Bureau of TennCare

Fiscal Year 2010-2011 Annual Report

State of Tennessee
Department of Finance and Administration
Bureau of TennCare
310 Great Circle Road
Nashville, TN 37243

Dear Tennesseans:

It is my privilege to share with you the accomplishments of the newly developed division of Health Care Finance and Administration (HCFA) and the Bureau of TennCare in this annual report for the State Fiscal Year of 2010-2011.

The Bureau of TennCare strives to provide health care to Tennessee's most vulnerable population in a way that meets high quality standards while remaining cost effective in the process. Our improved operational stability is creating new ways for the Bureau to meet our members needs as effectively as possible.

Continuing to create more long-term care options for the state's elderly and adults with physical disabilities, and addressing new regulations as the result of new federal health care laws are some of the tasks the Bureau will undertake in the near future.

As always, our dedicated staff will continue to pursue opportunities to improve administrative operations and quality of care for our members.

In the following pages, we will provide a more in-depth review of HCFA's achievements and our continued plans for success. I hope you will find this annual report useful in reflecting on the progress made in Fiscal Year 2010-2011.

Sincerely,

Darin Gordon
Deputy Commissioner

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EXECUTIVE STAFF

Darin Gordon
Deputy Commissioner

Wendy Long, M.D.
Deputy Director/Chief of Staff

Vaughn Frigon, M.D.
Chief Medical Officer

Casey Dungan
Chief Financial Officer

Patti Killingsworth
Chief of Long-Term Services and Supports

Tracy Purcell
Director of Member Services

Keith Gaither
Director of Managed Care Operations

Susie Baird
Director of Policy

Gabe Roberts
General Counsel

Mike Cole
Director of Operations

Brooks Daverman
Director of Strategic Planning and Innovation

Kelly Gunderson
Director of Communications

Kyle Duke
Chief Information Officer

FY 11 Expenditures by Category

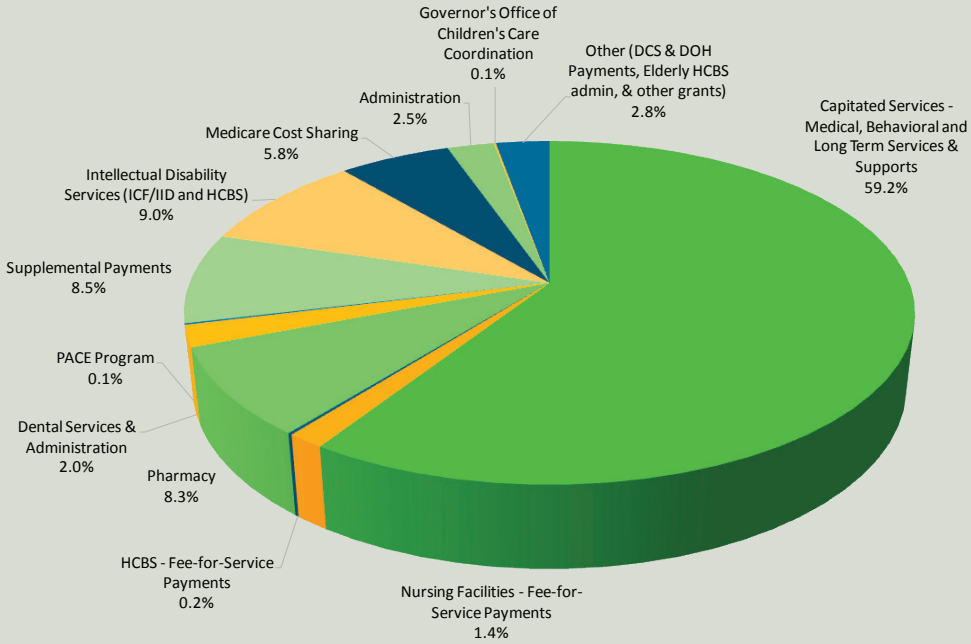
Capitated Services - Medical, Behavioral and Long Term Services & Supports[1]	$5,306,162,400
Nursing Facilities - Fee-for-Service Payments[2]	128,303,200
HCBS - Fee-for-Service Payments[2]	15,383,300
Pharmacy	746,897,100
Dental Services & Administration	180,863,000
PACE Program	12,415,900
Supplemental Payments	762,065,600
Intellectual Disability Services (ICF/IID and HCBS)	810,828,200
Medicare Cost Sharing[3]	524,515,300
Administration[4]	220,452,400
Governor's Office of Children's Care Coordination	8,639,800
Other (DCS & DOH Payments, Elderly HCBS admin, & other grants)	251,484,900
Total	**$8,968,011,100**

[1]As of August 2010, Nursing Facility Services and Home and Community Based Services (HCBS) for seniors and adults with physical disabilities were fully integrated into the managed care program. The capitation payments are inclusive of all medical and behavioral health services as well as the long term services and supports for CHOICES members.

[2]The fee-for-service payments represent the July 2010 payments for the East and West regions that were not integrated until August as well as the run out costs for services rendered prior to integration.

[3]Includes Medicare Part D Clawback. These items are not in the Service Listing table on Page 3.

[4]Administration includes funding for eligibility determination by DHS in all county offices.



Service Delivery Network

TennCare's service delivery network is the managed care contractor framework by which we deliver care to our members. The network comprises physical health, behavioral health, pharmacy benefits and dental benefits. Beginning in March 2010 in Middle TN, LTSS services are also delivered through this network.

Managed Care Organization Enrollment

MCO/Region	East	Middle	West	Out of State	Grand Total[1]	MCO Distribution
AmeriChoice-East	183,219	2,275	347	4,856	190,697	15.52%
AmeriChoice-Middle	1,775	195,028	997	3,723	201,523	16.40%
AmeriChoice-West	377	1,678	166,000	3,734	171,789	13.98%
Amerigroup	1,953	195,087	1,329	4,293	202,662	16.49%
Blue Care-East	226,888	1,760	264	3,046	231,958	18.88%
Blue Care-West	283	1,303	180,761	2,375	184,722	15.03%
TennCare SELECT High	13,552	12,232	15,059	4,477	45,320	3.69%
Grand Total	428,047	409,363	364,757	26,504	1,228,671	100.00%
Regional Distribution	34.84%	33.32%	29.69%	2.16%	100.00%	

[1]Individuals in counties bordering Grand Regions might show up differently when segregating between regions by MCO & BHO assignment. Enrollees might live out-of-state for several reasons, such as attending an out-of-state college while maintaining Tennessee residency; residents temporarily out of the state; or residing in an out-of-state medical institution for a prolonged period. Enrollment is as of January 1, 2011

In the TennCare program, Managed Care Organizations (MCOs) coordinate health care delivery to our members. This chart depicts enrollment as of January 1, 2011. Health plans operating in each of Tennessee's three grand divisions were selected via a competitive bid process and provide both physical and behavioral health care under full-risk contracts with the state. In September 2009, behavioral health services were integrated with physical health services under TennCare*Select* which operates under a partial risk arrangement.

TennCare*Select* serves as the state's backup health plan, available to receive enrollment in the event the state determines it necessary to transfer enrollees from another MCO. It also provides services to certain special populations that the state has identifies including children in state custody, children receiving SSI benefits and individuals with intellectual disabilities.

For an enrollee to receive services, the services must be medically necessary.

As of June 30, 2010, TennCare covered the following services:

- Community health services
- Dental services for enrollees under 21; for enrollees 21 and older, services are limited to the completion of certain orthodontic treatments initiated before enrollees turn 21
- Durable medical equipment
- Emergency ambulance transportation – air and ground
- EPSDT services for Medicaid enrollees under 21; preventive, diagnostic and treatment services for TennCare Standard enrollees under 21
- Home and Community Based Services (HCBS) for certain persons with intellectual disabilities or sessions and adults with physical disabilities*
- Home health care
- Hospice care
- Inpatient and outpatient substance abuse benefits
- Inpatient hospital services
- Lab and X-ray services
- Medical supplies
- Mental health case management services
- Mental health crisis services
- Non-emergency transportation
- Nursing facility services and ICF/IID services*
- Occupational therapy
- Organ-and tissue-transplant services and donor organ/tissue-procurement services
- Outpatient hospital services
- Outpatient mental health services
- Pharmacy services
- Physical therapy
- Physician services
- Private duty nursing
- Psychiatric inpatient services
- Psychiatric rehabilitation services
- Psychiatric residential treatment services
- Reconstructive breast surgery
- Rehabilitation services
- Renal dialysis clinic services
- Speech therapy
- Vision services for enrollees under 21

*TennCare began integrating HCBS and nursing facility services for seniors and adults with physical disabilities into the managed care program in Middle TN in March 2010. Intellectual Disability services, including ICF/IID and HCBS, continue to be provided outside the managed care program.

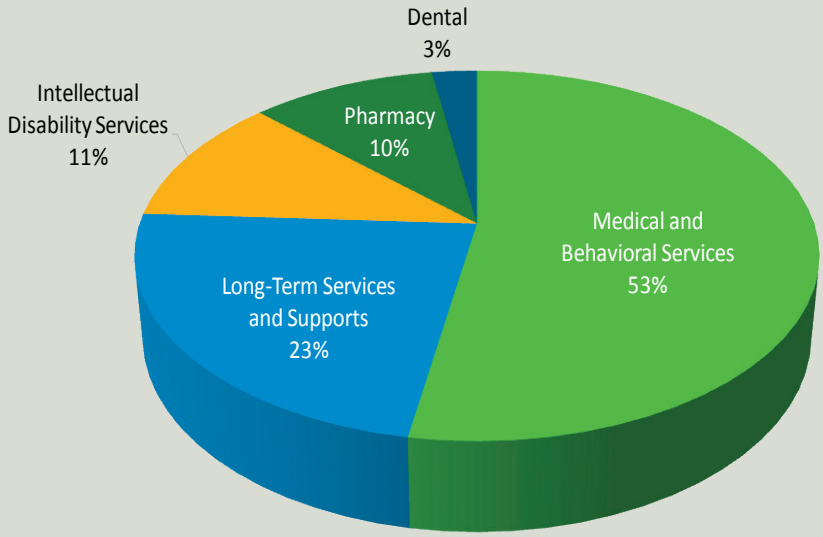
Service Listing

FY 11 Expenditures by Service Category

Program	$ Amount
Medical and Behavioral Services	$3,800,854,500
Long-Term Services and Supports[1]	$1,670,355,800
Intellectual Disability Services	$810,828,200
Pharmacy	$746,897,100
Dental	$180,863,000
Total Selected Programs	$7,209,798,600

[1]Includes CHOICES cap payments as well as nursing facilities and HCBS and PACE programs.

Service By Category



Enrollment

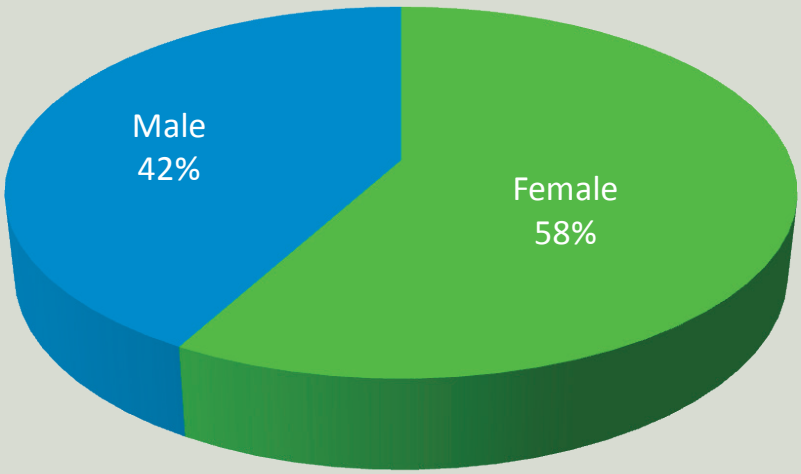
Enrollment by Eligibility Category and Race/Ethnicity

RACE	Expansion	Mandatory	Optional	Grand Total
Black	4,734	349,433	12,708	366,875
Hispanic	2,474	60,137	833	63,444
Other	1,595	87,249	1,350	90,194
White	21,585	664,135	22,438	708,158
Grand Total	30,388	1,160,954	37,329	1,228,671

Enrollment by Eligibility Category and Age

Category	0 to 20	21 to 64	65+	Grand Total
Standard Expansion Population	30,387	1		30,388
Mandatory Medicaid	688,012	405,500	67,442	1,160,954
Optional Medicaid	32,179	4,953	197	37,329
Grand Total	750,578	410,454	67,639	1,228,671

TennCare Beneficiaries by Gender (on Jan. 1, 2011)



Medical Services

Top Five Diagnoses by Cost[1]

Inpatient Hospital	
1. Liveborn	17.62%
2. Short gestation; low birth weight; and fetal growth retardation	4.53%
3. Septicemia (except in labor)	2.44%
4. Respiratory failure; insufficiency; arrest (adult)	2.35%
5. Previous Cesarean Section	2.13%
Percentage of all Inpatient Expenditures	29.08%
Outpatient	
1. Abdominal pain	4.17%
2. Nonspecific chest pain	3.33%
3. Chronic kidney disease	2.78%
4. Superficial injury; contusion	2.14%
5. Sprains and strains	2.11%
Percentage of All Outpatient Expenditures	14.53%
Physician[2]	
1. Other upper respiratory infections	2.34%
2. Normal pregnancy and/or delivery	2.32%
3. Abdominal pain	2.22%
4. Lumbago	2.06%
5. Other upper respiratory disease	1.89%
Percentage of All Physician Expenditures	10.83%

- Inpatient hospitalization rate was 129 admissions per 1,000 enrollees
- Average inpatient length of stay was 4.17 days per admission
- Emergency room utilization was 833 visits per 1,000 enrollees
- 87% of all TennCare enrollees visited a physician at least once during the year

[1] Does not include behavioral health expenditures
[2] Administrative related diagnosis consisted of $68,280,257 in expenditures or 7.5% of total expenditures but is not a diagnosis and is not included as a top 5 diagnosis but expenditures are included in total expenditures.

MCO Medical Expenditure by Category of Service (Selected Services)

Category of Service	Providers with Paid Claims	FY 11 Recipients	Expenditures Per Recipient	FY 10-11 Actual No.[1]
Hospital Facilities (Including care provided through hospitals (both Inpatient and Outpatient), Federally Qualified Health Centers (FQHC), Ambulatory Surgical Centers, etc.)	3,012	732,123	$2,392.36	$1,751,500,173
Physician	22,842	1,051,433	$876.37	$921,448,892
Home Health	170	11,163	$9,887.31	$110,371,990
Durable Medical Equipment	2,170	91,863	$2,566.70	$235,784,956
Other Services[2]	1,354	489,963	$398.05	$195,027,960

[1] 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 SFY11.
[2] Other consists of Transportation, Lab and Hospice.

Pharmacy Services

Services Delivered through
Pharmacy Benefits Manager (PBM)

TennCare utilizes a preferred drug list to manage the pharmacy benefit. Some drugs require prior approval. During fiscal year 2009-2010, 75% of TennCare-reimbursed prescriptions were generic and 25% were a brand name.

Brand name drugs account for 75% of pharmacy expenditures, with an average cost per prescription of $189 for a brand name prescription, compared with $18 for a generic prescription.

TennCare enrollees who utilized pharmacy services averaged 14 prescriptions during FY 10-11.

Providers with Paid Claims	FY 11 Recipients	Expenditures Per Recipient	FY 11 Expenditures
8,054	935,870	$798.08	$746,897,100

Note: Figures represent enrollees who utilize pharmacy services.

Top Five Drugs by Cost

Brand Name	Generic Name	Drug Type	Expenditures
Singulair®	Montelukast	Asthma	$30,629,928.86
Abilify®	Aripiprazole	Antipsychotic	$30,053,807.06
Suboxone®			$27,202,512.77
Seroquel®	Quetiapine Fumarate	Antipsychotic	$25,960,555.14
Adderall®		Attention Deficit Hyperactivity Disorder	$20,112,958.52

Top Five Drugs By Number of Claims

Brand Name	Generic Name	Drug Type	Number of Prescriptions
Lortab® , Vicodin®, Anexsia®	Hydrocodone Bitartrate and Acetaminophen	Narcotic	708,797
Amoxil®, Trimox® , Augmentin®	Amoxicillin	Antibiotics	364,643
Zithromax®	Azithromycin	Antibiotics	292,216
Accuneb®, Proair HFA®, Proventil® HFA, Ventolin HFA®	albuterol sulfate	Bronchodilators	241,028
Singulair®	Montelukast	Asthma	236,624

Dental Services

Services Delivered through the
Dental Benefits Manager (DBM)

During FY 10-11, medically necessary dental services were covered for enrollees under 21. For TennCare-eligible children age 3 and over, 61% percent received at least one dental service.

Dental Services

Providers with Paid Claims	FY 11 Recipients	Expenditures Per Recipient	FY 11 Expenditures[1]
1,044	376,961	$479.79	$180,863,000

[1]Amount includes administrative costs but does not include Health Department Dental Program cost of $6,005,200 which is included on page 1 in the Other (DCS & DOH Payments, Elderly HCBS admin, & other grants) category.

Behavioral Health Services

- 57% of enrollees receiving mental health care are either adults with serious and/or persistent mental illness (SPMI) or children with a serious emotional disturbance (SED)
- Approximately 7.6% of the entire TennCare population are SPMI/SED members
- 54.9% of dollars spent on mental health is for persons with SPMI/SED

Mental Health Clinics and Institutional Services

Providers with Paid Claims	Recipients	Expenditures Per Recipient	Expenditures[1, 2]
5,949	189,808	$3,091.13	$586,720,529

[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 SFY11.

Top Five Mental Health Diagnoses by Cost

Inpatient Hospital	
1. Schizophrenia and other Psychotic Disorders	30.4%
2. Bipolar Disorders	24.6%
3. Depressive Disorders	12.6%
4. Substance-Related Disorders	10.3%
5. Anxiety Disorders	4.0%
% of all Inpatient Expenditures	81.9%
Outpatient	
1. Substance-Related Disorders	34.2%
2. Bipolar Disorders	13.8%
3. Depressive Disorders	10.1%
4. Anxiety Disorders	7.4%
5. Schizophrenia and other Psychotic Disorders	6.0%
% of All Outpatient Expenditures	71.5%
Physician	
1. Schizophrenia and other Psychotic Disorders	22.6%
2. Bipolar Disorders	15.7%
3. Depressive Disorders	13.3%
4. Attention Deficit Disorder and Attention Deficit Hyperactivity Disorder	12.9%
5. Anxiety Disorders	6.5%
% of All Physician Expenditures	71.1%

Long-Term Services and Supports[1]

Category of Services	Number of Providers[2]	Number of Recipients[3]	Average Expenditures Per Recipient	Total Expenditures
HCBS-ID	3	7,584	$77,129.51	$584,950,200
HCBS-Seniors/PD	488	7,344	$16,419.21	$120,582,669
ICF/IID	123	1,038	$188,651.06	$195,819,800
Nursing Facility Services (level 1)	311	19,287	$48,358.80	$932,696,253
Nursing Facility Services (level 2)	212	724	$45,667.60	$33,063,342

[1] The table reflects only the number of billing entities, i.e., Regional Offices of the Division of Intellectual Disability Services, rather than the actual "Number of Providers" delivering services.
[2]Nursing Facilities that are contracted for Level 1 and Level 2 reimbursements are counted in "Number of Providers" for both facility types.
[3]"Number of Recipients" reflects the number of people receiving services as of June 30, 2011.

TennCare Eligibility Chart

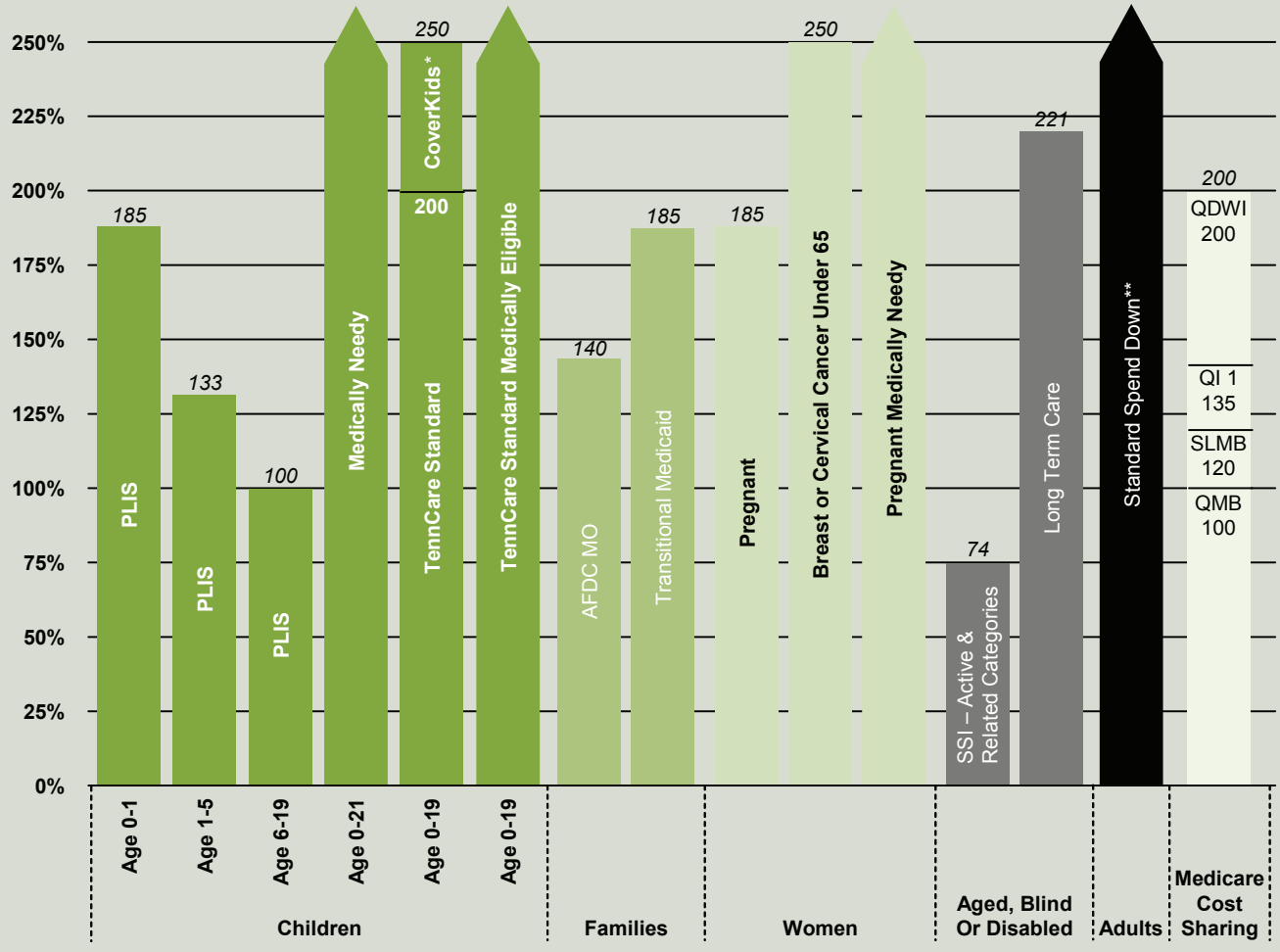
Annual and Monthly Income in Dollars

These two charts set forth the income and resource levels that applicants must meet before they can be determined eligible for TennCare.

Family Size		65%	75%	100%	120%	133%	135%	185%	200%	250%
1	Mo	$587	$677	$903	$1,083	$1,201	$1,219	$1,670	$1,805	$2,257
	Yr	7,040	8,123	10,830	12,996	14,404	14,621	20,036	21,660	27,075
2	Mo	790	911	1,215	1,457	1,615	1,640	2,247	2,429	3,036
	Yr	9,471	10,928	14,570	17,484	19,379	19,670	26,955	29,140	36,425
3	Mo	992	1,145	1,526	1,831	2,030	2,060	2,823	3,052	3,815
	Yr	11,902	13,733	18,310	21,972	24,353	24,719	33,874	36,620	45,775
4	Mo	1,195	1,379	1,838	2,205	2,444	2,481	3,400	3,675	4,594
	Yr	14,333	16,538	22,050	26,460	29,327	29,768	40,793	44,100	55,125
5	Mo	1,397	1,612	2,150	2,579	2,859	2,902	3,976	4,299	5,373
	Yr	16,764	19,343	25,790	30,948	34,301	34,817	47,712	51,580	64,475
6	Mo	1,600	1,846	2,461	2,953	3,273	3,323	4,553	4,922	6,153
	Yr	19,195	22,148	29,530	35,436	39,275	39,866	54,631	59,060	73,825
7	Mo	1,803	2,080	2,773	3,327	3,688	3,743	5,130	5,545	6,932
	Yr	21,626	24,953	33,270	39,924	44,250	44,915	61,550	66,540	83,175
8	Mo	2,005	2,314	3,085	3,701	4,102	4,164	5,706	6,169	7,711
	Yr	24,057	27,758	37,010	44,412	49,224	49,964	68,469	74,020	92,525

Note: For each additional person add $3,740 annually.

Tennessee Medicaid Coverage Groups and Eligibility Requirements



TennCare Eligibility Categories

Category	Program	Description	Income Limit
Children	PLIS (Poverty Level Income Standard)	Low income children age 0 up to 1st birthday	185% of poverty - No resource test
		Low income children age 1 to 6th birthday	133% of poverty - No resource test
		Low income children age 6 to 19th birthday	100% of poverty - No resource test
	Medically Needy	Children up to age 21. Must either have low income or have sufficient unreimbursed medical bills to spend down to requisite income limits.	Monthly spend-down levels of $241 (1), $258 (2), $317 (3), $325 (4), $392 (5), $408 (6), or $467 (7), depending upon family size - Resource: $2,000 (1), $3,000 (2), add $100 per additional individual ***
	Standard Rollover	Children under age 19 who do not have access to insurance. Category is only open to children who lose Medicaid eligibility and rollover into Standard.	Below 200% of poverty - No resource test
	Standard Medically Eligible	Children under age 19 who do not have access to insurance and who have health conditions that make the child uninsurable. Category is only open to children who lose Medicaid eligibility and rollover into Standard.	No income or resource test
	AFDC MO	Individuals who meet basic Families First criteria for Title XIX, but do not qualify for certain technical components of Families First.	Monthly income levels of $1,288 (1), $1,658 (2), $1,972 (3), $2,240 (4), $2,470 (5), $2,666 (6), or $2,838 (7) depending upon family size, subject to disregards
	Transitional Medicaid	Individuals who lose Families First due to earned income or increased work hours may receive 12 months of Medicaid.	185% of poverty during months 7 - 12
Women	Pregnant	Low income pregnant women. NOTE: Newborns born to Medicaid –eligible women are deemed eligible for one year.	185% of poverty - No resource test
	Breast or Cervical Cancer	Women under 65 who are not eligible for any other category of Medicaid and have been diagnosed as the result of a screening at a Centers for Disease Control and Prevention (CDC) site with breast or cervical cancer, including pre-cancerous conditions and who are in need of treatment for the cancer.	250% of poverty - No resource test
	Pregnant Medically Needy	Pregnant women. Must have sufficient unreimbursed medical bills to spend down to requisite income limits.	Monthly spend-down levels of $241 (1), $258 (2), $317 (3), $325 (4), $392 (5), $408 (6), or $467 (7), depending upon family size - Resource: $2,000 (1), $3,000 (2), add $100 per additional individual
Aged, Blind & Disabled	SSI (Supplemental Security Income)	Active: Low income aged, blind, or disabled recipients of federal SSI cash payments as determined by SSA	74% of poverty Resource: $2,000 (1), $3,000 (2)
	Long-Term Care	Low income individuals who require care in a nursing facility or intermediate care facility for the mentally retarded or who receive Home and Community Based Services in their home	$2,022/month (300% of the SSI benefit rate) - Resource: $2,000
Adults	Standard Spend Down	Non-pregnant adults who are aged, blind, disabled or caretaker relatives and who have too much income and have sufficient unreimbursed medical bills to spend down to requisite income limits. This category is not currently open to new enrollees.	Monthly spend-down levels of $241 (1), $258 (2), $317 (3), $325 (4), $392 (5), $408 (6), or $467 (7), depending upon family size - Resource: $2,000 (1), $3,000 (2), add $100 per additional individual
Medicare Cost Sharing	QMB	**Qualified Medicare Beneficiary** - TennCare pays Medicare premiums, deductibles and co-insurance for those eligible for Medicare Part A	100% of poverty - Resource: $6,600 (1), $9,910 (2)
	SLMB	**Specified Low Income Medicare Beneficiaries** - TennCare pays Medicare Part B premiums only	Between 100% and 120% of poverty - Resource: $6,600 (1), $9,910 (2)
	QI 1	**Qualified Individuals** - TennCare pays Medicare Part B premiums only	Between 120% and 135% of poverty - Resource: $6,600 (1), $9,910 (2)
	QDWI	**Qualified Disabled Working Individual** - TennCare pays Medicare Part A buy-in for non-aged individuals who lost SSI disability benefits and premium free Part A	200% of poverty - Resource: $4,000 (1), $6,000 (2)

* CoverKids is a state of Tennessee SCHIP program managed by Cover Tennessee and is not part of the Medicaid TennCare program.

** (aged, blind, disabled & caretaker relatives) not currently open to new enrollees.

*** Numbers in parentheses refer to the number of members within a family.

TennCare Expenditures and Recipients by County

County	Enrollment on 1-Jan-11	Estimated 2011 Population	% of County on Tenncare	Total Service Expenditure[1]	Expenditure Per Member	% County Expenditure	% County Enrollment	% County Population
Anderson	14,071	75,195	18.7%	$98,113,832	$6,973	1.3%	1.1%	1.2%
Bedford	10,601	45,326	23.4%	$52,216,469	$4,926	0.7%	0.9%	0.7%
Benton	3,557	16,411	21.7%	$27,396,359	$7,702	0.4%	0.3%	0.3%
Bledsoe	2,999	12,843	23.4%	$14,831,827	$4,946	0.2%	0.2%	0.2%
Blount	18,614	123,631	15.1%	$118,419,753	$6,362	1.6%	1.5%	1.9%
Bradley	18,154	99,910	18.2%	$109,610,213	$6,038	1.5%	1.5%	1.6%
Campbell	11,964	40,585	29.5%	$71,269,716	$5,957	1.0%	1.0%	0.6%
Cannon	2,728	13,732	19.9%	$16,429,854	$6,023	0.2%	0.2%	0.2%
Carroll	6,650	28,584	23.3%	$46,594,411	$7,007	0.6%	0.5%	0.4%
Carter	11,458	57,492	19.9%	$67,719,407	$5,910	0.9%	0.9%	0.9%
Cheatham	6,226	39,022	16.0%	$36,951,509	$5,935	0.5%	0.5%	0.6%
Chester	3,467	17,213	20.1%	$18,348,419	$5,292	0.3%	0.3%	0.3%
Claiborne	8,063	32,055	25.2%	$48,168,951	$5,974	0.7%	0.7%	0.5%
Clay	1,970	7,815	25.2%	$12,574,230	$6,383	0.2%	0.2%	0.1%
Cocke	9,883	35,477	27.9%	$50,864,575	$5,147	0.7%	0.8%	0.6%
Coffee	11,202	52,936	21.2%	$64,125,677	$5,724	0.9%	0.9%	0.8%
Crockett	3,493	14,530	24.0%	$21,633,933	$6,194	0.3%	0.3%	0.2%
Cumberland	10,499	56,600	18.5%	$64,642,124	$6,157	0.9%	0.9%	0.9%
Davidson	115,122	635,606	18.1%	$706,497,345	$6,137	9.6%	9.4%	9.9%
Decatur	2,538	11,674	21.7%	$18,630,223	$7,341	0.3%	0.2%	0.2%
DeKalb	4,438	18,822	23.6%	$24,982,609	$5,629	0.3%	0.4%	0.3%
Dickson	9,061	50,009	18.1%	$58,492,714	$6,455	0.8%	0.7%	0.8%
Dyer	9,368	38,161	24.5%	$52,574,466	$5,612	0.7%	0.8%	0.6%
Fayette	5,543	38,475	14.4%	$30,537,274	$5,509	0.4%	0.5%	0.6%
Fentress	5,654	17,999	31.4%	$35,378,914	$6,257	0.5%	0.5%	0.3%
Franklin	6,745	40,876	16.5%	$41,721,149	$6,185	0.6%	0.5%	0.6%
Gibson	11,272	49,892	22.6%	$93,380,690	$8,284	1.3%	0.9%	0.8%
Giles	5,410	29,305	18.5%	$33,812,436	$6,250	0.5%	0.4%	0.5%
Grainger	5,063	22,699	22.3%	$26,297,224	$5,194	0.4%	0.4%	0.4%
Greene[2]	13,196	68,956	19.1%	$189,671,063	$14,373	2.6%	1.1%	1.1%
Grundy	4,757	13,646	34.9%	$29,261,927	$6,151	0.4%	0.4%	0.2%
Hamblen	13,101	62,841	20.8%	$76,356,806	$5,828	1.0%	1.1%	1.0%
Hamilton	54,984	340,748	16.1%	$349,247,825	$6,352	4.8%	4.5%	5.3%
Hancock	2,299	6,703	34.3%	$11,767,012	$5,118	0.2%	0.2%	0.1%
Hardeman	6,465	26,849	24.1%	$46,566,589	$7,203	0.6%	0.5%	0.4%
Hardin	6,245	25,908	24.1%	$40,911,562	$6,551	0.6%	0.5%	0.4%
Hawkins	12,002	56,659	21.2%	$62,878,982	$5,239	0.9%	1.0%	0.9%
Haywood	5,222	18,539	28.2%	$27,486,467	$5,264	0.4%	0.4%	0.3%
Henderson	6,211	28,034	22.2%	$33,148,912	$5,337	0.5%	0.5%	0.4%
Henry	6,843	32,328	21.2%	$40,317,953	$5,892	0.6%	0.6%	0.5%
Hickman	5,373	24,390	22.0%	$30,247,791	$5,630	0.4%	0.4%	0.4%
Houston	1,833	8,337	22.0%	$11,814,390	$6,445	0.2%	0.1%	0.1%
Humphreys	3,747	18,400	20.4%	$23,507,250	$6,274	0.3%	0.3%	0.3%
Jackson	2,615	11,453	22.8%	$14,278,734	$5,460	0.2%	0.2%	0.2%
Jefferson	10,496	51,766	20.3%	$60,833,977	$5,796	0.8%	0.9%	0.8%
Johnson	4,000	18,221	22.0%	$20,905,847	$5,226	0.3%	0.3%	0.3%
Knox	62,059	436,646	14.2%	$408,330,388	$6,580	5.6%	5.1%	6.8%
Lake	1,943	7,782	25.0%	$13,611,036	$7,005	0.2%	0.2%	0.1%
Lauderdale	7,156	27,765	25.8%	$36,939,620	$5,162	0.5%	0.6%	0.4%
Lawrence	8,569	42,049	20.4%	$57,623,704	$6,725	0.8%	0.7%	0.7%
Lewis	2,778	12,148	22.9%	$19,511,441	$7,024	0.3%	0.2%	0.2%

County	Enrollment on 1-Jan-10	Estimated 2010 Population	% of County on Tenncare	Total Service Expenditure1	Expenditure Per Member	% County Expenditure	% County Enrollment	% County Population
Lincoln	6,472	33,397	19.4%	$33,861,341	$5,232	0.5%	0.5%	0.5%
Loudon	7,135	49,069	14.5%	$48,658,504	$6,820	0.7%	0.6%	0.8%
Macon	5,748	22,472	25.6%	$32,668,534	$5,683	0.4%	0.5%	0.4%
Madison	20,953	98,026	21.4%	$145,397,513	$6,939	2.0%	1.7%	1.5%
Marion	6,372	28,080	22.7%	$39,246,724	$6,159	0.5%	0.5%	0.4%
Marshall	5,701	30,917	18.4%	$30,090,292	$5,278	0.4%	0.5%	0.5%
Maury	15,386	81,416	18.9%	$106,554,350	$6,925	1.5%	1.3%	1.3%
McMinn	10,745	52,378	20.5%	$64,741,645	$6,025	0.9%	0.9%	0.8%
McNairy	6,949	26,034	26.7%	$40,089,967	$5,769	0.5%	0.6%	0.4%
Meigs	2,839	11,657	24.4%	$13,815,670	$4,866	0.2%	0.2%	0.2%
Monroe	10,132	44,924	22.6%	$54,355,011	$5,365	0.7%	0.8%	0.7%
Montgomery	22,929	176,687	13.0%	$116,879,980	$5,097	1.6%	1.9%	2.8%
Moore	841	6,412	13.1%	$6,128,688	$7,287	0.1%	0.1%	0.1%
Morgan	4,372	22,042	19.8%	$27,145,638	$6,209	0.4%	0.4%	0.3%
Obion	6,400	31,719	20.2%	$37,170,151	$5,808	0.5%	0.5%	0.5%
Overton	4,583	22,172	20.7%	$25,734,135	$5,615	0.4%	0.4%	0.3%
Perry	1,758	7,828	22.5%	$10,344,370	$5,884	0.1%	0.1%	0.1%
Pickett	1,040	5,134	20.3%	$6,098,341	$5,864	0.1%	0.1%	0.1%
Polk	3,642	16,752	21.7%	$18,341,247	$5,036	0.3%	0.3%	0.3%
Putnam	14,172	72,836	19.5%	$95,445,342	$6,735	1.3%	1.2%	1.1%
Rhea	7,978	31,995	24.9%	$48,025,777	$6,020	0.7%	0.6%	0.5%
Roane	9,793	53,804	18.2%	$76,420,594	$7,804	1.0%	0.8%	0.8%
Robertson	11,543	66,726	17.3%	$66,780,377	$5,785	0.9%	0.9%	1.0%
Rutherford	37,706	269,026	14.0%	$210,682,675	$5,588	2.9%	3.1%	4.2%
Scott	7,291	22,143	32.9%	$44,515,742	$6,106	0.6%	0.6%	0.3%
Sequatchie	3,572	14,292	25.0%	$18,655,203	$5,223	0.3%	0.3%	0.2%
Sevier	15,421	91,277	16.9%	$72,083,313	$4,674	1.0%	1.3%	1.4%
Shelby	226,453	933,902	24.2%	$1,158,624,636	$5,116	15.8%	18.4%	14.6%
Smith	3,862	19,129	20.2%	$23,049,776	$5,968	0.3%	0.3%	0.3%
Stewart	2,485	13,245	18.8%	$14,691,370	$5,912	0.2%	0.2%	0.2%
Sullivan	27,608	156,938	17.6%	$162,741,896	$5,895	2.2%	2.2%	2.5%
Sumner	22,850	163,685	14.0%	$128,218,658	$5,611	1.8%	1.9%	2.6%
Tipton	11,699	61,289	19.1%	$58,903,461	$5,035	0.8%	1.0%	1.0%
Trousdale	1,692	7,832	21.6%	$11,099,476	$6,560	0.2%	0.1%	0.1%
Unicoi	3,637	18,284	19.9%	$26,034,907	$7,158	0.4%	0.3%	0.3%
Union	4,450	19,269	23.1%	$24,206,919	$5,440	0.3%	0.4%	0.3%
Van Buren	1,261	5,512	22.9%	$12,109,916	$9,603	0.2%	0.1%	0.1%
Warren	9,504	39,930	23.8%	$60,159,709	$6,330	0.8%	0.8%	0.6%
Washington	19,152	123,983	15.4%	$133,423,050	$6,967	1.8%	1.6%	1.9%
Wayne	2,903	17,009	17.1%	$22,432,028	$7,727	0.3%	0.2%	0.3%
Weakley	6,330	34,962	18.1%	$41,672,461	$6,583	0.6%	0.5%	0.5%
White	5,855	26,019	22.5%	$36,935,447	$6,308	0.5%	0.5%	0.4%
Williamson	8,716	188,357	4.6%	$54,680,765	$6,274	0.7%	0.7%	2.9%
Wilson	14,530	116,758	12.4%	$93,407,822	$6,429	1.3%	1.2%	1.8%
Other[3]	26,504			$106,701,601	$4,026	1.5%	2.2%	0.0%
Total	1,228,671	6,398,361	19%	$7,326,460,600	$5,963	100.0%	100.0%	100.0%

[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 $116,662,000. 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

Always Striving for Quality Care and Operational Excellence

TennCare Extension

The three-year extension of the TennCare waiver, called "TennCare II," was set to expire on June 30, 2010. On June 15, 2009, Gov. Bredesen requested another three-year extension of the waiver. On December 15, 2009, the Centers for Medicare and Medicaid Services (CMS) approved the request for an extension. The new extension, provided under the authority of Section 1115(e) of the Social Security Act, began on July 1, 2010, and continues through June 30, 2013.

The Special Terms and Conditions (STCs) of the extension include a new Unreimbursed Hospital Cost (UHC) pool, which allows the state to make payments to certain hospitals in accordance with Public Chapter 909. The STCs also include a new Public Hospital Supplemental Payment (PHSP) pool, which allows the state to use a $10 million intergovernmental transfer from the Shelby County government to generate a supplemental payment to the Regional Medical Center in Memphis to address critical health care needs.

CHOICES Implementation in East and West Tennessee

The CHOICES program, which implemented the Long-term Care Community Choices Act of 2008, was formally implemented in Middle Tennessee on March 1, 2010. On August 1, 2010, the program began in East and West Tennessee, completing the statewide restructuring of long-term care service delivery within TennCare. The goals of CHOICES is to improve quality and coordination of care, expand the availability of home and community based services that could be used to prevent or delay the need for nursing home care, and create a balanced long-term care system. The CHOICES program offers more home and community based options for meeting the long-term care needs of elderly adults with physical disabilities, thereby reducing their reliance on more costly Nursing Facility care. Furthermore, the CHOICES program is striving to integrate long-term care for elderly persons with disabilities into the managed care program. Tennessee is one of the few states to attempt such integration and one of the even fewer states that allow enrollees in Medicaid managed care to receive long-term care services without changing their Managed Care Organization (MCO). The statewide Home and Community Based Waiver for the Elderly and Disabled, which has been in existence in various iterations for over 20 years, was terminated in August 2010. It is no longer needed due to the full implementation of CHOICES.

In November 2010, the rules regarding the establishment of Adult Care Homes were issued; thereby providing structure for a new and innovative method of delivering community based long-term care services for adults who are ventilator-dependent or who have a traumatic brain injury.

Pre-Admission Evaluation Improvements

All individuals applying for Nursing Facility care, or Home and Community Based Services (HCBS) as an alternative to Nursing Facility care, must file documents called Pre-Admission Evaluations (PAEs) that report the specifics of their medical condition and need for assistance. For the first time in Tennessee's Medicaid history, TennCare has moved from a medical eligibility application process based entirely on hard copy to one that is electronic. PAEs are now submitted electronically through a web-based portal and processed by registered nurses through an electronic workflow application.

In addition, medical eligibility records are now stored electronically. The paper cards are being converted to electronic data so that all information can soon be stored electronically. These improvements have resulted in significant efficiencies in the operations of the Division of Long-Term Services and Supports.

Health Information Technology

The Health Information Technology for Economic and Clinical Health (HITECH)Act was passed as a part of the American Recovery and Reimbursement Act (ARRA) to encourage the adoption of electronic health records (EHR) by the medical community. The distribution of monetary incentives was part of the HITECH Act. In 2010 TennCare submitted its Health Information Technology (HIT) Implementation Advance Planning Document (IAPD) to CMS. The IAPD is a formal request for federal dollars to plan activities and services or acquire equipment for required HIT activities included in the HITECH Act. TennCare also sent information to the MCOs about the EHR Provider Incentive Program. As a result of these efforts, Tennessee was one of only eleven states to launch its Electronic Health Record Incentive Program on January 3, 2011. The EHR Incentive Program awards cash grants to Medicare and Medicaid providers to demonstrate "meaningful use" (i.e., use that is measurable in both quantity and quality) of electronic health record technology. TennCare administers Tennessee's Medicaid EHR program, the vast majority of funding for which is provided by the federal government.

Standard Spend Down Enrollment

The TennCare Standard Spend Down (SSD) eligibility category opened to new enrollment on October 4, 2010. Standard Spend Down is available through an amendment to the TennCare waiver and is designed to serve a limited number of individuals who are not otherwise eligible for Medicaid but who are aged, blind, disabled or the caretaker relative of a Medicaid eligible child and who have enough unreimbursed medical bills to meet the "spend down" threshold to qualify for care. During the October 2010 open enrollment period, the Department of Human Services – which operates the call center and receives applications for TennCare services – received 2,766 calls in just over one hour. There were 2,665 callers who were not already covered by TennCare and who were mailed applications for SSD. Of those 2,665 applications mailed by DHS, 1,830 individuals actually submitted applications and 505 were found eligible for the program. This process can take some time as it requires a medical review process for each application. These enrollment periods allow the state to accept the amount of applications it can process at a time and continue to meet federal timeliness guidelines.

On February 22, 2011, another open enrollment period began for Standard Spend Down. During this open enrollment period, DHS received 3,056 calls in just over one hour. There were 2,979 callers who were not already covered by TennCare and who were mailed applications for SSD. In response to those applications mailed by DHS, 1,850 individuals submitted applications and 443 were found eligible for the program. Those approved are eligible for TennCare for one year before re-verification for continued eligibility.

Tennessee Hospital Association Award

On October 6, 2010, the Tennessee Hospital Association (THA) presented a Community Service Award for Public Service to TennCare Director Darin Gordon. The award recognized Director Gordon's ongoing support for hospitals in Tennessee, including his assistance in the development of the hospital assessment fee that enabled the state to postpone planned TennCare reductions in the current fiscal year. THA also recognized Director Gordon's efforts in working with THA and the state's congressional delegation to expand Tennessee's disproportionate share hospital (DSH) payment.

TBCSP Recognizes Efforts by TennCare

On November 30, 2010, the Tennessee Breast and Cervical Screening Program (TBCSP) acknowledged TennCare's efforts "to develop a quality screening, diagnostic and treatment program for Tennessee's women." TBCSP, a program administered by the Tennessee Department of Health, noted that TennCare's work has played a crucial role in the diagnosis of breast cancer in 905 women and cervical cancer abnormalities in 2,275 women over a period of eight years.

John B. Consent Decree

The John B. lawsuit addresses the adequacy of services provided by TennCare to children under the age of 21. On March 11, 1998, plaintiffs and defendants in the case entered into a consent decree. Following years of continued litigation, the state appealed to the United States Court of Appeals for the Sixth Circuit to vacate the consent decree. Oral arguments concerning this appeal were heard on April 27, 2010. On November 30, 2010, the Court of Appeals ruled on the state's appeal by vacating the portion of the consent decree concerning network adequacy and by remanding the case to the United States District Court for the Middle District of Tennessee to determine whether other portions should be vacated. The Court of Appeals also ordered that the case be reassigned to another judge of the same court.

New Dental Benefits Manager

Following a competitive bidding process in which six companies submitted proposals, TennCare named Delta Dental as its new Dental Benefits Manager (DBM). Delta Dental was awarded a three-year contract with TennCare, beginning operations on October 1, 2010. Delta Dental replaces DentaQuest as TennCare's DBM and delivers services to enrollees under the program name "TennDent."

AmeriChoice Name Change

UnitedHealthcare Plan of the River Valley, also known as AmeriChoice is a wholly-owned subsidiary of UnitedHealth Group, Inc. AmeriChoice is contracted with the Bureau of TennCare as a Managed Care Organization (MCO) serving TennCare enrollees in East, Middle and West Tennessee. Effective January 1, 2011, AmeriChoice's name was to be changed to UnitedHealthcare Community Plan. According to a letter from the MCO, this change "deliver[s] a consistent, positive experience for members, while recognizing the importance of clear identification and ease of processing claims." UnitedHealthcare Community Plan began updating member materials in October and November 2010 and enrollees assigned to this MCO did not experience any change in benefits.

Provider Investigations Unit

In September 2010, the Bureau of TennCare created a unit dedicated to investigating instances of potential provider fraud, waste and abuse. The stated mission of the Provider Investigations Unit, a component of TennCare's Division of Audit and Program Integrity, is to "monitor provider claims to ensure that they are reasonable, appropriate and comply with TennCare Rules and Policies." Using data about unusual provider claims furnished by managed care contractors, providers, and other internal and external sources, the unit investigates cases as thoroughly as possible before presenting its findings to a committee staffed by members of TennCare, the Tennessee Bureau of Investigation (TBI), the Attorney General's Office and others. The committee, in turn, determines whether fraud, waste or abuse has occurred and recommends appropriate action such as education and recoupment, prosecution or termination as a TennCare provider.

Recovery Audit Contractor Program

On February 1, 2011, in compliance with the Affordable Care Act, TennCare implemented its Recovery Audit Contractor (RAC) program. The function of a RAC is to review claims submitted by TennCare providers to detect and recover overpayments and to identify and correct underpayments. Health Management Systems, Inc. (HMS) is the company with which TennCare has contracted to perform these services through January 31, 2014. Payment to HMS will be made on a contingency basis (i.e., a percentage of overpayments recovered and an equivalent percentage fee for underpayments found). Providers who are the subject of an adverse determination by HMS may file an appeal in accordance with TennCare Rules.

Amendment #12

On February 28, 2011, the Bureau of TennCare submitted Waiver Amendment #12 to the Centers for Medicare and Medicaid Services (CMS). Amendment #12 proposes several changes to the TennCare benefit package for adults to bring TennCare's budget into line with state revenues that are projected to be available as of July 1, 2011 which begins the new fiscal year. Specific reductions are:

- Elimination of physical therapy, speech therapy and occupational therapy for all adults
- Benefit limits on certain hospital services, lab and X-ray services and health practitioners' office visits for most non-institutionalized adults (pregnancy-related services are exempt from benefit limits)

- A $2 per trip copay on non-emergency transportation for non-institutionalized, non-pregnant adults

These changes were proposed Amendment #9, but the Enhanced Coverage Fee referred to as the hospital assessment fee passed by the General Assembly in 2010 postponed the need for implementation.

Expansion of TennCare Director's Responsibilities

On March 31, 2011, Commissioner Mark Emkes announced the consolidation of several health-related divisions within the Department of Finance and Administration. Five programs—TennCare, planning for the Health Insurance Exchange required by the Affordable Care Act, the Office of eHealth Initiatives, the Division of State Health Planning, and Cover Tennessee —will be combined into a single unit known as the Division of Health Care Finance and Administration. Oversight of this organization will be provided by Deputy Commissioner Darin Gordon. Commissioner Emkes noted, "Darin has unmatched knowledge of public health care finance and management in state government, and he has proven he can meet the demands of any challenge." Gordon's role as Director of TennCare remains unchanged.

"Money Follows the Person" Program Grant

On January 7, 2011, TennCare submitted a grant proposal to CMS to participate in the Money Follows the Person (MFP) demonstration program. The principle of MFP is that long-term care should support (or "follow") the patient instead of the institutions (such as Nursing Facilities) in which such services have traditionally been provided. According to CMS's grant invitation, MFP funding awarded to states will "balance their long-term care systems and help Medicaid enrollees transition from institutions to the community." This goal is entirely consistent with CHOICES which shifts the emphasis of long-term care from Nursing Facilities to home and community based settings. On February 22, 2011, CMS awarded TennCare an MFP grant worth approximately $1.8 million in the first year and $37 million through 2016. These funds are required to be used for additional Home and Community Services supports and for the transition of nursing home patients back into the community. Operations are scheduled to begin in October 2011.

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

On December 21, 2010, TennCare invited non-profit organizations to submit grant proposals to begin the development of a Program of All-Inclusive Care for the Elderly (PACE) site in Tennessee. The grant awards up to $1 million in funding through a contract that supports the selected organization in developing the infrastructure for the future establishment of a PACE program, subject to a recurring appropriation passed by the Tennessee General Assembly that is sufficient to support the actual establishment of the program. In the interim, the grant increases long-term care system capacity to deliver care in home and community based settings. The grantee may use its award monies for such activities as:

- Purchasing equipment necessary to supply home and community based services
- Building renovation for an Adult Day Health Center
- Training and technical assistance

This grant lays the groundwork for the state's second PACE program following the one established in 1998 by Alexian Brothers Community Services in Hamilton County. Three organizations submitted proposals by the February 25, 2011 deadline. On March 30, 2011, TennCare announced that Methodist Healthcare in Memphis had been awarded the grant.