well as by Home and Community Based Service providers.

The Bureau of TennCare is within Health Care Finance and Administration (HCFA). The Department of Finance and Administration is the state agency charged with the responsibility of administering HCFA and the TennCare program. In addition to the Bureau of TennCare, HCFA includes the CoverKids and CoverRx programs, the Strategic Planning and Innovation Group – which oversees the Tennessee Health Care Innovation Initiative, and the Office of eHealth Initiatives.



# EXECUTIVE STAFF

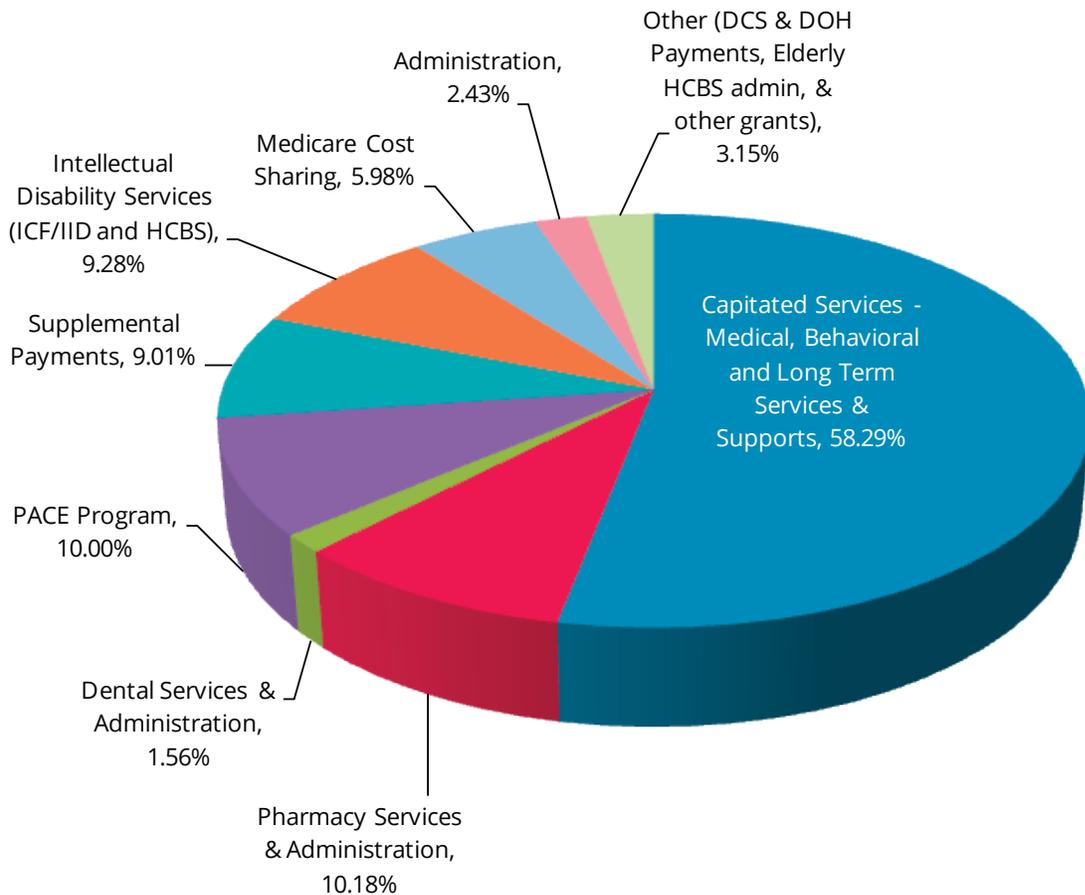


The data for this annual report covers July 1, 2014-June 30, 2015

## ***FY 15 Expenditures by Category***

Capitated Services - Medical, Behavioral and Long Term Services & Supports <sup>1</sup>	\$5,858,915,400
Pharmacy Services & Administration	1,023,462,300
Dental Services & Administration	157,142,300
PACE Program	10,385,100
Supplemental Payments	905,944,000
Intellectual Disability Services (ICF/IID and HCBS)	932,988,700
Medicare Cost Sharing <sup>2</sup>	600,777,100
Administration <sup>3</sup>	244,377,800
Other (DCS & DOH Payments, Elderly HCBS admin, & other grants)	<u>317,010,600</u>
<b>Total</b>	<b>\$ 10,051,003,300</b>

1. This figure is the total of capitation payments which is inclusive of all medical and behavioral health services as well as the long term services and supports for CHOICES members.  
 2. Includes Medicare Part D Clawback.



# Enrollment and Program Expenditures

## Enrollment by Eligibility Race and Age

Enrollment on January 1, 2015

Race	0 to 20	21 to 64	65 +	Grand Total
Black	224,256	125,368	13,793	363,417
Hispanic	65,449	5,430	473	71,352
Other	103,306	91,220	9,304	203,830
White	393,217	259,838	43,521	696,576
<b>Grand Total</b>	<b>786,228</b>	<b>481,856</b>	<b>67,091</b>	<b>1,335,175</b>

## CHOICES Enrollment

Category of Service	Number of Recipients (6/30/14)	Number of Recipients (6/30/15)	% Change
Home and Community Based Services	12,810	13,047	2%
Nursing Facility Services	18,331	17,247	-6%

## Medical Services<sup>1</sup>

Providers with Paid Claims	FY15 Recipients	Expenditures Per Recipient	FY15 Expenditures <sup>2</sup>
20,707	1,161,448	\$2,975.81	\$3,456,253,242

1. Medical Services includes acute medical care without Behavioral Health or CHOICES.

2. Total expenditure includes the total of administration fees paid to contracted MCO's, based on the allocated proportion of total Medical and Behavioral Health expenditure incurred in SFY15.

## Mental Health Clinics and Institutional Services

Providers with Paid Claims	FY15 Recipients	Expenditures Per Recipient	FY15 Expenditures <sup>1,2</sup>
5,837	244,372	\$1,776.54	\$434,136,118

1. Excludes case management services, transportation and other community services where payment to provider was a capitated arrangement.

2. Total expenditure includes the total of administration fees paid to contracted MCO's, based on the allocated proportion of total medical and behavioral health expenditure incurred in SFY15.

## Pharmacy Services

Services Delivered through Pharmacy Benefits Manager (PBM)

Providers with Paid Claims	FY15 Recipients	Expenditures Per Recipient	FY15 Expenditures <sup>1</sup>
10,790	1,014,117	\$1,009.22	\$1,023,462,300

1. Amount includes administrative costs paid to the PBM.

## Dental Services

Services Delivered through the Dental Benefits Manager (DBM)

Providers with Paid Claims	FY15 Recipients	Expenditures Per Recipient	FY15 Expenditures <sup>1</sup>
1,105	402,826	\$390.10	\$157,142,300

1. Amount includes administrative costs but does not include Health Department Dental Program cost of \$6,559,200 which is included on page 1 in the Other (DCS & DOH Payments, Elderly HCBS admin, & other grants) category.

## TennCare Expenditures and Recipients by County

County	Enrollment on 1-Jan-15	Estimated 2015 Population	% of County on TennCare	Total Service Expenditure <sup>1</sup>	Expenditure per Member
Anderson	15,211	76,583	19.9%	\$103,432,572	\$6,800
Bedford	11,960	46,387	25.8%	\$58,099,138	\$4,858
Benton	3,856	19,578	19.7%	\$28,399,352	\$7,365
Bledsoe	3,083	15,861	19.4%	\$15,201,083	\$4,931
Blount	20,763	128,718	16.1%	\$128,188,814	\$6,174
Bradley	20,285	112,856	18.0%	\$121,294,781	\$5,980
Campbell	12,447	43,748	28.5%	\$79,202,690	\$6,363
Cannon	2,849	14,852	19.2%	\$16,560,105	\$5,813
Carroll	7,246	34,295	21.1%	\$48,336,424	\$6,671
Carter	12,336	62,239	19.8%	\$78,147,682	\$6,335
Cheatham	6,931	49,691	13.9%	\$46,693,356	\$6,737
Chester	3,615	19,892	18.2%	\$17,900,496	\$4,952
Claiborne	8,661	33,914	25.5%	\$53,827,428	\$6,215
Clay	2,076	9,793	21.2%	\$12,727,204	\$6,131
Cocke	10,838	41,401	26.2%	\$65,918,819	\$6,082
Coffee	12,410	56,979	21.8%	\$71,867,081	\$5,791
Crockett	3,817	17,267	22.1%	\$23,735,647	\$6,218
Cumberland	11,714	58,045	20.2%	\$72,086,719	\$6,154
Davidson	133,337	643,675	20.7%	\$787,319,384	\$5,905
Decatur	2,710	13,941	19.4%	\$19,253,539	\$7,105
DeKalb	4,978	21,118	23.6%	\$28,947,650	\$5,815
Dickson	10,217	56,823	18.0%	\$69,671,894	\$6,819
Dyer	9,955	41,617	23.9%	\$57,478,254	\$5,774
Fayette	6,537	34,419	19.0%	\$36,302,216	\$5,553
Fentress	5,778	19,945	29.0%	\$40,927,217	\$7,083
Franklin	7,315	46,907	15.6%	\$45,757,960	\$6,255
Gibson	12,538	51,248	24.5%	\$96,620,368	\$7,706
Giles	5,764	33,509	17.2%	\$36,810,393	\$6,386
Grainger	5,635	23,998	23.5%	\$31,099,186	\$5,519
Greene <sup>2</sup>	14,302	72,169	19.8%	\$198,081,264	\$13,850
Grundy	4,625	15,775	29.3%	\$26,293,787	\$5,685
Hamblen	14,745	69,721	21.1%	\$89,735,145	\$6,086
Hamilton	61,891	335,636	18.4%	\$390,093,601	\$6,303
Hancock	2,268	6,835	33.2%	\$14,120,226	\$6,226

## TennCare Expenditures and Recipients by County

County	Enrollment on 1-Jan-15	Estimated 2015 Population	% of County on TennCare	Total Service Expenditure <sup>1</sup>	Expenditure per Member
Hardeman	6,763	31,456	21.5%	\$47,065,482	\$6,959
Hardin	6,748	28,808	23.4%	\$43,471,205	\$6,442
Hawkins	12,857	63,571	20.2%	\$73,153,352	\$5,690
Haywood	5,608	20,474	27.4%	\$29,221,566	\$5,211
Henderson	6,739	31,281	21.5%	\$40,515,125	\$6,012
Henry	7,522	37,065	20.3%	\$44,668,696	\$5,938
Hickman	5,910	27,564	21.4%	\$33,287,988	\$5,632
Houston	1,880	9,963	18.9%	\$14,431,049	\$7,676
Humphreys	3,884	21,112	18.4%	\$26,169,023	\$6,738
Jackson	2,706	14,225	19.0%	\$16,496,926	\$6,096
Jefferson	11,510	56,796	20.3%	\$73,083,785	\$6,350
Johnson	4,211	19,278	21.8%	\$24,284,025	\$5,767
Knox	70,620	455,614	15.5%	\$476,581,148	\$6,749
Lake	2,127	8,409	25.3%	\$13,791,786	\$6,484
Lauderdale	7,525	29,098	25.9%	\$38,556,689	\$5,124
Lawrence	9,851	45,430	21.7%	\$62,504,062	\$6,345
Lewis	2,760	14,040	19.7%	\$19,272,773	\$6,983
Lincoln	6,911	34,715	19.9%	\$37,718,888	\$5,458
Loudon	8,271	53,574	15.4%	\$51,244,955	\$6,196
Macon	6,380	25,092	25.4%	\$36,897,230	\$5,783
Madison	22,972	112,639	20.4%	\$160,551,591	\$6,989
Marion	6,637	32,253	20.6%	\$55,606,308	\$8,378
Marshall	6,259	32,808	19.1%	\$38,165,513	\$6,098
Mauy	16,869	85,453	19.7%	\$114,767,053	\$6,803
McMinn	11,355	55,434	20.5%	\$76,523,638	\$6,739
McNairy	7,264	28,803	25.2%	\$41,008,400	\$5,645
Meigs	2,975	16,869	17.6%	\$15,443,810	\$5,191
Monroe	10,978	46,203	23.8%	\$62,167,443	\$5,663
Montgomery	28,603	184,458	15.5%	\$152,987,503	\$5,349
Moore	806	6,650	12.1%	\$5,533,991	\$6,866
Morgan	4,507	20,361	22.1%	\$26,692,551	\$5,922
Obion	7,258	35,545	20.4%	\$39,489,509	\$5,441
Overton	4,841	24,441	19.8%	\$27,549,962	\$5,691
Perry	1,965	8,888	22.1%	\$11,614,015	\$5,910

## TennCare Expenditures and Recipients by County

County	Enrollment on 1-Jan-15	Estimated 2015 Population	% of County on TennCare	Total Service Expenditure <sup>1</sup>	Expenditure per Member
Pickett	1,079	5,919	18.2%	\$6,821,180	\$6,322
Polk	3,856	20,545	18.8%	\$19,099,710	\$4,953
Putnam	15,786	78,000	20.2%	\$109,737,864	\$6,952
Rhea	8,529	35,329	24.1%	\$53,149,254	\$6,232
Roane	10,951	59,604	18.4%	\$83,896,187	\$7,661
Robertson	12,597	70,196	17.9%	\$72,716,045	\$5,772
Rutherford	43,475	260,125	16.7%	\$231,309,548	\$5,321
Scott	7,543	25,942	29.1%	\$45,038,487	\$5,971
Sequatchie	3,781	13,792	27.4%	\$19,691,576	\$5,208
Sevier	17,729	108,709	16.3%	\$89,871,160	\$5,069
Shelby	248,539	1,021,875	24.3%	\$1,306,752,198	\$5,258
Smith	3,961	21,033	18.8%	\$23,722,902	\$5,989
Stewart	2,734	14,873	18.4%	\$15,521,125	\$5,677
Sullivan	30,557	160,466	19.0%	\$185,018,599	\$6,055
Sumner	26,596	177,616	15.0%	\$147,468,877	\$5,545
Tipton	12,730	62,179	20.5%	\$63,011,786	\$4,950
Trousdale	1,877	8,495	22.1%	\$10,441,486	\$5,563
Unicoi	3,801	19,536	19.5%	\$28,948,759	\$7,616
Union	4,762	22,106	21.5%	\$28,173,532	\$5,916
Van Buren	1,291	5,779	22.3%	\$10,135,462	\$7,851
Warren	10,487	47,176	22.2%	\$67,007,174	\$6,390
Washington	21,896	127,230	17.2%	\$155,865,892	\$7,118
Wayne	3,160	17,909	17.6%	\$21,820,261	\$6,905
Weakley	6,906	39,975	17.3%	\$44,091,133	\$6,384
White	6,630	27,060	24.5%	\$41,614,672	\$6,277
Williamson	10,361	199,813	5.2%	\$62,884,199	\$6,069
Wilson	16,796	122,115	13.8%	\$107,286,160	\$6,388
Other <sup>3</sup>	31,120			\$68,549,552	\$2,203
<b>Total</b>	<b>1,366,295</b>	<b>6,821,202</b>	<b>20%</b>	<b>\$8,160,293,300</b>	<b>\$5,973</b>

1. Service Expenditures include Medical, Pharmacy, Long-Term Services and Supports, Dental, Behavioral Health Services, MCO administrative costs and Part D payments on behalf of Dual eligible members. Payments on behalf of Dual eligible members for Part D drug coverage totaled \$169,583,200. Also included is \$7,816,300 for HCBS administrative costs. ASO administration and Part D payments were allocated across counties relative to the county's proportion of total expenditure.

2. Greene County expenditures include costs associated with the Greene Valley Developmental Center, causing the per-member cost to appear higher when comparing it with those of the other counties.

3. This category reflects recipients who are Tennessee residents for which their domicile is temporarily located outside of the state.

# Milestones

## FY 2014-2015

### Amendment 23: Presumptive Eligibility for Pregnant Women

On July 28, 2014, the Bureau of TennCare submitted Demonstration Amendment 23 to the Centers for Medicare and Medicaid Services (CMS). Amendment 23 deals with the benefits a pregnant woman may receive from TennCare during a period of “presumptive eligibility,” which is a period of temporary eligibility granted to low-income pregnant women who would likely qualify for TennCare coverage but who have not yet completed an application.

Federal regulations limit the Medicaid services that can be furnished to presumptively eligible pregnant women to ambulatory services only. TennCare has long taken the position that all Medicaid services—ambulatory as well as non-ambulatory—are “pregnancy-related services” and should be available to pregnant women to promote their health and the health of their unborn children. Amendment 23, which was approved on September 5, 2014, was developed in concert with CMS as a way of resolving this issue and achieving the state’s objectives.

### Amendment 24: Community-Based CHOICES Services

On July 23, 2014, TennCare notified the public of Amendment 24 which would add two community-based residential alternative services to benefits covered by CHOICES, TennCare’s program of long-term services and supports (LTSS) for individuals who are elderly or have physical disabilities. Both of the services in question—“community living supports” (CLS) and “community living supports-family model” (CLS-FM)—are alternatives to Nursing Facility care.

Each provides access to services and supports in a small shared residential setting, allowing the individual to reside in the community. Delivery of CLS and CLS-FM would adhere to recently enacted federal regulations governing the provision of home and community-based services (HCBS) and HCBS settings. The proposal is not projected to increase program expenditures, since coverage is conditioned on a determination that provision of CLS or CLS-FM would not cost more than provision of other forms of CHOICES HCBS that the person would otherwise receive. The amendment was officially submitted to CMS on March 4, 2015 following the public comment period.

### Insure Tennessee

On December 15, 2014, Governor Haslam announced the Insure Tennessee plan, a two-year pilot program to provide health care coverage to Tennesseans who currently lack access to health insurance or who have limited health insurance options. The program rewards healthy behaviors, prepares members to transition to private coverage, promotes

personal responsibility and incentivizes choosing preventative and routine care instead of unnecessary use of emergency rooms.

Five key elements of the Insure Tennessee proposal are:

- A fiscally sound and sustainable program that will not create any new taxes for Tennesseans and will not add any state cost to the budget;
- The provision of two new private market choices for Tennesseans;
- Shifting the delivery model and payment of health care in Tennessee from fee-for-service to outcomes-based;

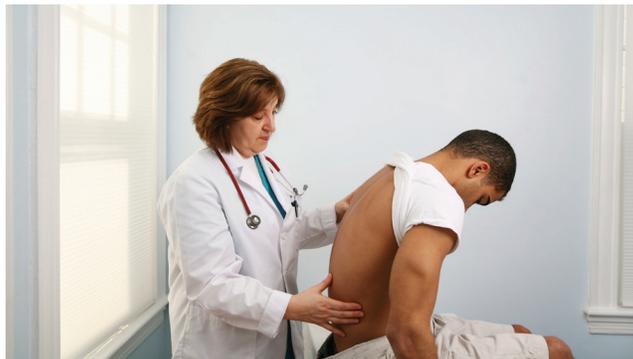


- Incentivizing Tennesseans to be more engaged and to take more personal responsibility in their health; and
- Preparing participants for eventual transition to commercial health coverage.

The Insure Tennessee plan stems from Governor Haslam’s announcement in March 2013 that he would not expand the traditional Medicaid program but that he would work with the federal government on a plan for Tennessee that would take into consideration program cost, patient engagement, payment reform and health outcomes.

Governor Haslam convened a special session of the General Assembly which began on February 2, 2015 to consider a joint resolution on Insure Tennessee. Following hearings on Insure Tennessee the Tennessee Senate Health and Welfare Committee effectively ended the special session on February 4 by voting 7-4 against Insure Tennessee.

Several weeks following the special session of the General Assembly Insure Tennessee was again brought before the 109th General Assembly by Senate Joint Resolution 93, which “authorizes the Governor to do all that is necessary to implement Insure Tennessee,” which passed the Senate Health and Welfare Committee by a 6-2-1 vote on March 25. However, on March 31, the Senate Commerce and Labor Committee defeated the measure by a 6-2-1 vote.



etc.), perceptions of quality of care received, and behavior relevant to health care (the type of provider from whom an individual is most likely to seek initial care, the frequency with which care is sought, etc.). On November 17, 2014, CBER published a summary of the results of the most recent survey entitled “The Impact of TennCare: A Survey of Recipients 2014.”

A number of results from the report were noteworthy:

- 93 percent of respondents covered by TennCare expressed satisfaction with the quality of care they had received. This level of satisfaction—the sixth straight year above 90 percent—is tied for the third highest in the program’s history.
- The percentage of respondents classifying themselves as uninsured fell to 7.2 percent, a 25 percent decline from 2013’s result. The percentage of respondents classifying their children as uninsured fell to 2.4 percent, a 35 percent decline from 2013’s result.

- Only 1 percent of respondents covered by TennCare reported that they sought initial medical care for their children at the hospital instead of at a doctor’s office or clinic.

The report notes, “TennCare continues to receive positive feedback from its recipients, with 93 percent reporting satisfaction with the program, indicating TennCare is providing medical care in a satisfactory manner and up to the expectations of those it serves.”

### TennCare Satisfaction Survey

Every year since 1993, the Center for Business and Economic Research (CBER) at the University of Tennessee in Knoxville has conducted a survey of Tennessee citizens—TennCare enrollees, individuals with private insurance, and uninsured individuals—to assess their opinions about health care. Respondents provide feedback on a range of topics, including demographics (age, household income, family size,

### Statewide Managed Care Organizations (MCOs)

On January 1, 2015, following months of intensive preparations, TennCare MCOs Amerigroup, BlueCare, and UnitedHealthcare began delivering physical health services, behavioral health services, and Long-Term Services and Supports (LTSS) to enrollees in all three of Tennessee’s grand regions.

With the transition to three statewide health plans approximately 411,000 TennCare members were transferred to different health plans to ensure a more even distribution of enrollment among the three statewide MCOs. TennCare monitored the rollout carefully and found that access to services had not been interrupted and that critical care patients continued to receive needed care. As of the end of the first quarter 2015, both TennCare and the MCOs were preparing for a second round of enrollee transfers on April 1, 2015. Approximately 6,900 enrollees (CHOICES members only) were scheduled to be transitioned to new plans during this second implementation phase. For each phase of the transition members were notified well in advance and given opportunities to stay with their current health plan if they chose to do so.

