TN Division of TennCare

# TennCare Annual Report 2022

# Agency Overview

TennCare was established January 1, 1994 and is one of the oldest Medicaid managed care programs in the country. 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).

**Our Mission**
**Improving lives through high-quality, cost-effective care**

**Our Vision**
**A healthier Tennessee**

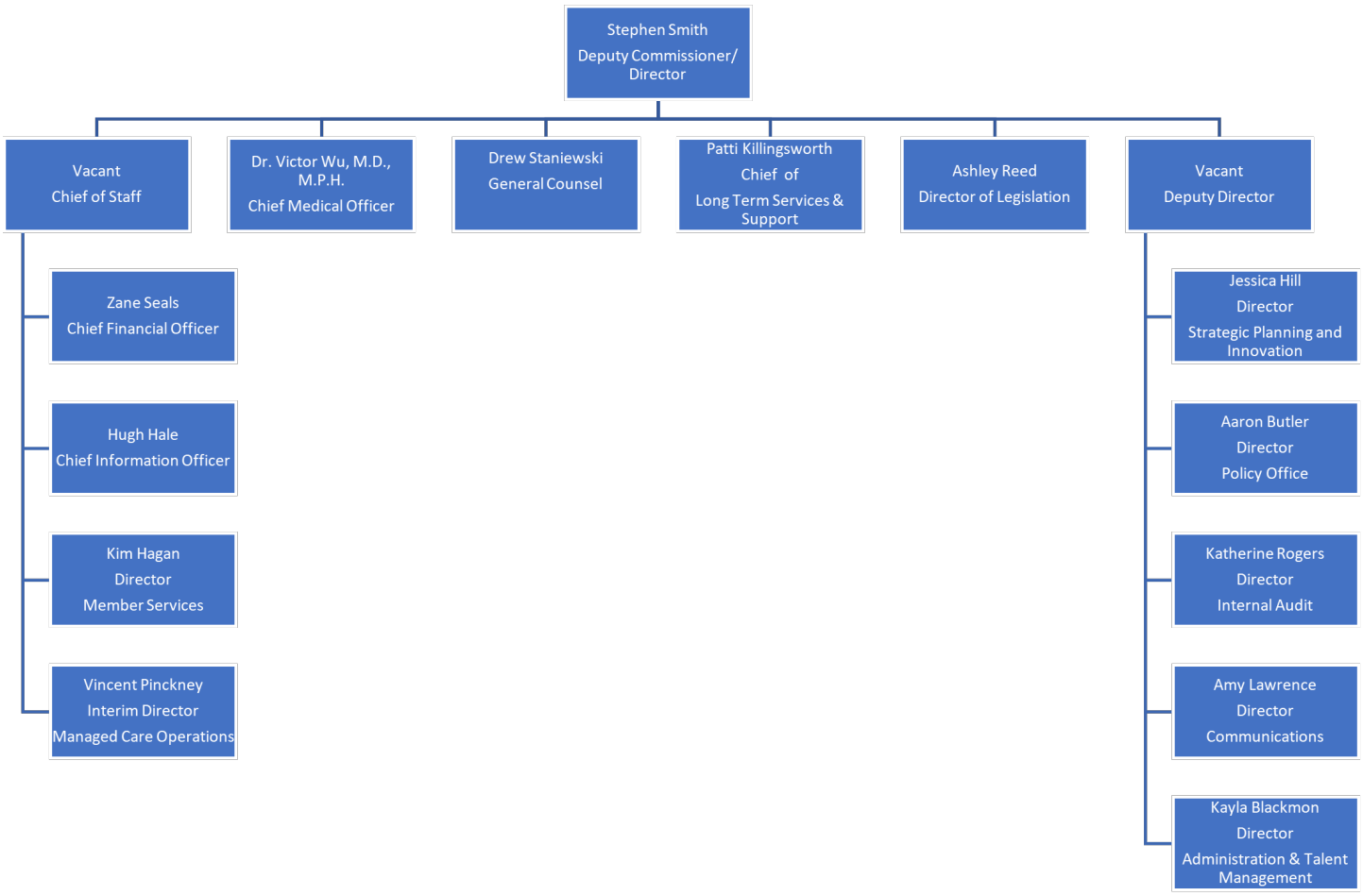
The care provided by TennCare's MCOs is assessed annually by the National Committee for Quality Assurance (NCQA) as part of the state's accreditation process. In addition to the MCOs, there is a Pharmacy Benefits ts Administrator (PBA) for coverage of prescription drugs and a Dental Benefits Manager for coverage of dental services to children under age 21 and select adult populations.

As a leader in managed care and long-term services and supports, 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. In 2016, the Employment and Community First CHOICES program launched providing supports for people with intellectual and developmental disabilities targeted to employment and independent community living.

The Department of Finance and Administration is the state agency charged with the responsibility of administering the Division of TennCare. The Division of TennCare also includes the CoverKids and CoverRx programs.

# Organizational Chart

As of Feb. 2022



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**TennCare covers pregnant women, children, parents or caretakers of minor children, older adults, and adults with disabilities.**

**More TennCare members who need long-term services and supports choose to be served at home and in their community rather than in a nursing home.**

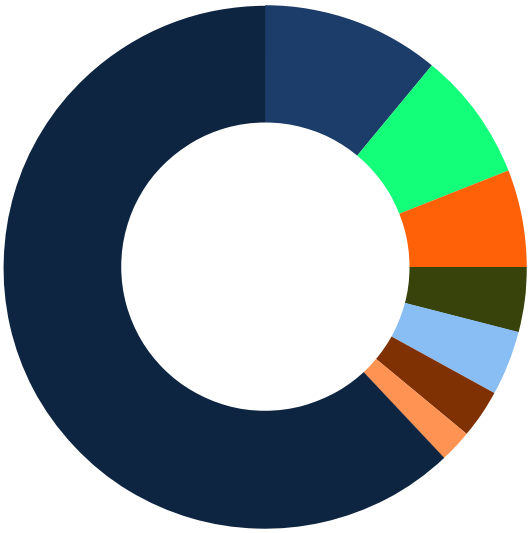
**TennCare operates with an annual budget of $14 billion and serves approximately 1.4 million Tennesseans.**

**TennCare has a 92% member satisfaction rating*. TennCare satisfaction has exceeded 90% for 13 years.**

**Over 90% of survey members say they initially received care from a doctor's office or clinic.**

*These percentages were reported in the University of Tennessee's Boyd Center for Economic Research annual survey titled "The Impact of TennCare: A Survey of Recipients, 2021".

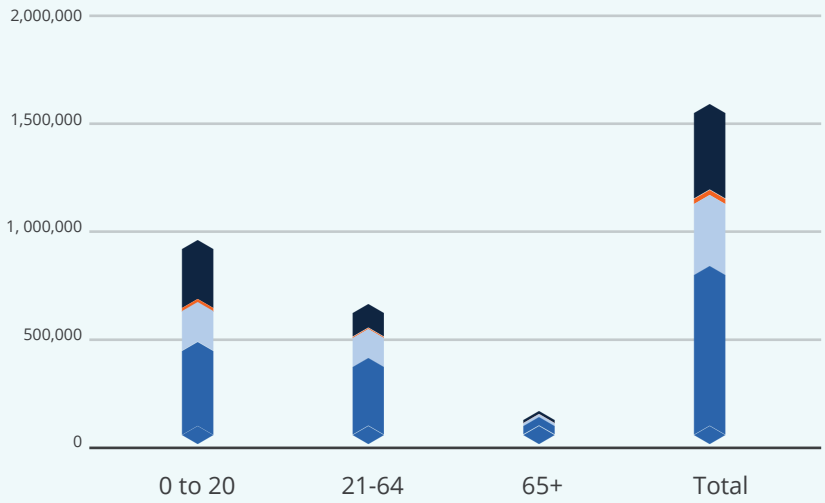
## Program Expenditures



- **Managed Care Payments - Medical, Behavioral and LTSS -** $8,725,949,500
- **Pharmacy Services & Administration -** $1,561,163,700
- **Intellectual Disability Services (ICF/IID and HCBS Waivers) -** $1,013,722,800
- **Medicare Cost Sharing -** $852,372,500
- **Supplemental Payments -** $ 615,022,400
- **Administration -** $626,228,900
- **Other (DCS & DOH Payments, Elderly HCBS admin, & other grants) -** $443,243,500
- **Dental Services & Administration -** $165,963,500
- **PACE Program -** $14,860,700 (Too small to be visible)

## Enrollment Eligibility by Race and Age

**Data on January 1, 2022:**




- **White**
- **Black**
- **Hispanic***
- **Other**

* These numbers include race and ethnicity self-identification data.

### Medical Services

**10,161**
Providers with Paid Claims

**1,333,376**
Recipients

**$3,336.06**
Expenditure per Recipients

**$4,448,264,808**
Total FY22 Expenditures*

* 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 SFY22.

## TennCare Expenditures and Recipients by County

| County | Enrollment on 1-JAN-2022 | % of County on TennCare | Total Service Expenditure [1] | Expenditure per Member |
|---|---|---|---|---|
| ANDERSON | 18,830 | 24.10% | $136,234,391 | $7,235 |
| BEDFORD | 14,358 | 27.90% | $70,946,874 | $4,941 |
| BENTON | 4,549 | 28.20% | $29,898,274 | $6,572 |
| BLEDSOE | 3,521 | 22.80% | $20,120,964 | $5,715 |
| BLOUNT | 24,857 | 18.10% | $153,916,340 | $6,192 |
| BRADLEY | 25,854 | 23.30% | $159,690,263 | $6,177 |
| CAMPBELL | 13,498 | 34.00% | $90,579,804 | $6,711 |
| CANNON | 3,590 | 23.90% | $19,590,310 | $5,457 |
| CARROLL | 8,053 | 29.10% | $55,376,426 | $6,876 |
| CARTER | 14,180 | 25.20% | $93,538,672 | $6,597 |
| CHEATHAM | 7,505 | 18.10% | $50,058,498 | $6,670 |
| CHESTER | 4,305 | 24.60% | $22,583,170 | $5,246 |
| CLAIBORNE | 9,906 | 30.70% | $68,564,743 | $6,922 |
| CLAY | 2,239 | 29.30% | $13,914,444 | $6,215 |
| COCKE | 12,749 | 34.90% | $78,849,628 | $6,185 |
| COFFEE | 15,787 | 27.00% | $100,144,848 | $6,344 |
| CROCKETT | 4,110 | 29.00% | $24,924,413 | $6,064 |
| CUMBERLAND | 14,097 | 22.30% | $85,352,926 | $6,055 |
| DAVIDSON | 150,990 | 21.10% | $919,225,600 | $6,088 |
| DECATUR | 3,305 | 28.50% | $24,284,245 | $7,348 |
| DEKALB | 5,816 | 27.50% | $35,068,204 | $6,030 |
| DICKSON | 12,565 | 22.60% | $87,017,364 | $6,925 |
| DYER | 11,755 | 32.00% | $65,198,255 | $5,546 |
| FAYETTE | 7,665 | 18.00% | $44,457,235 | $5,800 |
| FENTRESS | 6,500 | 34.30% | $46,009,730 | $7,078 |
| FRANKLIN | 9,171 | 21.50% | $56,171,954 | $6,125 |
| GIBSON | 14,329 | 29.00% | $106,646,119 | $7,443 |
| GILES | 7,246 | 24.50% | $43,836,518 | $6,050 |
| GRAINGER | 6,549 | 27.50% | $38,834,302 | $5,930 |
| GREENE | 17,906 | 25.60% | $175,080,671 | $9,778[2] |
| GRUNDY | 4,785 | 35.80% | $31,577,224 | $6,599 |
| HAMBLEN | 18,513 | 28.20% | $117,333,295 | $6,338 |
| HAMILTON | 75,134 | 19.90% | $512,804,356 | $6,825 |
| HANCOCK | 2,469 | 38.50% | $16,436,820 | $6,657 |
| HARDEMAN | 7,555 | 30.60% | $54,390,190 | $7,199 |
| HARDIN | 7,675 | 30.00% | $55,172,224 | $7,189 |
| HAWKINS | 15,258 | 26.80% | $99,518,551 | $6,522 |
| HAYWOOD | 5,870 | 35.00% | $33,952,724 | $5,784 |

## TennCare Expenditures and Recipients by County

| County | Enrollment on 1-JAN-2022 | % of County on TennCare | Total Service Expenditure [1] | Expenditure per Member |
|---|---|---|---|---|
| HENDERSON | 8,136 | 28.80% | $48,504,165 | $5,962 |
| HENRY | 8,614 | 26.80% | $47,969,452 | $5,569 |
| HICKMAN | 6,450 | 25.10% | $35,989,038 | $5,580 |
| HOUSTON | 2,311 | 27.70% | $15,697,077 | $6,792 |
| HUMPHREYS | 5,020 | 27.00% | $33,015,057 | $6,577 |
| JACKSON | 3,235 | 27.00% | $18,257,645 | $5,644 |
| JEFFERSON | 14,385 | 25.60% | $103,604,835 | $7,202 |
| JOHNSON | 4,877 | 27.40% | $27,704,967 | $5,681 |
| KNOX | 89,048 | 18.40% | $588,199,543 | $6,605 |
| LAKE | 2,193 | 31.70% | $16,809,328 | $7,665 |
| LAUDERDALE | 8,335 | 32.80% | $44,037,366 | $5,283 |
| LAWRENCE | 12,305 | 27.50% | $74,327,627 | $6,040 |
| LEWIS | 3,449 | 27.80% | $21,735,073 | $6,302 |
| LINCOLN | 8,562 | 24.60% | $44,967,993 | $5,252 |
| LOUDON | 10,352 | 18.30% | $61,150,676 | $5,907 |
| MACON | 7,648 | 30.10% | $42,646,567 | $5,576 |
| MADISON | 28,063 | 28.50% | $211,677,553 | $7,543 |
| MARION | 7,589 | 26.20% | $46,664,430 | $6,149 |
| MARSHALL | 7,771 | 21.70% | $44,981,534 | $5,788 |
| MAURY | 21,939 | 21.30% | $135,007,097 | $6,154 |
| MCMINN | 14,615 | 26.70% | $86,133,186 | $5,893 |
| MCNAIRY | 7,834 | 30.30% | $52,815,605 | $6,742 |
| MEIGS | 3,711 | 29.30% | $22,371,426 | $6,028 |
| MONROE | 12,845 | 26.80% | $72,588,219 | $5,651 |
| MONTGOMERY | 47,781 | 21.40% | $232,285,098 | $4,861 |
| MOORE | 1,006 | 15.50% | $5,562,231 | $5,529 |
| MORGAN | 5,082 | 23.50% | $30,163,003 | $5,935 |
| OBION | 8,787 | 29.30% | $50,867,072 | $5,789 |
| OVERTON | 5,730 | 25.10% | $30,144,533 | $5,261 |
| PERRY | 2,211 | 27.10% | $14,624,391 | $6,614 |
| PICKETT | 1,248 | 24.90% | $8,612,602 | $6,901 |
| POLK | 4,353 | 25.60% | $22,882,714 | $5,257 |
| PUTNAM | 20,977 | 25.30% | $150,076,114 | $7,154 |
| RHEA | 9,933 | 29.30% | $69,180,661 | $6,965 |
| ROANE | 12,772 | 23.70% | $91,885,032 | $7,194 |
| ROBERTSON | 15,193 | 20.60% | $78,756,588 | $5,184 |
| RUTHERFORD | 68,079 | 19.10% | $332,830,212 | $4,889 |
| SCOTT | 8,298 | 37.50% | $54,775,818 | $6,601 |
| SEQUATCHIE | 4,409 | 28.50% | $26,172,286 | $5,936 |
| SEVIER | 23,214 | 22.80% | $117,433,505 | $5,059 |

## TennCare Expenditures and Recipients by County

| County | Enrollment on 1-JAN-2022 | % of County on TennCare | Total Service Expenditure [1] | Expenditure per Member |
|---|---|---|---|---|
| SHELBY | 283,478 | 30.20% | $1,369,416,797 | $4,831 |
| SMITH | 4,816 | 23.50% | $27,405,842 | $5,691 |
| STEWART | 3,438 | 24.60% | $21,286,792 | $6,192 |
| SULLIVAN | 37,388 | 23.40% | $226,153,075 | $6,049 |
| SUMNER | 34,675 | 17.20% | $190,972,064 | $5,507 |
| TIPTON | 14,346 | 22.90% | $69,546,996 | $4,848 |
| TROUSDALE | 2,205 | 18.90% | $13,781,088 | $6,250 |
| UNICOI | 4,507 | 25.30% | $36,449,394 | $8,087 |
| UNION | 5,870 | 29.00% | $38,540,367 | $6,566 |
| VAN BUREN | 1,555 | 26.20% | $13,143,385 | $8,452 |
| WARREN | 12,751 | 30.50% | $76,157,842 | $5,973 |
| WASHINGTON | 27,880 | 21.10% | $203,678,855 | $7,306 |
| WAYNE | 3,573 | 21.80% | $23,969,206 | $6,708 |
| WEAKLEY | 8,230 | 24.80% | $61,592,302 | $7,484 |
| WHITE | 8,119 | 28.80% | $49,621,084 | $6,112 |
| WILLIAMSON | 15,634 | 6.10% | $84,933,986 | $5,433 |
| WILSON | 23,438 | 15.20% | $143,173,040 | $6,109 |
| Other[3] | 26,655 | | $82,950,395 | $3,112 |
| Total | 1,649,962 | 23.50% | $9,783,180,396 | $5,929 |

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 $222,978,500. 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 East Tennessee Community Homes, 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.

## Agency Priorities

**Successfully implement TennCare III through improvement in efficiency and quality.**

**Serve 2,000 more individuals in the ECF CHOICES program.**

**Integrate all services for individuals with intellectual and developmental disabilities.**

**Increase maternal health access.**

**Approval and implementation of the initial home and community based services spending plan project and narrative.**

**Increase employee connection and collaboration in a hybrid work environment.**

## TennCare Demonstration Waiver

The TennCare program operates as a Medicaid demonstration project under the authority of an 1115 waiver from the Centers for Medicare and Medicaid Services (CMS). ("1115" refers to the section of the Social Security Act under which the demonstration is authorized.) The terms of the waiver are subject to periodic review and re-approval by CMS and can be amended by mutual agreement between the state and CMS.

### Approval and Implementation of the Initial HCBS Spending Plan Projection and Narrative

TennCare submitted their Initial HCBS Spending Plan Projection and Narrative to CMS on July 12, 2021, outlining the state's plan to use funding made available through the American Rescue Plan (ARP) Act of 2021. On September 22, 2021, Tennessee received full conditional approval of the Initial HCBS Spending Plan Projection and Narrative. This plan outlined the activities that the state has implemented or intends to implement to enhance, expand, or strengthen Home and Community-Based Services (HCBS) under the Medicaid program, using the temporary ten percentage point increase to the federal medical assistance percentage (FMAP) for specified Medicaid HCBS expenditures available through March 31, 2025.

The state sought and received input from a broad group of HCBS stakeholders in the development of the Initial Spending Plan and Narrative. The Initial Spending Plan is reflective of information received from these stakeholders both as part of broader discussions regarding the HCBS delivery system and specifically linked to this finding opportunity.

Tennessee's Initial Spending Plan Projection and Narrative encompasses three key areas of opportunity:
1. Improved access to HCBS for persons supported and family caregivers;
2. Investments in the HCBS workforce capacity and competency; and
3. Investments in HCBS provider capacity.

To improve access to HCBS for persons supported and family caregivers, Tennessee leveraged existing funding and the enhanced FMAP to serve 2,000 individuals on the Employment and Community First (ECF) CHOICES referral list who were actively seeking HCBS services through the program. Secondly, Tennessee proposed to increase, for a time limited period, broader access to flexible family caregiver benefits to address the additional stresses related to challenges with workforce capacity. In addition to targeted supports for family caregivers and increasing access to HCBS by reducing the ECF CHOICES referral list, Tennessee increased access to certain benefits which are targeted to ensure equity across HCBS programs and populations, and support individualized goals pertaining to independence, competitive integrated employment, and community integration for individuals receiving Medicaid-reimbursed HCBS across Medicaid authorities.

- As of June 15, 2022, 921 of the individuals on the referral list had been enrolled into the ECF CHOICES program.
- From January 1, 2022, through May 31, 2022, a total of $55,110.95 for 44 service requests for the Family Caregiver Support Benefit had been approved by the MCOs and DIDD.
- From December 1, 2021, through June 30, 2022, 90 CHOICES members had requested and been approved for Enabling Technology.

To increase investment in the HCBS workforce TennCare proposed direct investments to build the capacity, competency, and sustainability of the frontline HCBS workforce. As a first step, to ensure that investments went directly to the workforce, TennCare used enhanced FMAP funds to make targeted rate increases in CHOICES and ECF CHOICES for services that have a direct care component. The explicit purpose of the rate increase is to increase the wages of frontline HCBS workers. Across all HCBS for

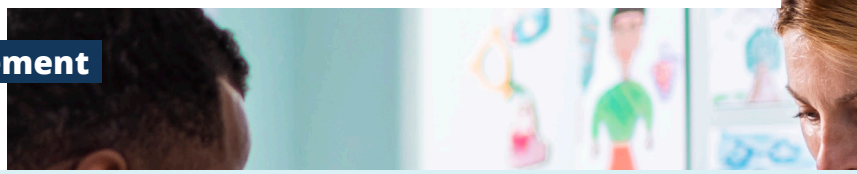
which rates were increased, the provider is responsible for documenting and reporting to TennCare how the higher rates were used to increase wages for frontline staff. These targeted increases were implemented November 2, 2021, with the rate being retro-actively effective July 1, 2021. In addition to this direct wage increase, TennCare is implementing a multi-prong approach for building the competency of Direct Support Professionals (DSPs). This plan includes an incentivized payment plan for DSPs who successfully complete identified competency-based trainings. From July 1, 2021 through June 30, 2022, TennCare paid over $63 million for rate increases to providers.

The Initial Spending Plan outlined a plan of support for building provider capacity through offering a new referral incentive for specified types of HCBS to help the provider prepare to service additional program participants. This incentive could be used to offer recruitment and or retention bonuses, potentially contributing to increased sufficiency and stability of the workforce and allowing providers to actualize the return on investment.

From December 1, 2021 to June 30, 2022, over $384,000 was paid to providers for 2070 CHOICES and 359 ECF CHOICES provider referral incentives.

While the funding being used to support these efforts does have an end date, it has allowed TennCare the opportunity to achieve several important things. First, it made funding available for states to develop a strategic response to mitigate challenges exacerbated by the public health emergency. Secondly, it allowed for states to explore innovative models that could offer long-term solutions to improve the delivery system in the future. The state continues to look for opportunities to leverage within the spending plan.

The Initial Spending Plan Projection and Narrative is available online at: TN.gov/TennCare/long-term-services-supports/enhanced-hcbs-fmap



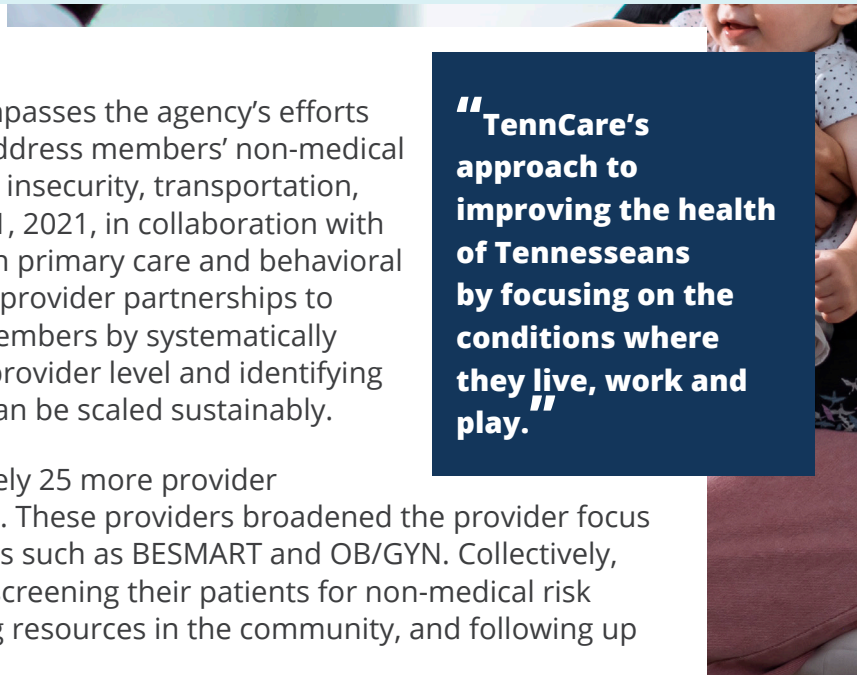
## Program Overview: Quality Improvement

TennCare Kids is a full program of checkups and health care services for children from birth through age 20 who have TennCare. These services make sure that babies, children, teens and young adults receive the health care they need.

**68%**

**EPSDT Screening Rate** (Oct. 20- Sept. 21).

Approximately 804,000 EPSDT screenings were completed for members under age 21.



### Health Starts

The TennCare Health Starts initiative encompasses the agency's efforts across a number of programs that aim to address members' non-medical risk factors such as housing instability, food insecurity, transportation, social support and others. Beginning April 1, 2021, in collaboration with the Managed Care Organizations and fifteen primary care and behavioral health providers, TennCare began targeted provider partnerships to improve the quality of care for TennCare members by systematically addressing non-medical risk factors at the provider level and identifying practical solutions and best practices that can be scaled sustainably.

**"TennCare's approach to improving the health of Tennesseans by focusing on the conditions where they live, work and play."**

In June of 2021, MCOs selected approximately 25 more provider organizations to join the initial partnerships. These providers broadened the provider focus to include outpatient and specialty providers such as BESMART and OB/GYN. Collectively, providers engaged in the partnerships are screening their patients for non-medical risk factors, referring these members to existing resources in the community, and following up to see which needs were met.

## Benefits for Pregnant and Postpartum Women

Beginning April 1st, 2022, the Division of TennCare officially expanded health care benefits for pregnant and postpartum adult TennCare members. Health care coverage for women expanded from sixty days to twelve months after pregnancy, which is called the "postpartum" period. Pregnant and postpartum mothers also have an extensive dental benefit as part of this new coverage. The pregnant and postpartum dental program was in place for one quarter of this reporting period, from April 1, 2022 to June 30, 2022 and during that time period, 1,061 unique TennCare pregnant and postpartum members received 6,529 dental services. The pregnant and postpartum dental program ran for nine months and was subsumed by the adult dental program on January 1, 2023.

## Program Overview: Provider Services

TennCare Provider Services coordinates provider activities including provider registration with the TennCare program. The TennCare Provider Services Division is responsible for three primary functions. First, all providers seeking participation in the Medicaid/TennCare program are required to enroll with TennCare. This process is managed by the provider registration team to ensure compliance with federal regulations at 42 CFR 455.410 and 455.450 requiring that all participating providers are screened according to their categorical risk level, upon initial enrollment and upon re-enrollment or revalidation of enrollment. Once providers are enrolled with TennCare, they are eligible to contract with any of our managed care contractors. The provider networks team oversees and monitors network access requirements for our managed care contractors. The provider experience team engages all providers across the TennCare network to improve communication and collaboration to enhance the provider's experience.

**16,939** active Tennessee physicians (MD & DO) are registered to participate in TennCare.

**98%** of registered TennCare physicians participate with at least one managed care organization.

**87%** of TennCare physicians are accepting new patients.

## Program Overview: Pharmacy Services

**Pharmacy Services Delivered**
through Pharmacy Benefits Manager (PBM)

| **5,777** Providers with Paid Claims | **1,136,045** Recipients | **$1,374.21** Expenditure per Recipients | **$1,561,163,700** Total FY22 Expenditures* |
|---|---|---|---|

*Amount includes administrative costs paid to the PBM

## Pharmacy Benefits Administrator - TennCare Pharmacy Benefit

Since January 1, 2021, all three of the Division's pharmacy benefit programs — TennCare, CoverRx and CoverKids — have been administered by OptumRx. OptumRx launched services for the TennCare and CoverRx programs in January 2020 and fully transitioned CoverKids on January 1, 2021. During Fiscal Year 2022, the TennCare Pharmacy Unit continued to improve the administrative efficiency of the three programs and actively addressed the medication needs pertaining to the public health emergency.

## Changes to 340B Billing and Rebate Collection Procedures

The 340B Drug Pricing Program and the Medicaid Drug Rebate Program (MDRP) are a partnership between the federal government and drug manufacturers to help offset the cost of outpatient prescription drugs, including physician-administered drugs dispensed to Medicaid enrollees.

Medicaid drug rebates ("federal rebates") are shared by state Medicaid programs and the federal government to offset the overall cost of prescription drugs in the Medicaid program.

Effective for dates of service beginning December 1, 2021, TennCare's MCO's began requiring participating 340B covered entities to use modifiers on all professional and facility encounters to identity whether the claim was filled with drugs purchased via the 340B Drug Pricing Program. Due to changes to TennCare's procedures, all rebate eligible drug claims from participating 340B providers are submitted to drug manufacturers for federal MDRP rebates to avoid duplicate discounts and ensure maximum rebate revenue is collected. TennCare's 340B billing policy can be found here: TN.gov/content/dam/tn/tenncare/documents2/pro13-002.pdf

## Voluntary 90-Day Maintenance Supply

As of September 1, 2021, TennCare allows a 90-day supply of maintenance drug therapy for many widely used drugs utilized to treat a large range of chronic medical conditions. The voluntary program gives TennCare members the option of accessing 90-day prescriptions for common illnesses for longer-term therapy to encourage medication regimen adherence and improved health outcomes. Only one co-payment is collected from the recipient and only one dispensing fee is paid to the dispensing provider for the 3-month supply. A list of 90-day supply eligible medications can be found here: 90-Day Supply List (optumrx.com)

## CoverRx

The OptumRx electronic online application has been operational with only minimal downtime and allows approval of new applications and renewals to be processed in real-time with eligibility effective within 24 hours of approval. Downloadable, fillable paper applications are still available through the CoverRx website.

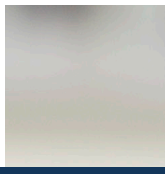
Commercial rebates were again successfully renegotiated with additional brand products added to the rebate list which further increased the total rebate revenue for the fiscal year. The two onsite meetings of the clinical advisory committee were conducted virtually due to the work-from-home status of the members.

Despite the eligibility expansion from 100% to 138% FPL to match the changes made in 2019 to the enrollment of Behavioral Health Safety Net members and the lowered age of eligibility from 19 to 18, during FY22, the total number of program members declined as membership in TennCare increased. However, the number of program utilizers remained constant.

## Medication Therapy Management (MTM)

By March 2022, all three MCOs –Amerigroup, BlueCare, and UnitedHealthcare, transitioned the MTM project from TennCare as TennCare discontinued the MTM pilot program as a mandatory directed MCO payment program. MTM providers continue to deliver

Comprehensive Medication Reviews, Targeted Medication Reviews, and General MTM Encounter services to eligible TennCare members. Providers also retain access to the online Care Coordination Tool (CCT) which is supported by TennCare.



## Opioid Strategy

As the state's Medicaid system, the Division of TennCare is an essential component of the states' overall opioid strategy. TennCare, in partnership with its Managed Care Organizations, has been implementing and continually improving its strategy in combating the opioid crisis for many years. Additionally, TennCare partners with multiple state agencies, stakeholders, and provider groups to support statewide initiatives supporting individuals with substance use and opioid use disorder to combat the crisis.

**TennCare has cut the number of opioid pills dispensed by more than 70% since 2015 and the rate of opioid prescriptions by more than 62%.**

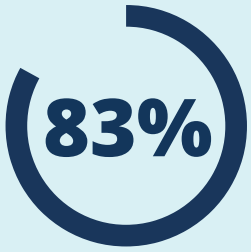
**The number of TennCare new, acute opioid users has declined by over 55% since 2015.**

**The largest decrease occurred following the implementation of new TennCare opioid benefit limits.**

TennCare has continued its work broadly from helping to prevent opioid overexposure, to supporting care coordination for individuals at risk for long-term opioid use, to supporting evidence-based treatment and recovery services for individuals with opioid and substance use disorder. TennCare has made tremendous strides in each of these areas and has seen improved health outcomes. As part of TennCare's focus on evidence-based prescribing for opioids, TennCare's PBA ensures prescription opioids for first time and acute opioid users minimize overexposure to opioids. TennCare partners with the MCOs and the PBA ensures prescription opioids for first time and acute opioid users minimize overexposure to opioids.

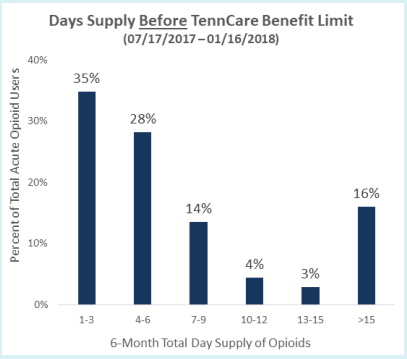
TennCare partners with the MCOs and the PBA to identify potential clinical risk for women of child-bearing age using opioids so that proactive outreach can be offered. Based on the clinical risk, more intensive supports are offered to women to help them connect with prenatal care, early prevention and screening services, access to voluntary long-acting reversible contraception (vLARC), or primary and mental health care among other outreach activities. TennCare continues to partner with StellarRx to allow for a smart dispensing cabinet to stock, process, and dispense a vLarc at the point of care in provider's offices. This program allows patient's same day access to intrauterine and implantable contraceptive device options. As of June 30, 2022, twenty (20) OB/GYN offices are participating.

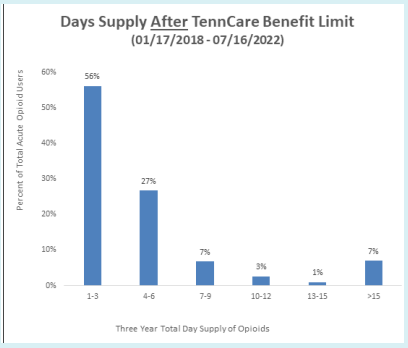
### TennCare Prescription Patterns for Acute Opioid Use




Of all first time opioid users are now receiving 6 days or less of Opiods after new limits implemented.

Data in presentation is current as of December 2022. All Slides are Subject to Change.




Note: Analysis excludes cancer patients

The federal SUPPORT Act, Section 1006 requires state Medicaid programs to cover all FDA-approved medication assisted therapy (MAT) drugs including methadone, licensed biological

products to treat opioid use disorder, and counseling services and behavioral therapy. TennCare began this coverage June 1, 2020 with 13 Methadone Clinics statewide. Provided in Opioid Treatment Programs (OTPs), the methadone network has grown to 19 across the state, serving more than 2,500 enrollees in 2021.There are currently over 280 contracted, high-quality MAT providers that have partnered with at least one of TennCare's three MCOs. TennCare's efforts in supporting evidence-based Medication Assisted Therapy for opioid use disorder has significantly improved the recovery journey for many TennCare members seeking care. TennCare will continue to grow this network and support providers in providing high-quality care.

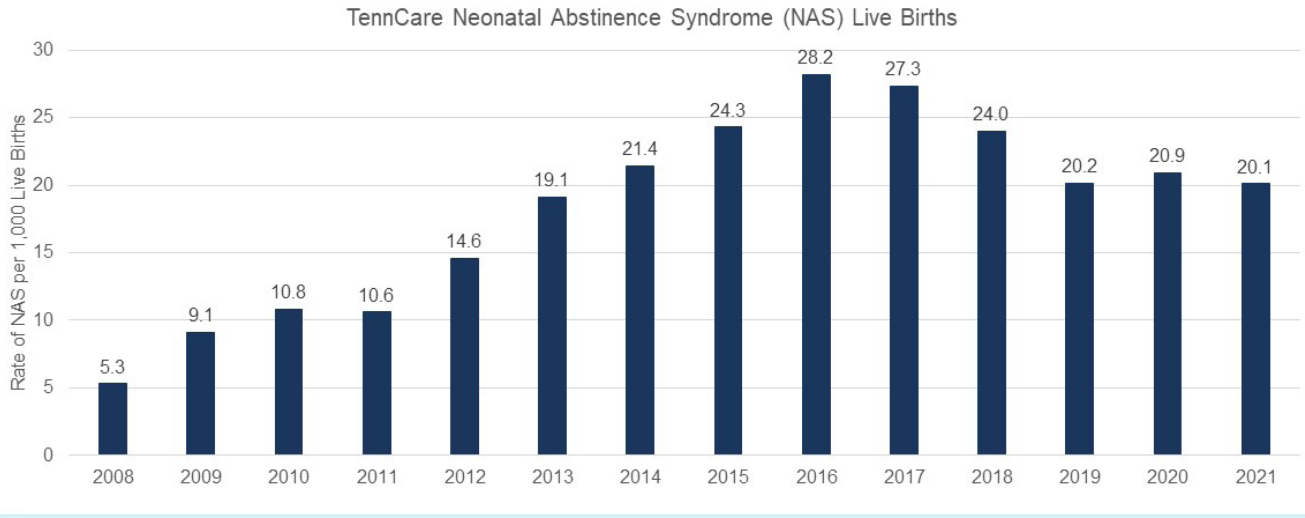
### Increasing the Coverage of Buprenorphine

Buprenorphine covered by TennCare is now in the top 5 controlled substances by claims. TennCare paid for more buprenorphine products for opioid use disorder than for short-acting opioids to treat pain through TennCare.

**2022 Controlled Substance Report**

Top 5 Controlled Substances by Claims (Volume)

| Substance | Disease Category | Claims | Expenditures | People |
|---|---|---|---|---|
| BUPRENORPHINE-NALOXONE | MAT | 203,109 | $ 9,870,079 | 15,406 |
| VYVANSE | ADHD | 114,698 | $ 37,739,417 | 20,096 |
| HYDROCODONE-ACETAMINOPHEN | Pain | 108,076 | $ 1,355,545 | 69,251 |
| DEXTROAMPHETAMINE-AMPHET EF | ADHD | 62,069 | $ 1,286,496 | 10,714 |
| OXYCODONE-ACETAMINOPHEN | Pain | 54,955 | $ 943,283 | 24,252 |




## Program Overview: Behavioral Health Services

### Mental Health Clinics and Institutional Services

**3,964**
Providers with Paid Claims

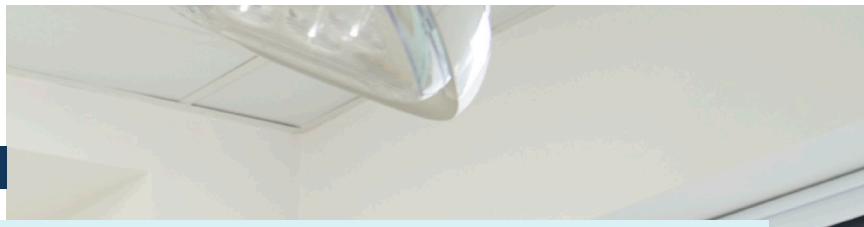
**314,418**
Recipients

**$2,103.56**
Expenditure per Recipients

**$661,397,796**
Total FY22 Expenditures*

* 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 SFY21

TennCare continues to support and invest in its behavioral health provider networks. Upon approval of Governor Lee's FY23 budget, approximately $7 million was included for direct service provider rate increases and additional improvements to Community Mental Health Centers. There was a significant cant investment of $1.1 million for mobile crisis services, $2 million for substance use services, and $2 million for intensive in-home services for children at risk for out of home placements. The rate increases and additional improvements will serve to improve workforce shortages and the overall behavioral health system.



## Program Overview: Dental Services

### Dental Services Delivered
through Dental Benefits Manager (DBM)

**1,719**
Providers with Paid Claims

**477,805**
Recipients

**$347.35**
Expenditure per Recipients

**$165,963,500**
Total FY22 Expenditures*

* Amount includes administrative costs but does not include Health Department Dental Program cost of $6,454,800.

The TennCare Dental Program is responsible for assuring that members have access to high-quality, cost-effective oral health care including preventive, restorative, and surgical care. This care is administered through a contracted Dental Benefits Manager (DBM). Routine dental checkups help dentists identify, prevent, and treat dental related issues promptly. Early detection of tooth decay and gum disease can prevent painful, complicated, and costly treatment down the road and preserve a person's natural teeth.

As a managed care program, TennCare's DBM, DentaQuest, is responsible for administering the dental care of members under the oversight of TennCare. Members can receive regular exams, x-rays, fillings, crowns, and more.

### Patient-Centered Dental Home (PCDH)

TennCare's most important oral health initiative for encouraging provider utilization of minimally invasive procedures and oral disease prevention procedures while increasing patient engagement, is through enhancement of the Patient-Centered Dental Home (PDCH) model.

A PCDH is defined as a place where a child's oral health care is delivered in a comprehensive, continuously accessible, coordinated, and family-centered way by a dentist participating in the TennCare program. Provider acceptance and engagement of member assignments is essential to the success of the program for TennCare beneficiaries. Success is evaluated through reports that track patient engagement, quality of care and provider performance.

The Provider Performance Report is an individual, confidential report card sent to participating dentists on a quarterly basis that allows them to see how their practice compares with that of their peers and the overall network average in cost, access, and preventive care. Sharing confidential feedback results in continuous quality improvement as providers strive to meet or exceed network benchmarks.

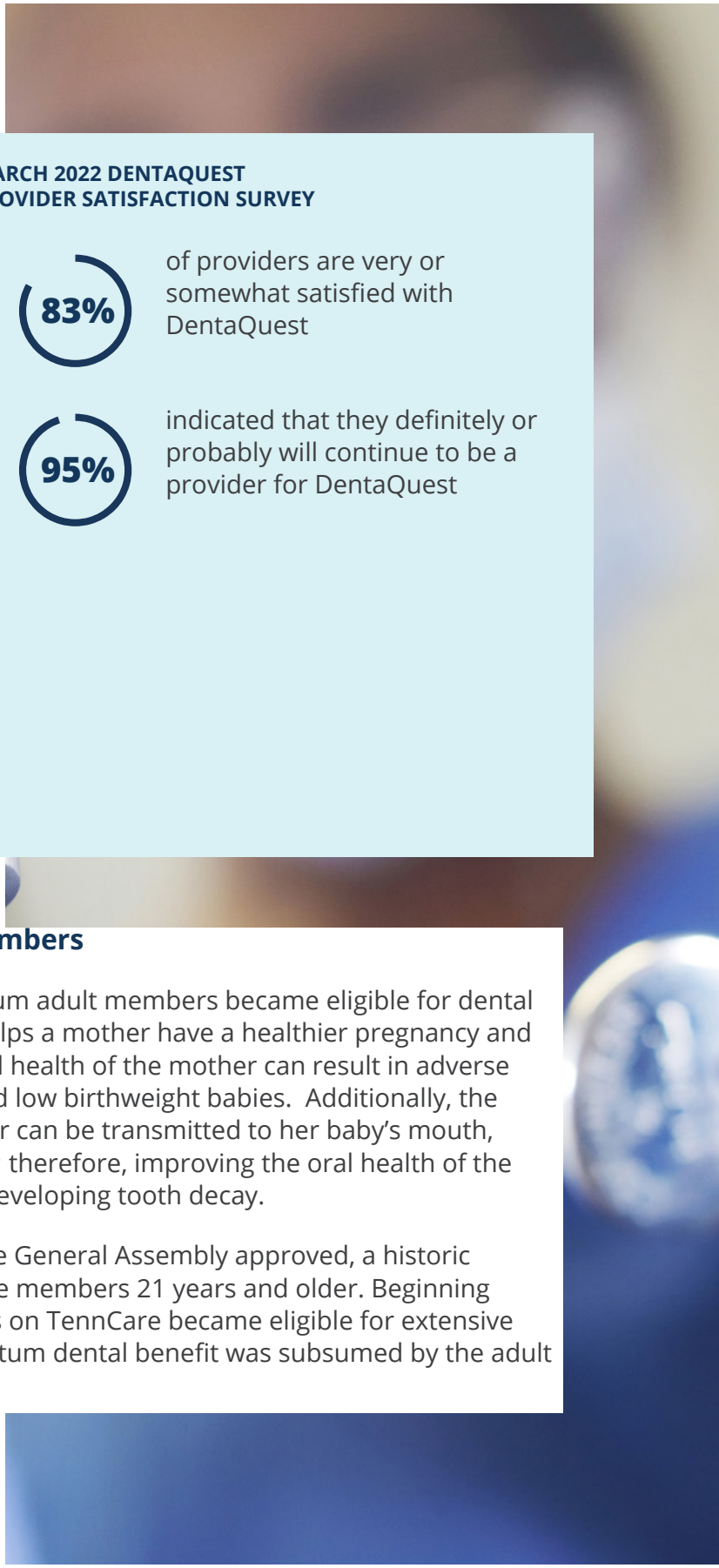
## Satisfaction Survey results

**MARCH 2022 DENTAQUEST MEMBER SATISFACTION SURVEY**

- **98%** of members are very or somewhat satisfied with the dental care received in the last twelve months
- **99%** are very or somewhat satisfied with their dental plan
- **97%** are very or somewhat satisfied with their dental benefits
- **99%** are very or somewhat satisfied with their dentist

**MARCH 2022 DENTAQUEST PROVIDER SATISFACTION SURVEY**

- **83%** of providers are very or somewhat satisfied with DentaQuest
- **95%** indicated that they definitely or probably will continue to be a provider for DentaQuest



## Expanding Dental Benefits to Adult Members

Approximately 40,000 pregnant and postpartum adult members became eligible for dental benefits on April 1, 2022. Good oral health helps a mother have a healthier pregnancy and improves her overall health. Poor periodontal health of the mother can result in adverse birth outcomes such as preterm deliveries and low birthweight babies. Additionally, the bacteria that causes tooth decay in the mother can be transmitted to her baby's mouth, making the baby more prone to decay as well; therefore, improving the oral health of the mother also lowers the chances of the baby developing tooth decay.

In early 2022, Governor Lee proposed, and the General Assembly approved, a historic investment to offer dental care to all TennCare members 21 years and older. Beginning January 1, 2023, approximately 600,000 adults on TennCare became eligible for extensive dental benefits and the pregnant and postpartum dental benefit was subsumed by the adult dental benefit.

## Program Overview: Medical Appeals

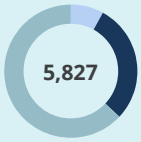
TennCare members have the right to file a medical appeal if services have been denied, delayed, reduced, suspended, or terminated. TennCare Member Medical Appeals assists members with their medical appeals working closely with providers and TennCare MCOs.

Member Medical Appeals has successfully transitioned to a new tracking system (MATS). This system is now being utilized for all medical appeals.

### Member Medical Appeals Data


**Number of appeal requests received**

- Valid Factual Dispute (VFD): 6,179
- No VFD: 5,560




**Number of appeals resolved**

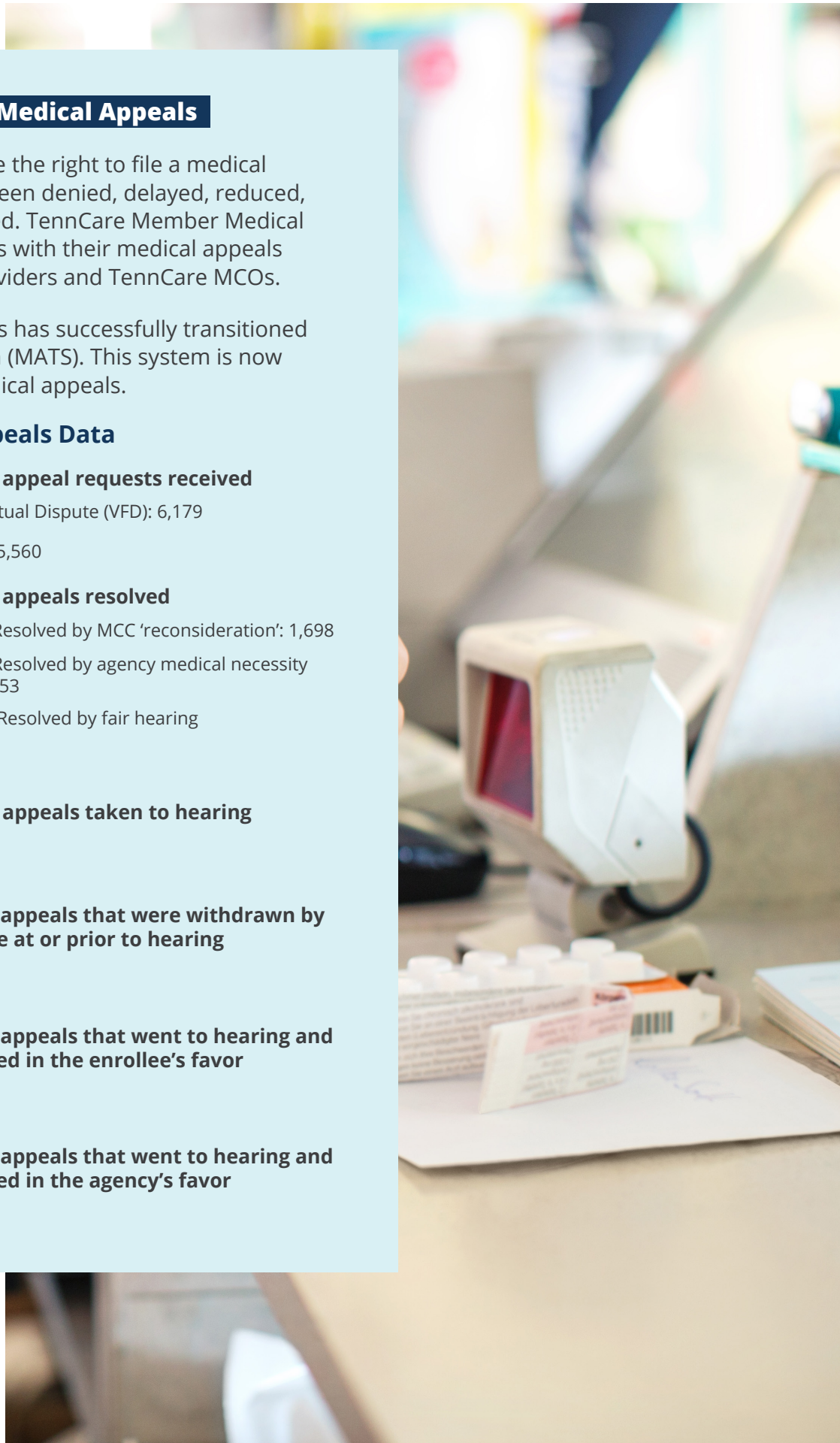
- Level 1: Resolved by MCC 'reconsideration': 1,698
- Level 2: Resolved by agency medical necessity review: 453
- Level 3: Resolved by fair hearing

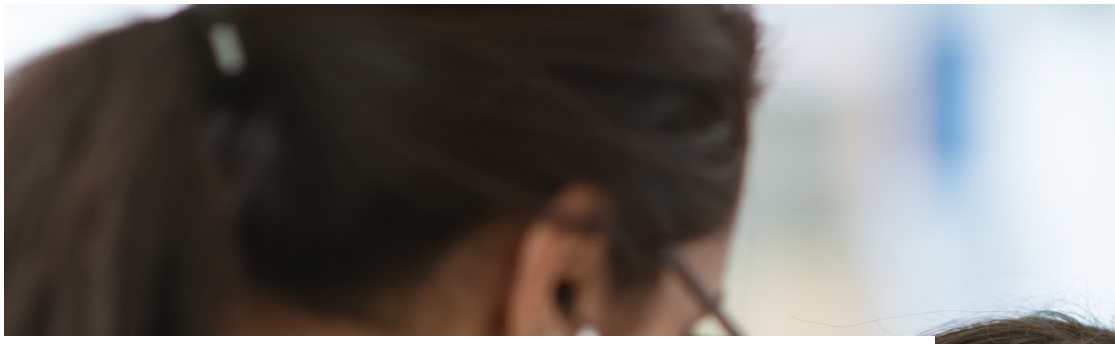

**Number of appeals taken to hearing**


**Number of appeals that were withdrawn by the enrollee at or prior to hearing**


**Number of appeals that went to hearing and were decided in the enrollee's favor**


**Number of appeals that went to hearing and were decided in the agency's favor**





## Program Overview: Delivery System Transformation

TennCare is a national leader in delivery system transformation, with a suite of strategies designed to increase the quality, cost effectiveness, and patient experience for many areas of health care.

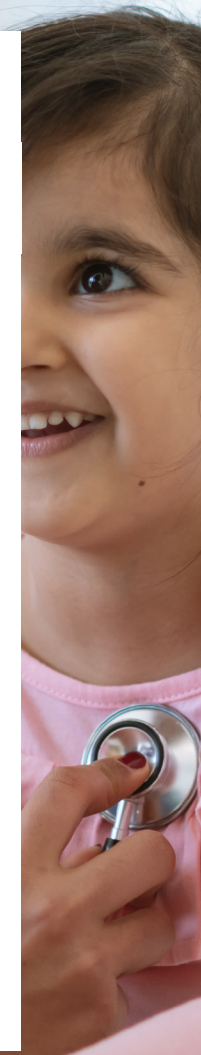
### Primary Care Transformation

**Patient-Centered Medical Home (PCMH)**
Holistic approach towards care coordination for all patients

**Tennessee Health Link (THL)**
Care coordination focused specifically on highest-need behavioral health patients

**Key Principles**

- Ensure **access** to a range of physical and behavioral health related supports aligned with level of need
- Foster **joint decision making** across health providers
- Instill **awareness** of interaction of behavioral and physical health needs
- Expected **sources of value** include appropriateness of care setting, choice of behavioral health care providers, referrals to high value providers, and medical management
- Improved **access** to patient specific information
- Increased **resources and training** to support optimal patient care



## Patient-Centered Medical Home (PCMH)

The TennCare PCMH program is a comprehensive care delivery model designed to improve the quality of primary care services and the capabilities and practice standards of primary care providers. Under this model, primary care providers provide a holistic approach to manage member's health needs.

1. In January 2022, the 6th wave of organizations joined the PCMH program, bringing the program to a total of 85 organizations and 490 sites.

2. In 2022, over 90% of the PCMH sites had achieved NCQA PCMH recognition.

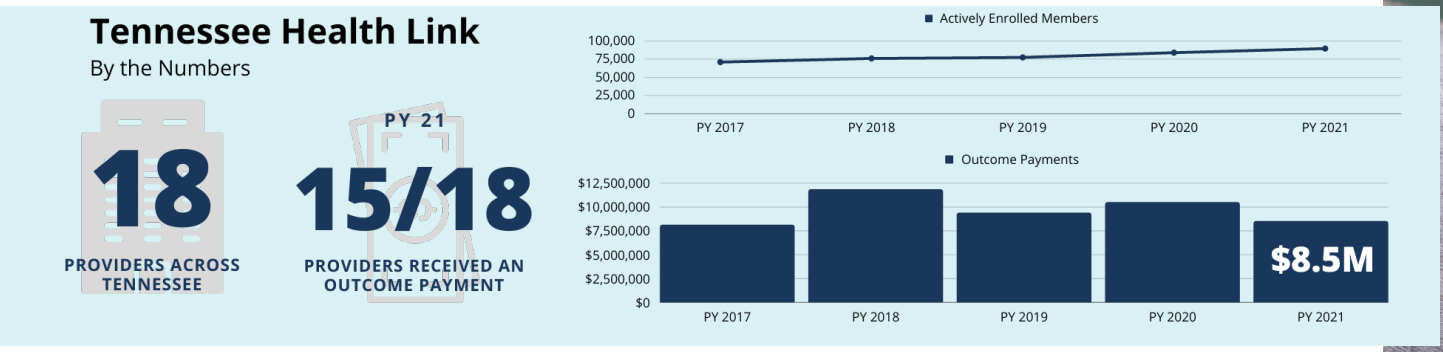
3. For performance year 2021 (January – December 2021), 54 PCMH organizations received an outcome payment from at least one MCO. Approximately $15.5 million was paid to these organizations for meeting quality measures, showing improvements in efficiency measures, and lowering total cost of care.

### PCMH by the Numbers

| | Wave 1 (2017) | Wave 2 (2018) | Wave 3 (2019) | Wave 4 (2020) | Wave 5 (2021) | Wave 6 (2022) | Total |
|---|---|---|---|---|---|---|---|
| Number of PCMH organizations | 27 | 35 | 13 | 2 | 2 | 6 | 85 |
| Number of Sites | 186 | 186 | 45 | 29 | 19 | 25 | 490 |
| Number of Members | 313,337 | 283,343 | 105,000 | 50,070 | 24,423 | 13,096 | 789,309 |

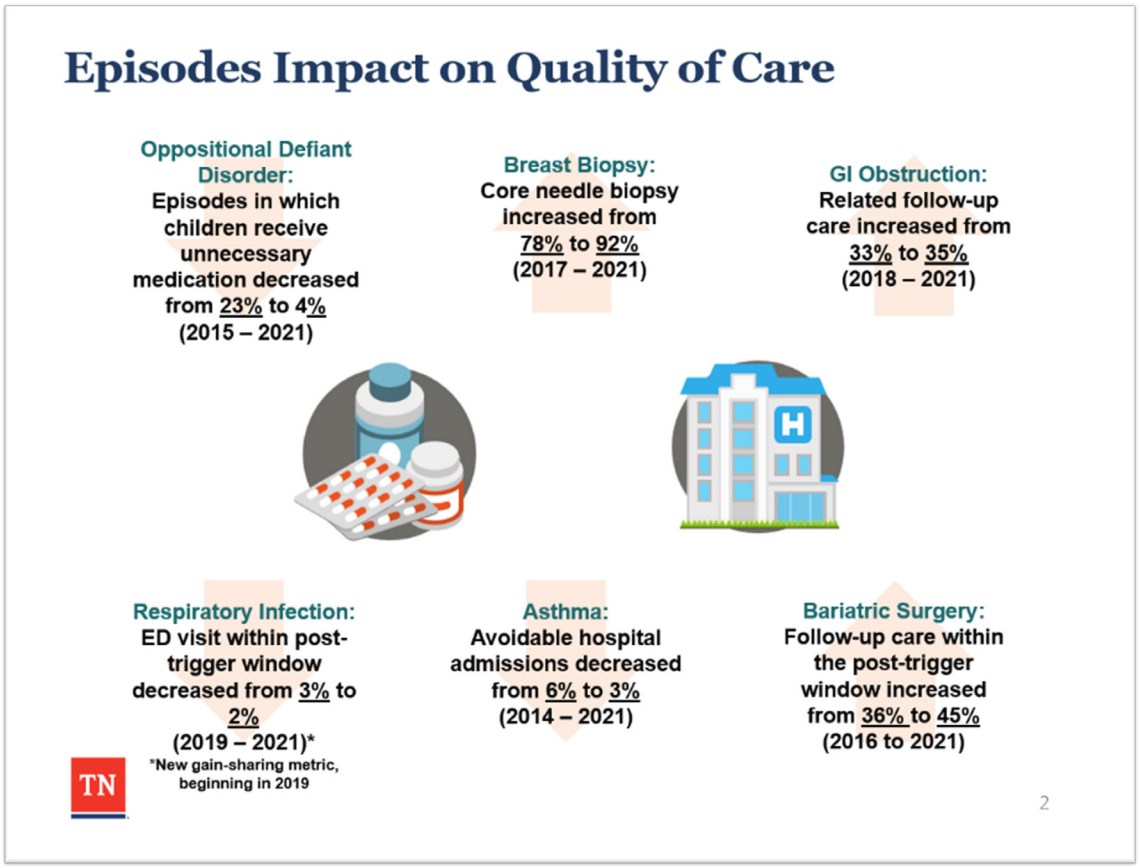
### Tennessee Health Link (THL)

Tennessee Health Link launched in December 2016 and aims to coordinate better health care services for TennCare members with the highest behavioral health needs. THL providers commit to providing comprehensive care management, care coordination, referrals to social supports, member and family support, transitional care, health promotion, and population health management. Participating providers receive training and technical assistance, quarterly reports with actionable data, and access to the care coordination tool.



## Episodes of Care

TennCare's Episodes of Care program aims to transform the way specialty and acute healthcare services are delivered by incentivizing high-quality, cost-effective care, promoting evidence-based clinical pathways, encouraging care coordination, and reducing ineffective or inappropriate treatments.



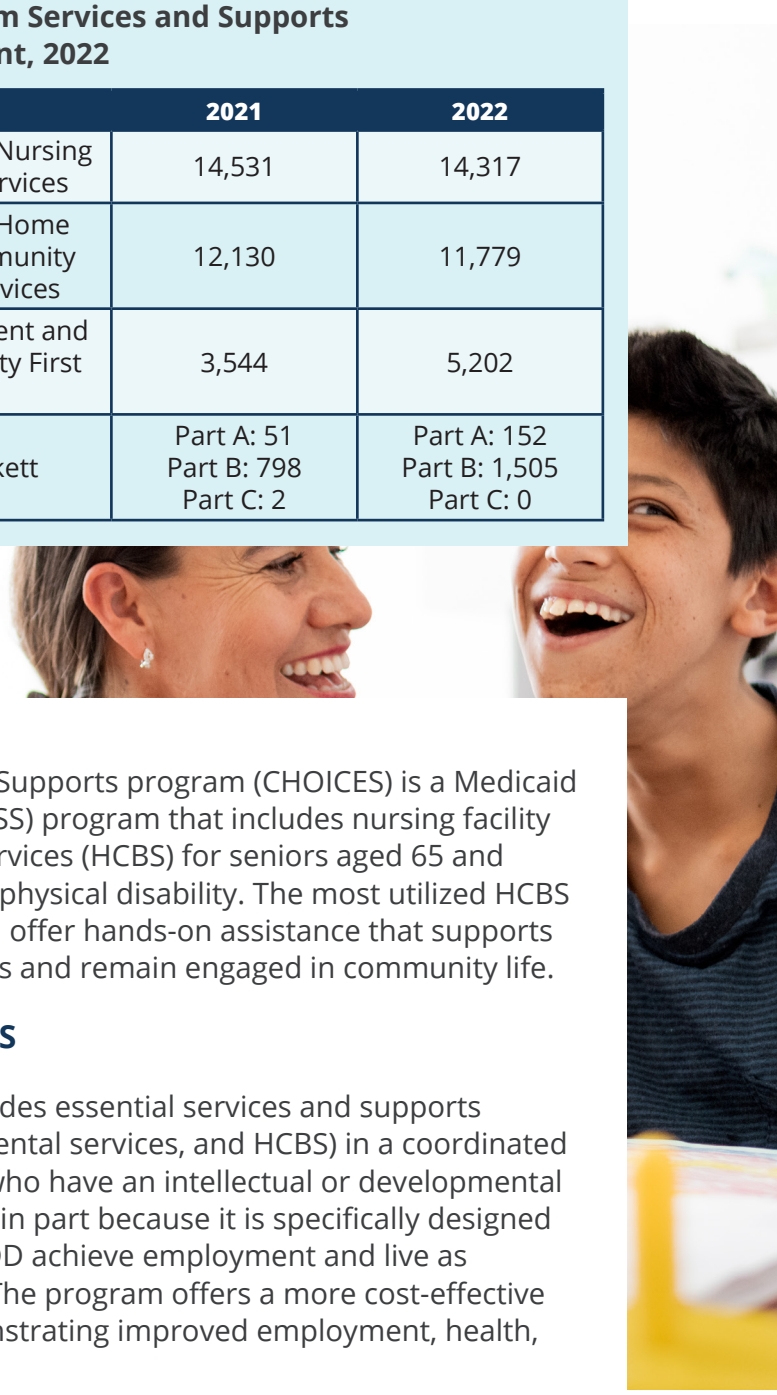

Episodes of Care involve acute or specialized patient interactions over a specific time period. The program assigns a single principal accountable provider (or "quarterback") who has the most impact on the overall cost and quality of a patient's treatment within an episode. The episode can include services from multiple providers, but the episode is designed to only include spend relevant to the episode.

## Program Overview: Long-Term Services and Supports

TennCare offers a number of different Long-Term Services and Supports (LTSS) programs that provide primarily non-medical assistance with daily living activities to older adults and people with physical, intellectual, or developmental disabilities. Services can be provided in a number of settings based on the needs and choices of each person. Home and community-based services (HCBS) are delivered in the person's home, workplace, or in other community settings to promote the person's independence, health, well- being, self-determination, employment, and community inclusion.

**Long-Term Services and Supports Enrollment, 2022**

| Program | 2021 | 2022 |
|---|---|---|
| CHOICES Nursing Facility Services | 14,531 | 14,317 |
| CHOICES Home and Community Based Services | 12,130 | 11,779 |
| Employment and Community First CHOICES | 3,544 | 5,202 |
| Katie Beckett | Part A: 51<br>Part B: 798<br>Part C: 2 | Part A: 152<br>Part B: 1,505<br>Part C: 0 |



### CHOICES

Tennessee's CHOICES in Long-Term Services and Supports program (CHOICES) is a Medicaid Managed Long-Term Services and Supports (MLTSS) program that includes nursing facility (NF) services and home and community-based services (HCBS) for seniors aged 65 and older and adults 21 years of age and older with a physical disability. The most utilized HCBS are personal care visits and attendant care, which offer hands-on assistance that supports individuals that continue living in their own homes and remain engaged in community life.

### Employment and Community First CHOICES

Employment and Community First CHOICES provides essential services and supports (physical and behavioral health, pharmacy, and dental services, and HCBS) in a coordinated and cost-effective manner for people of all ages who have an intellectual or developmental disability (I/DD). It is considered a national model in part because it is specifically designed to align incentives around helping people with I/DD achieve employment and live as independently as possible in their communities. The program offers a more cost-effective way of serving people with I/DD while also demonstrating improved employment, health, and quality of life outcomes.

### Program of All-Inclusive Care for the Elderly (PACE)

The Program of All-Inclusive Care for the Elderly (PACE), operating only in Hamilton County, delivers comprehensive Medicare and Medicaid benefits and social services to frail, community-dwelling elderly individuals, most of whom are dually eligible for Medicare and Medicaid benefits. An interdisciplinary team of health professionals provides PACE participants with comprehensive coordinated health care and social services. For most participants, the services enable them to remain in the community rather than receive care in a nursing home.

## 1915(c) HCBS Waivers

In addition to these managed LTSS programs, TennCare also operates three Section 1915(c) HCBS waivers that provide HCBS to eligible individuals with intellectual disabilities: the Statewide Waiver, the Comprehensive Aggregate Cap Waiver, and the Self-Determination Waiver. These waivers are operated by the Department of Intellectual and Developmental Disabilities (DIDD) and offer a broad array of services to individuals with intellectual disabilities who would otherwise require the level of care provided in an Intermediate Care Facility for Individuals with Disabilities (ICF/IID).

## Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID)

ICFs/IDD are the final type of LTSS offered by TennCare, providing specialized services for individuals with intellectual disabilities or related conditions. While many ICFs/IID are smaller facilities or "homes," embedded within neighborhoods, they are, nonetheless considered under federal law to be institutions and must comply with federal standards and certification requirements.

## Katie Beckett

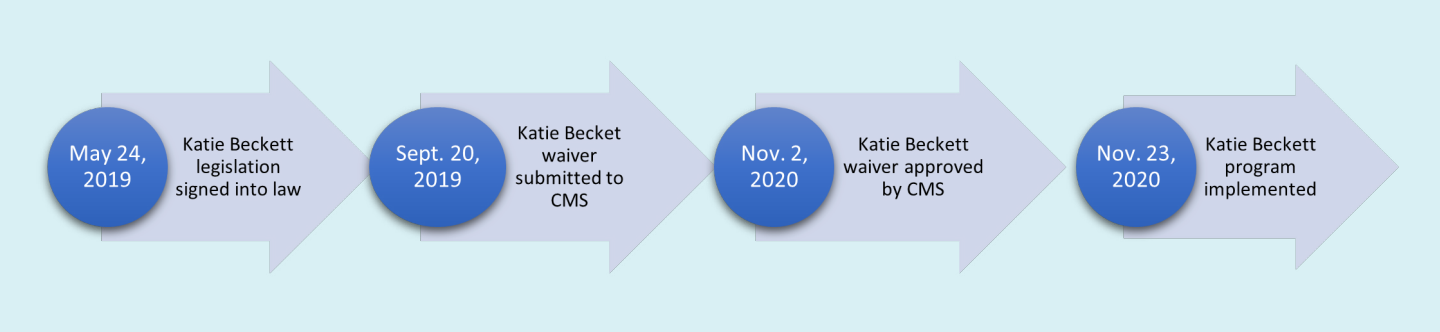
On November 23, 2020, TennCare launched a new "Katie Beckett" program. The Katie Beckett program provides services and supports for children under age 18 with disabilities and/or complex medical needs who are not eligible for traditional Medicaid because of their parents' income or assets. The Katie Beckett program is an outgrowth of legislation passed by the Tennessee General Assembly in 2019.

The Katie Beckett program—developed by TennCare in close collaboration with the Tennessee Department of Intellectual and Developmental Disabilities and other stakeholders—contains two primary parts:

| Part A | Part B |
|---|---|
| Individuals in this group receive the full TennCare benefits package, as well as essential wraparound home and community-based services. These individuals are subject to monthly premiums determined on a sliding scale based on the member's household income. | Individuals in this group receive a specified package of essential wraparound services and supports, including premium assistance. |

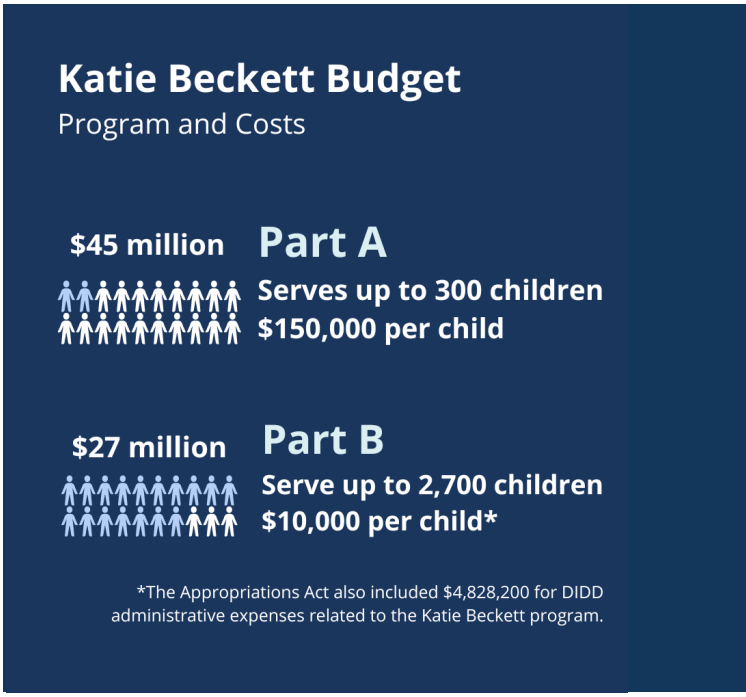
In addition to Parts A and B, the Katie Beckett program provides continued TennCare eligibility for children already enrolled in TennCare, who subsequently lose TennCare eligibility, and who would qualify for enrollment in Part A but for whom no Part A program slot is available.

## Katie Beckett Program Timeline




Amendment 40 to the TennCare II Demonstration, requesting authority for the Katie Beckett Program, was submitted to the Centers for Medicare and Medicaid Services (CMS) on September 20, 2019. Following more than a year of conversations with CMS, TennCare received CMS approval on November 2, 2020. Once federal approval was received, TennCare and DIDD were able to implement the program quickly (less than a month later on November 23, 2020) because so much planning and preparation had already been completed.

Program funding was based on cost projections of the Fiscal Review Committee as depicted here:




## Katie Beckett Services and Expenditures

Children enrolled in Part A receive full Medicaid benefits as well as a $15,000 per year home and community-based services (HCBS) capped benefit package. Due to the complex medical needs of most children in Part A, nursing care accounts for more than 70% of medical costs. Other services include durable medical equipment, medical supplies, and occupational, physical and speech therapies.

Children enrolled in Part B receive a home and community-based services (HCBS) benefit package capped at $10,000 per child per year. Most families seek to maximize the available benefit. By far, the most widely used benefit in Part B is Automated Health Care and Related Expenses Reimbursement. This is a flexible new benefit unique to Katie Beckett Part B that is designed to "mimic" a Flexible Spending Account (FSA) or Health Reimbursement Account (HRA), as defined in federal law, except that contributions to the account are made using state and federal Medicaid funds, rather than pre-tax contributions from an employee's paycheck or employer contributions. Families may then utilize a debit card to pay directly for eligible medical expenses (or have such expenses reimbursed). Assistance with [private insurance] Premium Payments is the second most widely used benefit, followed by Supportive Home Care, Individualized Therapeutic Supports Reimbursement (primarily for non-traditional therapies), Assistive Technology, Adaptive Equipment and Supplies, and Minor Home Modifications.

## Program Innovations

Without question, the most important measure of the program's success is the impact it is having on the lives of children enrolled in the program and their families.

### Katie Beckett Part A Telehealth Pilot

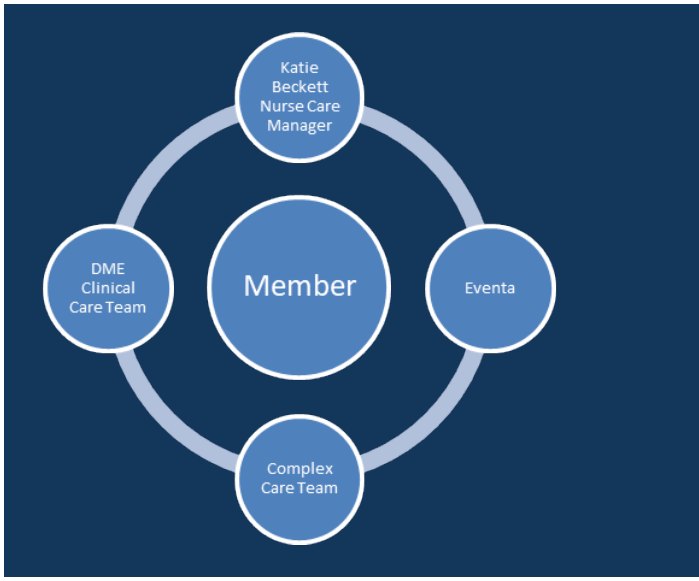
As part of planning for the implementation of the Katie Beckett Program, TennCare established contractual requirements for a telehealth pilot. For children enrolled in Katie Beckett Part A, telehealth options are utilized to expand access to specialty care in rural areas, reduce travel burden on children with significant medical needs or disabilities and their families, build capacity of primary (in particular, rural) care providers to serve children with medical or behavioral complexity, improve monitoring and management of unstable or high-risk conditions—with a primary focus on children with complex respiratory care needs, reduce unnecessary emergency department visits or inpatient utilization, and improve care management and coordination.

A special telehealth pilot for children in Katie Beckett Part A with enhanced respiratory care needs offers these children onsite clinical assessment oversight and onsite and remote monitoring, including the opportunity for teleconsultation with a family member or paid caregiver in the home, and/or with the treating physician, as needed. Clinical experts in respiratory care ensure that the child is using state-of-the art equipment that supports remote monitoring (when applicable) for purposes of improved clinical management of enhanced respiratory care needs, as well as portable mechanical ventilators to support opportunities for family, school, and community participation, as appropriate. Additional technologies are used to reduce the need for suctioning and risk of infection. The clinical support team responsible for onsite and remote monitoring for the Katie Beckett Part A telehealth pilot is available and engaged to provide onsite training and education for family members and/or paid caregivers, as needed.

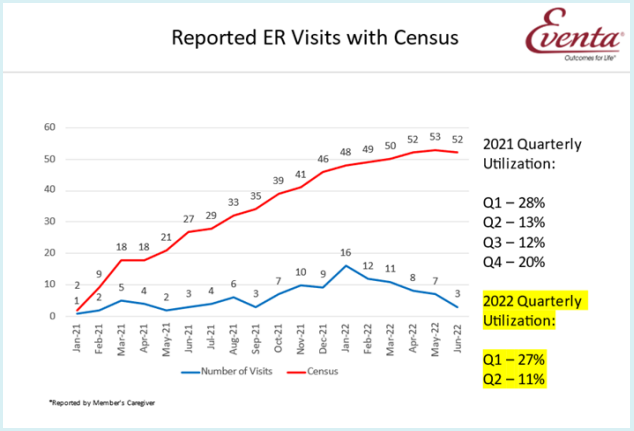
Selected members with the most complex respiratory care needs, at high risk of hospitalization, and/ or who are weaning from the ventilator are monitored closely by Eventa, LLC, leading experts in respiratory care. Through close early intervention, Eventa, LLC can detect any changes in respiratory status. The Katie Beckett Program is pioneering this unique monitoring program and is the first to launch such a program in the home environment with the expansive reporting and data analysis being developed. The remote monitoring system is not designed to replace the bedside nurses or family caregivers for the member in emergency situations. The remote monitoring system provides crucial data to the medical providers, inclusive of more data points over additional periods of time.

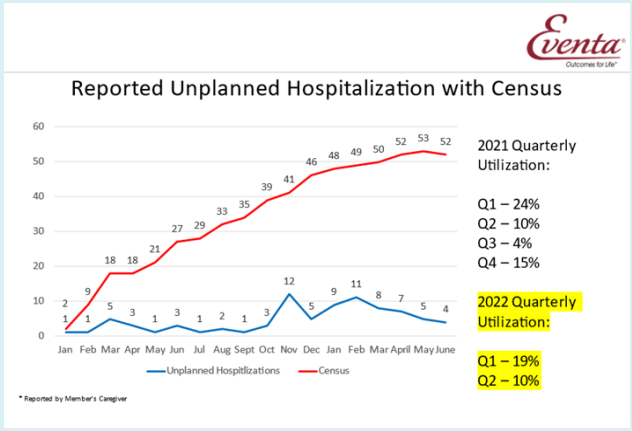
## Demonstrated program benefits include:

- Improved physician involvement in care plans
- Assessments with recommendations for more appropriate home devices to assist in successfully supporting the member at home
- Recommendation and implementation of state-of-the-art devices “generally” not covered by insurance and that would otherwise be unavailable
- Early detection and intervention as a result of remote monitoring
- Improved quality of life and member satisfaction with increased clinical support, including access after hours




To date, the pilot has been successful in limiting Emergency Department visits and unplanned hospitalizations, even as the number of children enrolled in the program increased as referenced in the charts below.

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