

TennCare

FY2024-2025 Budget Hearing **Senate Commerce and Labor Committee**

February 13, 2024

FY2024-2025 Cost Increases

| | Cost Increase | Total | State | Federal | Other | Positions |
|-----|---|---------------|-------|---------------|---------------|-----------|
| 1. | Shared Savings – BH Hospitals (non-recurring) | \$ 15,000,000 | \$ - | \$ - | \$ 15,000,000 | - |
| 2. | Shared Savings - CMHCs Quality Payments (non-recurring) | \$ 7,000,000 | \$ - | \$ - | \$ 7,000,000 | - |
| 3. | Shared Savings - Care for Individuals with IDD (non-recurring) | \$ 1,500,000 | \$ - | \$ - | \$ 1,500,000 | - |
| 4. | Shared Savings - In-Home Child and Adolescent BH Supports (non-recurring) | \$ 1,000,000 | \$ - | \$ - | \$ 1,000,000 | - |
| 5. | Shared Savings - Primary Care BH Training (non-recurring) | \$ 400,000 | \$ - | \$ - | \$ 400,000 | - |
| 6. | Shared Savings - Infant and Early Childhood BH Training (non-recurring) | \$ 167,000 | \$ - | \$ - | \$ 167,000 | - |
| 7. | Shared Savings - Children's Hospital Infrastructure Grant - Year 2 (non-recurring) | \$ 10,000,000 | \$ - | \$ - | \$ 10,000,000 | - |
| 8. | Shared Savings - Value-Based Payment Initiative (non-recurring) | \$ 4,000,000 | \$ - | \$ 2,000,000 | \$ 2,000,000 | - |
| 9. | Shared Savings - Initiatives in Other Agencies (non-recurring) | \$ 84,069,000 | \$ - | \$ - | \$ 84,069,000 | - |
| 10. | Shared Savings - Diapers for Kids Program (non-recurring) | \$ 31,509,500 | \$ - | \$ 20,458,500 | \$ 11,051,000 | - |
| 11. | Health Starts Initiative (non-recurring) | \$ 23,700,000 | \$ - | \$ 11,400,000 | \$ 12,300,000 | - |

FY2024-2025 Cost Increases

| | Cost Increase | Total | State | Federal | Other | Positions |
|-----|---|----------------|---------------|----------------|---------------|-----------|
| 12. | Hospital Assessment Relief | \$ 34,985,700 | \$ 12,270,200 | \$ 22,715,500 | \$ - | - |
| 13. | Provider Stability Funds to Nursing Homes - Year 2 (non-recurring) | \$ 48,471,700 | \$ 17,000,000 | \$ 31,471,700 | \$ - | - |
| 14. | Medical Inflation | \$ 201,587,600 | \$ 70,700,800 | \$ 130,886,800 | \$ - | - |
| 15. | Medicare Services | \$ 85,092,500 | \$ 85,092,500 | \$ - | \$ - | - |
| 16. | ECF CHOICES Mandatory Population | \$ 25,733,700 | \$ 9,484,700 | \$ 16,249,000 | \$ - | - |
| 17. | Medicaid Management Information System (non-recurring) | \$ 236,996,400 | \$ - | \$ 212,254,400 | \$ 24,742,000 | - |
| 18. | Eligibility System (non-recurring) | \$ 59,143,200 | \$ - | \$ 52,480,300 | \$ 6,662,900 | - |
| 19. | Closed Loop Referral System Positions | \$ 306,900 | \$ 111,800 | \$ 195,100 | \$ - | 2 |
| 20. | Directed Payments Position | \$ 158,100 | \$ 79,000 | \$ 79,100 | \$ - | 1 |
| 21. | Rural Health Clinics Support Position | \$ 157,800 | \$ 78,900 | \$ 78,900 | \$ - | 1 |
| 22. | DCS Contract Support Position | \$ 140,400 | \$ 70,200 | \$ 70,200 | \$ - | 1 |

FY2024-2025 Cost Increases

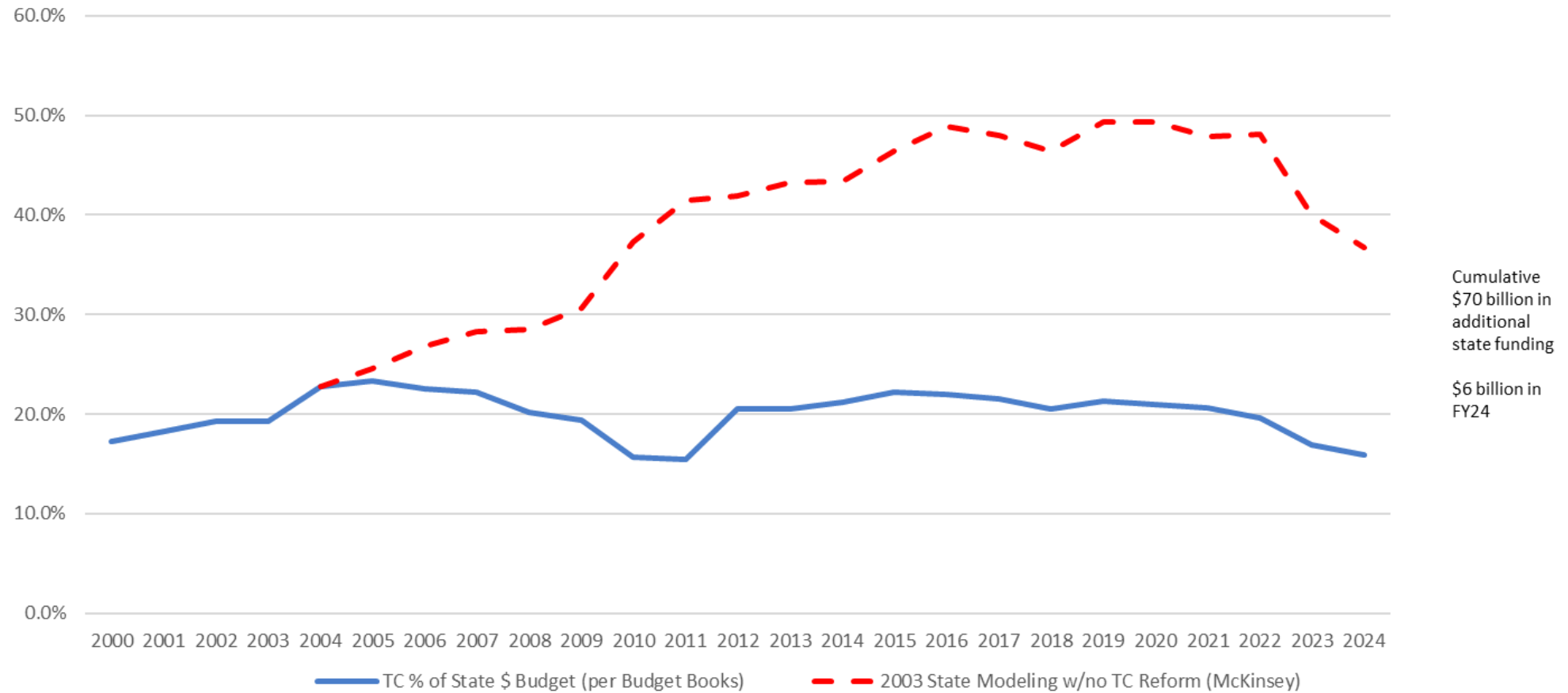
| | Cost Increase | Total | State | Federal | Other | Positions |
|-----|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------|
| 23. | IS Compliance and Strategic Funding Position | \$ 166,500 | \$ 41,600 | \$ 124,900 | \$ - | 1 |
| 24. | Member Notice Quality Control Positions | \$ 211,200 | \$ 105,600 | \$ 105,600 | \$ - | 2 |
| 25. | Partner Support Unit Positions | \$ 194,300 | \$ 97,100 | \$ 97,200 | \$ - | 2 |
| 26. | Project Management Office Position | \$ 157,800 | \$ 78,900 | \$ 78,900 | \$ - | 1 |
| 27. | Data Quality Manager Position | \$ 200,400 | \$ 100,200 | \$ 100,200 | \$ - | 1 |
| 28. | Data Privacy Position | \$ 200,400 | \$ 100,200 | \$ 100,200 | \$ - | 1 |
| 29. | FMAP | \$ - | \$ 58,261,400 | \$ (58,261,400) | \$ - | - |
| 30. | Direct Support Professionals Rate Increase - HCBS | \$ 10,534,900 | \$ 3,694,800 | \$ 6,840,100 | \$ - | - |
| | Grand Total | \$ 882,785,000 | \$ 257,367,900 | \$ 449,525,200 | \$ 175,891,900 | 13 |

FY2024-2025 Reductions

| | Reduction | Total | State | Federal | Other | Positions |
|----|-----------------------------|-----------------------|------------------------|-----------------------|----------------------|-----------|
| 1. | TN Strong Families Buyback | \$ - | \$ (30,642,800) | \$ - | \$ 30,642,800 | - |
| 2. | Fraud, Waste, and Abuse | \$ (4,762,200) | \$ (1,694,200) | \$ (3,068,000) | \$ - | 2 |
| 3. | Mainframe Billing Reduction | \$ (30,300) | \$ (15,200) | \$ (15,100) | \$ - | - |
| | Grand Total | \$ (4,792,500) | \$ (32,352,200) | \$ (3,083,100) | \$ 30,642,800 | 2 |

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TennCare % of State \$\$ Budget (Actual vs. Projected)



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TennCare Today: TennCare III & Record Investments

- Comprehensive adult dental benefit
- More than **\$2 Billion** in provider investments above and beyond negotiated rate increases
- **2,300** additional individuals with intellectual and developmental disabilities served in ECF CHOICES program
- **1,750** additional slots for seniors and adults with physical disabilities served in the CHOICES program
- **25,000** additional children, pregnant women, and parents served through the Strong Families Initiative and Year 1 Shared Savings
- Year 2 Shared Savings of \$300M proposes major investments in behavioral health and rural health and reflects a 2-year total of more than **\$600M** in Shared Savings through the TennCare III waiver

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TennCare III - Year 2 Shared Savings Proposal

- 5-Year Investment/Plan (FY25 – FY29)
- **\$200M** Investment in Rural Health (\$80M in FY25)
 - ✓ Implements recommendations from the Governor’s Rural Health Care Task Force focusing on access and workforce development (*via Dept. of Health, Dept. of Labor & Workforce Development and THEC*)
 - ✓ Funds second round of Health Care Resiliency Grants targeted to rural providers (*via Dept. of Health*)
- **\$100M** Investment in Behavioral Health (\$40M in FY25)
 - ✓ \$\$ to Community Mental Health Centers; Substance Use Disorder Providers; Behavioral Health Hospitals; Children’s Hospitals; Primary Care Behavioral Health Training
- \$10M Investment in Value-Based Payment Initiative (\$2M in FY25)
- More than **\$600M** in Shared Savings in first two years of TennCare III waiver