



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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226 Anne Dallas Dudley Blvd., Suite 508
Nashville, Tennessee 37243-0760

Phone: (615) 741-3012

Fax: (615) 532-2443

www.tn.gov/tacir

MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard
Executive Director

DATE: 30 May 2024

SUBJECT: School-Based Services and TennCare Reimbursement—Panel

Unresolved contractual issues between at least one school system and a managed care organization (MCO) in Tennessee have resulted in the school system being unable to seek direct reimbursement for school-based health services provided to students covered by TennCare. Although MCOs work with school systems to modify contract language, the contracts are subject to state oversight for compliance with state and federal program requirements for TennCare and, according to staff with one MCO, can be modified without state approval only in limited circumstances. Having been made aware of these issues, Senator Lundberg, Representative White, and Representative Sherrell sent a letter to Chairman Yager on April 3, 2024, requesting that the Commission review the problem and assist the parties in reaching a resolution.

It is not uncommon for K-12 students to receive healthcare services at school. When a student receiving school-based health services is covered by TennCare—Tennessee's Medicaid program—some of the services provided may be reimbursable through TennCare. In recent years, the state has made changes to TennCare to facilitate reimbursement for school-based services.

Under TennCare, MCOs are functionally similar to insurance companies in the private market. And entering into contracts with these MCOs is somewhat akin to becoming an in-network provider for a private insurer. Tennessee is the only state to administer school-based services for its Medicaid program through MCOs. But this policy is consistent with the state's decision to administer all TennCare services and reimbursements via MCOs.

The unresolved contractual issues that led to this study aren't affecting the care students receive at school. For example, consistent with federal law, school systems must provide the school-based health services included in the individualized education programs (IEP)¹ of students covered by TennCare, as they would for any other students with IEPs. At issue, however, is whether these services can be reimbursed.

Today you will hear from a panel of experts on school-based services, TennCare reimbursements, and the issues that led to the Commission's study:

- Gary Dupler, Deputy Law Director, Knox County
- Lori Paisley, Assistant Commissioner, Coordinated School Health Division, Tennessee Department of Education
- Drew Staniewski, Deputy Director, TennCare
- BlueCare of Tennessee—invited

¹ An IEP stipulates services to be provided to a student with a disability consistent with the federal Individuals with Disabilities Education Act (IDEA).