Division of TennCare

Tennessee Department of Finance & Administration

Division of TennCare

TennCare III Demonstration

Project No. 11-W-00369/4

Amendment 1

Integration of Care for Members with Intellectual Disabilities

DRAFT

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TennCare III Amendment Application

TennCare is an integrated managed care program that provides medical and behavioral health benefits to approximately 1.5 million Tennesseans. The TennCare program operates under the authority of a Section 1115 demonstration known as TennCare III. In this amendment, Tennessee is requesting a small number of modifications to the TennCare III demonstration. These proposed changes generally support the ongoing development of the TennCare managed care system by supporting increased integration of care for members with disabilities.

I. Description of the Amendment

In this amendment request, Tennessee is requesting the following modifications to the TennCare demonstration:

Integrate Services for Members with Intellectual Disabilities

Integration of care has been a primary focus of the TennCare program since its inception. Effective integration and coordination of care promotes a better experience for members, more cost-effective service delivery, and improved health outcomes. Although Tennessee has long required all Medicaid-eligible individuals to enroll in managed care for receipt of their medical care, certain Medicaid services were initially carved out of the state's managed care program. Over time, more and more of these services have been integrated into the managed care delivery system, resulting in opportunities for better care coordination and management and aligning with the state's larger policy goal of operating a single, statewide, integrated service delivery system.

HCBS for individuals with intellectual disabilities (ID) is a service type that was historically carved out of the TennCare managed care program. These services were delivered under the authority of separate 1915(c) waivers and administered by TennCare through an interagency agreement with the Tennessee Department of Intellectual and Developmental Disabilities (DIDD), which served as the operating agency. Tennessee took the first step toward integrating HCBS for members with ID into the larger TennCare managed care program in 2016. At that time, new enrollment into the 1915(c) waivers was closed,[1] and the Employment and Community First CHOICES program was launched as a fully integrated MLTSS program for individuals with ID within the TennCare demonstration.

Now TennCare, working closely with DIDD and other stakeholders, proposes to integrate the remaining HCBS authorized under the state's 1915(c) waivers into the state's managed care program. Under the state's proposal, these HCBS will continue to be authorized under 1915(c) authority, and DIDD will continue to be instrumental in providing oversight of the delivery of services for members with ID, but the services will become part of the package of benefits administered by the MCOs through the managed care

[1] The 1915(c) Comprehensive Aggregate Cap waiver (TN.0357) has a narrow exception for new enrollment when a person has been institutionalized in the Harold Jordan Center—a public ICF/IID—for a period of at least 90 days.

service delivery system. The state is also proposing a corresponding change to integrate its ICF/IID benefit into the managed care program.[2] These changes will provide for better integration and coordination of care for members with ID.

The specific changes the state is requesting relative to services for individuals with ID are as follows:[3]

- ICF/IID and 1915(c) waiver services will be administered through the managed care program (maintaining concurrent 1915(c) authority for waiver services and Medicaid State Plan authority for ICF/IID services). These benefits will be removed from Table 3 in the demonstration's special terms and conditions (listing benefits carved out of the managed care program).
- ICF/IID services will include a Community Informed Choice process to ensure that individuals understand the full array of community-based options available to meet their needs, and having been fully informed, affirmatively choose institutional placement. This will better align the provision of ICF/IID services with federal law that did not exist when the benefit was first established (i.e., the Americans with Disabilities Act).
- The ECF CHOICES Working Disabled demonstration group will be modified to include individuals enrolled in 1915(c) waivers. This will allow individuals enrolled in a 1915(c) waiver who are working to have earned income up to 250 percent of the federal poverty level (FPL) excluded when considering their continued eligibility for Medicaid and for HCBS.
- Enabling Technology (ET) will be added as a benefit in Employment and Community First CHOICES, with Table 2d of the demonstration's special terms and conditions and Attachment G modified accordingly. Limitations currently applicable to the Assistive Technology, Adaptive Equipment and Supplies (AT/AES) benefit will be applied across the ET and AT/AES benefits combined; however, an MCO may authorize services in excess of the combined benefit limit as a cost-effective alternative to institutional placement or other medically necessary covered benefits.
- The special term and condition governing the TennCare Select health plan will be modified so that members with ID assigned to TennCare Select as of July 1, 2021, may remain enrolled in TennCare Select, while members enrolled after that date will be assigned to a traditional MCO.

Transition Children Receiving SSI Benefits to the MCOs

The TennCare Select health plan is a prepaid inpatient health plan that operates in all areas of the state and that serves special populations within the TennCare demonstration. These populations are specified in the demonstration's special terms and conditions, and include children receiving SSI. The state proposes to transition children receiving SSI from the TennCare Select plan to the state's other contracted managed care plans. This change will benefit these members by allowing them the same choice in managed care plan as all other TennCare members and improve alignment for families with multiple TennCare members who are currently in different health plans.

[2] ICF/IID refers to intermediate care facility for individuals with intellectual disabilities.

[3] In some cases, the programmatic changes described above entail corresponding modifications to the state's 1915(c) waivers. The state is pursuing these changes through the 1915(c) waiver amendment process outside of this application.

The state (with CMS approval) stopped assigning newly enrolling children with SSI to TennCare Select in 2019, with no adverse consequences for the children affected. The state now proposes that effective with this amendment, children receiving SSI who are still enrolled in TennCare Select be transferred to another health plan. Because the TennCare Select plan is currently operated by the same entity operating one of the state's fully at-risk MCOs (BlueCare) with a similar provider network, the state proposes that these children initially be enrolled in BlueCare.[4] They will subsequently have the opportunity to change MCOs like any other TennCare member.[5]

Assign Inmates of Public Institutions to TennCare Select

As noted above, the TennCare Select health plan is a prepaid inpatient health plan that operates in all areas of the state. TennCare Select serves as a back-up health plan in the event that an MCO serving TennCare members should have to leave the program unexpectedly. Because Tennessee's Medicaid program does not have a fee-for-service component, TennCare Select also serves as the health plan for certain special populations within the TennCare demonstration for whom assignment to an at-risk health plan may not be appropriate (e.g., individuals receiving emergency medical assistance).

One such population is inmates of public institutions who are enrolled in TennCare. In general, states cannot receive federal financial participation for services provided to inmates. However, federal policy provides an exception to this rule when an inmate otherwise eligible for Medicaid is removed from the institution and admitted on an inpatient basis to a hospital or other qualified setting for at least 24 hours. In these cases, the state Medicaid program may pay for care received during the inpatient episode. However, since the individual is only receiving Medicaid-covered services for the period of time he is receiving inpatient care outside of the public institution, there is no opportunity for an MCO to truly manage the care of such members. Given this challenge, the state requests that this population be added to the list of populations assigned to TennCare Select.

Extend Medication Therapy Management Pilot

The state originally requested authority to operate its MTM program on a pilot basis for two years, which began in July 2018. After provider participation rates were initially lower than projected, the state requested to continue implementing the MTM program for an additional 12 months to ensure that the state would have sufficient data on the effectiveness of the MTM program before making a decision about its continuation or discontinuation. Under the current demonstration STCs, the MTM pilot program extends through June 30, 2021. In this amendment application, the state requests an additional 12-month extension of the program. During these additional 12 months, the state anticipates working with its evaluation partner to review the impact of the MTM program over the previous three years. Allowing the

[4] TennCare Select and BlueCare are both operated by Volunteer State Health Plan, Inc., which is an independent licensee of the BlueCross BlueShield Association and a licensed HMO affiliate of its parent company, BlueCross BlueShield of Tennessee.

[5] Although the state is proposing to transfer children receiving SSI benefits from TennCare Select to BlueCare, an exception may be made in cases where a child leaving TennCare Select has other household members enrolled in another health plan. In these cases, the child would be assigned to the same health plan as her other family members.

program to continue to operate during this time will ensure that providers and members do not experience disruptions in the event the state ultimately decides to continue the program.

II. Expected Impact on Budget Neutrality

The integration of ICF/IID services and 1915(c) HCBS into the managed care program is projected to result in an increase of approximately $1 billion in annual aggregate expenditures under the TennCare demonstration. Note that these are not new expenditures for TennCare, but under this amendment these expenditures will be integrated into the larger managed care program authorized under the state's 1115 demonstration. As part of this amendment, the aggregate budget neutrality cap applied to the TennCare demonstration will be adjusted to reflect the integration of these services.

The continuation of the state's medication assisted therapy pilot program for one additional year is projected to result in an increase of approximately $3 million in aggregate expenditures during Demonstration Years 1 and 2. The adjustments to the populations assigned to TennCare Select are not anticipated to have an impact on the demonstration's budget neutrality.

III. Expected Impact on CHIP Allotment Neutrality

This amendment will not result in any changes to Tennessee's CHIP allotment neutrality.

IV. Modifications to Reporting, Quality, and Evaluation Design

On January 8, 2021, the newest iteration of the TennCare demonstration, known as "TennCare III," was approved by CMS. In accordance with the special terms and conditions approved on January 8, the state is currently working with CMS to develop the associated monitoring, reporting, and evaluation elements for the new TennCare approval period. The elements of this proposed amendment will be incorporated into the draft monitoring protocol and draft evaluation design that the state will submit to CMS.

V. Demonstration of Public Notice and Input

Public Notice

From November 9, 2020, through December 11, 2020, the state implemented a public notice process on a draft proposal to extend the TennCare II demonstration (the precursor to the TennCare III demonstration). This public notice process was based on the requirements specified at 42 CFR § 431.408, and included a comprehensive public notice posted to the state's website, an abbreviated public notice published in various Tennessee newspapers, two public hearings, and various other public notice mechanisms. This proposed TennCare II extension included a description of the modifications described in this amendment that is substantially the same as that provided in Section I above. In response to this public notice, the state received comments from a number of interested persons and stakeholders.

With the approval of the TennCare III demonstration on January 8, 2021, the state no longer intends to submit the application to extend the TennCare II demonstration that was proposed in 2020. In order to effectuate the changes described in that extension request, Tennessee is instead submitting them as a standalone amendment to the TennCare III demonstration (Amendment 1). In order to ensure transparency and maximize opportunities for public input, the state implemented a new public notice process on Amendment 1 from February 22, 2021, through March 5, 2021. This second public notice process was based on the requirements set forth in 59 Fed. Reg. 49249, and included publication of information about the proposed amendment (including a draft of the amendment) on the TennCare website, a notice in the newspapers of widest circulation in Tennessee communities with 50,000 or more residents, and a public hearing that took place on March 5, 2021, at which members of the public could offer input on the proposed amendment. Members of the public also had the option to submit comments throughout the notice period by mail and/or email.

Public Input

[To be added upon completion of the public comment period]

Attachment

Budget Neutrality Summary - ADJUSTED FOR AMENDMENT 1

Without-Waiver Total Expenditures

	DEMONSTRATION YEARS (DY) DY 1	DY 2	DY 3	DY 4	DY 5	DY 6	DY 7	DY 8	DY 9	DY 10	TOTAL
Medicaid Populations											
EG1 Disabled	$ 2,627,322,846	$ 3,298,540,841	$ 3,476,662,046	$ 3,664,401,796	$ 3,862,279,493	$ 4,070,842,586	$ 4,290,668,086	$ 4,522,364,162	$ 4,766,571,827	$ 5,023,966,706	$ 39,603,620,389
EG2 Over 65	$ 2,483,018	$ 2,594,754	$ 2,711,518	$ 2,833,536	$ 2,961,045	$ 3,094,292	$ 3,233,536	$ 3,379,045	$ 3,531,102	$ 3,690,001	$ 30,511,847
EG3 Children	$ 2,166,108,001	$ 2,285,243,941	$ 2,410,932,358	$ 2,543,533,637	$ 2,683,427,988	$ 2,831,016,527	$ 2,986,722,436	$ 3,150,992,170	$ 3,324,296,739	$ 3,507,133,060	$ 27,889,406,856
EG4 Adults	$ 1,950,011,480	$ 2,053,362,088	$ 2,162,190,279	$ 2,276,786,363	$ 2,397,456,041	$ 2,524,521,211	$ 2,658,320,835	$ 2,799,211,839	$ 2,947,570,067	$ 3,103,791,280	$ 24,873,221,483
EG5 Duals	$ 1,357,224,824	$ 1,430,514,964	$ 1,507,762,772	$ 1,589,181,962	$ 1,674,997,788	$ 1,765,447,668	$ 1,860,781,842	$ 1,961,264,062	$ 2,067,172,321	$ 2,178,799,626	$ 17,393,147,829
DSH	$ 508,936,029	$ 508,936,029	$ 508,936,029	$ 508,936,029	$ 508,936,029	$ 508,936,029	$ 508,936,029	$ 508,936,029	$ 508,936,029	$ 508,936,029	$ 5,089,360,290
TOTAL	$ 8,612,086,197	$ 9,579,192,617	$ 10,069,195,001	$ 10,585,673,324	$ 11,130,058,384	$ 11,703,858,313	$ 12,308,662,763	$ 12,946,147,307	$ 13,618,078,085	$ 14,326,316,703	$ 114,879,268,694

With-Waiver Total Expenditures

	DEMONSTRATION YEARS (DY) DY 1	DY 2	DY 3	DY 4	DY 5	DY 6	DY 7	DY 8	DY 9	DY 10	TOTAL
Medicaid Populations											
EG1 Disabled	$ 2,556,815,351	$ 3,202,875,532	$ 3,356,613,558	$ 3,517,731,009	$ 3,686,582,097	$ 3,863,538,038	$ 4,048,987,864	$ 4,243,339,281	$ 4,447,019,567	$ 4,660,476,506	$ 37,583,978,802
EG2 Over 65	$ 2,416,761	$ 2,513,431	$ 2,613,968	$ 2,718,527	$ 2,827,268	$ 2,940,359	$ 3,057,973	$ 3,180,292	$ 3,307,504	$ 3,439,804	$ 29,015,887
EG3 Children	$ 2,098,143,150	$ 2,203,050,307	$ 2,313,202,822	$ 2,428,862,964	$ 2,550,306,112	$ 2,677,821,417	$ 2,811,712,488	$ 2,952,298,113	$ 3,099,913,018	$ 3,254,908,669	$ 26,390,219,061
EG4 Adults	$ 1,890,649,942	$ 1,981,401,140	$ 2,076,508,394	$ 2,176,180,797	$ 2,280,637,476	$ 2,390,108,074	$ 2,504,833,262	$ 2,625,065,258	$ 2,751,068,391	$ 2,883,119,674	$ 23,559,572,408
EG5 Duals	$ 1,314,020,142	$ 1,377,093,109	$ 1,443,193,578	$ 1,512,466,870	$ 1,585,065,280	$ 1,661,148,413	$ 1,740,883,537	$ 1,824,445,947	$ 1,912,019,352	$ 2,003,796,281	$ 16,374,132,509
EG12E Carryover	$ 80,202,733	$ 80,202,733	$ 80,202,733	$ 80,202,733	$ 80,202,733	$ 80,202,733	$ 80,202,733	$ 80,202,733	$ 80,202,733	$ 80,202,733	$ 802,027,330
DSH	$ 383,773,144	$ 383,773,144	$ 383,773,144	$ 383,773,144	$ 383,773,144	$ 383,773,144	$ 383,773,144	$ 383,773,144	$ 383,773,144	$ 383,773,144	$ 3,837,731,440
UC Pool	$ 761,781,915	$ 761,781,915	$ 761,781,915	$ 761,781,915	$ 761,781,915	$ 761,781,915	$ 761,781,915	$ 761,781,915	$ 761,781,915	$ 761,781,915	$ 7,617,819,150
EG14 Katie Beckett Part B	$ 42,787,954	$ 44,841,775	$ 46,994,181	$ 49,249,901	$ 51,613,897	$ 54,091,364	$ 56,687,749	$ 59,408,761	$ 62,260,381	$ 65,248,880	$ 533,184,842
EG17 Less than MEC Additions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GME	$ 28,914,783	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,914,783
DSIP	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL	$ 9,159,505,875	$ 10,037,533,086	$ 10,464,884,294	$ 10,912,967,860	$ 11,382,789,921	$ 11,875,405,457	$ 12,391,920,665	$ 12,933,495,444	$ 13,501,346,005	$ 14,096,747,605	$ 116,756,596,212
VARIANCE	$ (547,419,678)	$ (458,340,470)	$ (395,689,292)	$ (327,294,535)	$ (252,731,537)	$ (171,547,144)	$ (83,257,901)	$ 12,651,863	$ 116,732,080	$ 229,569,097	$ (1,877,327,518)

Carry forward savings from DY 15 through 19:	$ 6,105,001,913

Hypothetical Analysis

Without-Waiver Total Expenditures

	DEMONSTRATION YEARS (DY) DY 1	DY 2	DY 3	DY 4	DY 5	DY 6	DY 7	DY 8	DY 9	DY 10	TOTAL
EG6E Expan Adult	$ 132,966.00	$ 132,966.00	$ 132,966.00	$ 132,966.00	$ 132,966.00	$ 132,966.00	$ 132,966.00	$ 132,966.00	$ 132,966.00	$ 132,966.00	$ 1,329,660
EG7E Expan Child	$ 3,908,017.51	$ 4,122,958.47	$ 4,349,721.19	$ 4,588,955.85	$ 4,841,348.43	$ 5,107,622.59	$ 5,388,541.83	$ 5,684,911.63	$ 5,997,581.77	$ 6,327,448.77	$ 50,317,108
EG8 Med Exp Child	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EG9 H-Disabled	$ 22,755,761	$ 23,984,572	$ 25,279,739	$ 26,644,845	$ 28,083,666	$ 29,600,184	$ 31,198,594	$ 32,883,318	$ 34,659,017	$ 36,530,604	$ 291,620,300
EG10 H-Over 65	$ 5,012,991	$ 5,238,576	$ 5,474,312	$ 5,720,656	$ 5,978,085	$ 6,247,099	$ 6,528,218	$ 6,821,988	$ 7,128,978	$ 7,449,782	$ 61,600,684
EG11 H-Duals	$ 375,438,140	$ 396,087,237	$ 417,872,035	$ 440,854,997	$ 465,102,022	$ 490,682,633	$ 517,670,178	$ 546,142,038	$ 576,179,850	$ 607,869,742	$ 4,833,898,873
EG13 Katie Backett Part A	$ 37,944,000	$ 39,992,976	$ 42,152,597	$ 44,428,837	$ 46,827,994	$ 49,356,706	$ 52,021,968	$ 54,831,154	$ 57,792,037	$ 60,912,806	$ 486,261,075
EG15 Katie Beckett Part C	$ 187,149	$ 197,255	$ 207,907	$ 219,134	$ 230,967	$ 243,440	$ 256,585	$ 270,441	$ 285,045	$ 300,437	$ 2,398,361
EG16	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL	$ 445,379,024	$ 469,756,541	$ 495,469,277	$ 522,590,390	$ 551,197,049	$ 581,370,651	$ 613,197,052	$ 646,766,817	$ 682,175,474	$ 719,523,786	$ 5,727,426,062

With-Waiver Total Expenditures

	DEMONSTRATION YEARS (DY) DY 1	DY 2	DY 3	DY 4	DY 5	DY 6	DY 7	DY 8	DY 9	DY 10	TOTAL
EG6E Expan Adult	$ 35,764	$ 35,764	$ 35,764	$ 35,764	$ 35,764	$ 35,764	$ 35,764	$ 35,764	$ 35,764	$ 35,764	$ 357,640
EG7E Expan Child	$ 194,607	$ 213,289	$ 233,765	$ 256,206	$ 280,802	$ 307,759	$ 337,304	$ 369,685	$ 405,175	$ 444,072	$ 3,042,664
EG8 Med Exp Child	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EG9 H-Disabled	$ 22,755,761	$ 23,984,572	$ 25,279,739	$ 26,644,845	$ 28,083,666	$ 29,600,184	$ 31,198,594	$ 32,883,318	$ 34,659,017	$ 36,530,604	$ 187,547,360
EG10 H-Over 65	$ 5,012,991	$ 5,238,576	$ 5,474,312	$ 5,720,656	$ 5,978,085	$ 6,247,099	$ 6,528,218	$ 6,821,988	$ 7,128,978	$ 7,449,782	$ 40,199,937
EG11 H-Duals	$ 375,438,140	$ 396,087,237	$ 417,872,035	$ 440,854,997	$ 465,102,022	$ 490,682,633	$ 517,670,178	$ 546,142,038	$ 576,179,850	$ 607,869,742	$ 3,103,707,243
EG13 Katie Backett Part A	$ 37,728,000	$ 39,538,944	$ 41,436,813	$ 43,425,780	$ 45,510,218	$ 47,694,708	$ 49,984,054	$ 52,383,289	$ 54,897,687	$ 57,532,776	$ 470,132,269
EG15 Katie Beckett Part C	$ 186,084	$ 195,016	$ 204,377	$ 214,187	$ 224,468	$ 235,242	$ 246,534	$ 258,367	$ 270,769	$ 283,766	$ 2,318,810
EG16	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL	$ 441,351,346	$ 465,293,398	$ 490,536,805	$ 517,152,435	$ 545,215,025	$ 574,803,390	$ 606,000,647	$ 638,894,450	$ 673,577,240	$ 710,146,505	$ 5,662,971,241
HYPOTHETICALS VARIANCE	$ 4,027,678	$ 4,463,143	$ 4,932,472	$ 5,437,955	$ 5,982,024	$ 6,567,260	$ 7,196,405	$ 7,872,367	$ 8,598,234	$ 9,377,281	$ 64,454,821