



Division of TennCare

# **TennCare II Demonstration**

Project No. 11-W-00151/4

Amendment 44

DRAFT

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## Amendment 44 to the TennCare II Demonstration

### I. Description of the Amendment

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TennCare is a comprehensive managed care program that provides the full range of Medicaid benefits to approximately 1.4 million Medicaid and demonstration eligibles in Tennessee. The TennCare program is funded in part by state revenue generated from a non-recurring hospital assessment. This assessment is currently scheduled to expire on June 30, 2020. This demonstration amendment—Amendment 44—outlines specific benefit changes that would be required effective July 1, 2020, in the absence of this funding. TennCare has proposed similar demonstration amendments nine times since 2010. Because the state’s hospital assessment was renewed in each of these prior years, the need to implement these changes was postponed.

The proposed changes involve adjustments to the TennCare benefit package for adults. There are no proposed changes to the benefit package for children. As noted below, some of the changes will not apply to institutionalized adults or to pregnant women receiving pregnancy-related services. “Institutionalized adults” are defined as persons receiving TennCare-reimbursed services in nursing facilities or intermediate care facilities for individuals with intellectual disabilities, as well as certain persons who are receiving services in home and community based services waivers, the CHOICES program, or the Employment and Community First CHOICES program.

The changes being requested fall into two categories: (1) benefits that will be eliminated for all TennCare adults, and (2) benefit limits that will be implemented for non-institutionalized adults, with provisions being made for pregnant women to receive pregnancy-related services in excess of these benefit limits.

1. **Benefits to be eliminated for all adults.** Amendment 44 proposes to eliminate coverage of three types of therapy for adults:
  - **Physical therapy, speech therapy, and occupational therapy.** These services have been non-covered in the Tennessee Medicaid State Plan for many years; they are offered to adults as demonstration benefits only. They will continue to be offered under certain HCBS waivers for persons with intellectual disabilities.
2. **Benefit limits to be implemented for non-institutionalized adults.** In addition, the state requests to implement the benefit limits outlined below. Pregnant women will be able to receive pregnancy-related services in excess of these limits. The new limits apply to the following services as indicated below:
  - Inpatient hospital and psychiatric hospital services, with a combined annual limit of eight (8) days per enrollee per year. Services in an Institution for Mental Diseases (IMD) for persons

age 65 and older are not included in this limit.

- Lab and X-ray services, with an annual limit of eight (8) occasions per person (an “occasion” is a day).
- Non-emergency outpatient hospital services, with an annual limit of eight (8) occasions per person (an “occasion” is a day).
- Health practitioners’ office visits, with a combined annual limit of eight (8) occasions per person (an “occasion” is a day).

### ***Proposed Waiver and Expenditure Authorities***

All waiver and expenditure authorities currently approved for the TennCare demonstration will continue to be in effect. The state is not requesting any new waiver or expenditure authorities to effectuate these changes.

### ***Other Beneficiary Impacts***

Amendment 44 will not result in any increase or decrease in enrollment in the TennCare demonstration. Eligibility for TennCare and cost sharing are unaffected by Amendment 44.

## **II. Expected Impact on Budget Neutrality**

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Implementation of Amendment 44 is projected to result in a decrease in aggregate annual expenditures of \$397,922,685 in Demonstration Year 19 (State Fiscal Year 2021). A spreadsheet illustrating the anticipated impact of Amendment 44 on expenditures under the TennCare demonstration is appended to this amendment request.

## **III. Expected Impact on CHIP Allotment Neutrality**

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

## **IV. Modifications to the Evaluation Design**

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The state does not anticipate modifying the demonstration evaluation design based on these changes.

## **V. Demonstration of Public Notice and Input**

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The state has used multiple mechanisms for notifying the public about this amendment and for soliciting public input on the amendment. These public notice and input procedures are informed by—and comply with—the requirements specified at 42 CFR § 431.408.

### ***Public Notice***

The state’s public notice and comment period began on February 13, 2020, and lasted through March

14, 2020. During this time, a comprehensive description of the amendment to be submitted to CMS was made available for public review and comment on an amendment-specific webpage on the TennCare website. An abbreviated public notice—which included a summary description of Amendment 44; the locations, dates, and times of two public hearings; and a link to the full public notice on the state’s amendment-specific webpage—was published in the newspapers of widest circulation in Tennessee cities with a population of 50,000 or more. TennCare disseminated information about the proposed amendment, including a link to the relevant webpage, via its social media (i.e., Facebook, Twitter). TennCare also notified the members of the Tennessee General Assembly of Amendment 44 via an electronically transmitted letter.

The state held two public hearings to seek public comment on Amendment 44. The first hearing took place on February 26, 2020, at 12:00 p.m. Central Time at the TennCare Building, 310 Great Circle Road in Nashville. The second public hearing took place on February 28, 2020, at 2:00 p.m. Central Time at the Bellevue branch of the Nashville Public Library, 720 Baugh Road in Nashville. Telephonic access to the February 26 hearing (in the TennCare Building) was offered to individuals who were unable to attend in person and who notified the state of their desire to participate by telephone. Members of the public also had the option to submit comments throughout the notice period by mail and/or email. Documentation of the state’s public notice process is included as Appendix A.

#### ***Public Comments***

[RESERVED]

Appendix A

Documentation of Public Notice

Appendix B

Public Comments Received

## Appendix C

### Anticipated Impact on Budget Neutrality



# Baseline Budget Neutrality - Budget Impact Analysis

## Amendment 44 - Benefit Limits

### II. Actual Expenditures

Group 1 and 2

	Projected 2020	Projected 2021
1-Disabled (can be any ages)	\$ 2,260,873,744	\$ 2,253,309,399
2-Child <=18	\$ 2,219,727,019	\$ 2,317,395,008
3-Adult >= 65	\$ 13,235,565	\$ 7,832,458
4-Adult <= 64	\$ 2,327,406,314	\$ 2,213,528,922
Duals (17)	\$ 1,568,793,454	\$ 1,582,839,675
<b>Total</b>	<b>8,390,036,096</b>	<b>8,374,905,462</b>

Group 3

	2020	2021
1-Disabled (can be any ages)	\$ 43,370,985	\$ 33,951,793
2-Child <=18	\$ 177,137	\$ 184,931
3-Adult >= 65	\$ 207,434,686	\$ 212,631,058
4-Adult <= 64	\$ 3,784,693	\$ 1,823,319
Duals (17)	\$ 282,068,419	\$ 292,504,951
<b>Total</b>	<b>536,835,921</b>	<b>541,096,052</b>

Projected Pool Payments and Admin

	2020	2021
<b>Total Pool &amp; Admin</b>	<b>1,339,641,810</b>	<b>1,379,831,065</b>

Total Net Quarterly Expenditures

\$ 10,266,513,827 \$ 10,295,832,579

### III. Surplus/(Deficit) - Per change in CMS policy

Annual With Am 44 Changes  
Cumulative With Am 44 Changes

	2020	2021
Annual With Am 44 Changes	\$ -	\$ 99,480,671
Cumulative With Am 44 Changes	\$ 26,909,495,414	\$ 29,265,298,511

Annual Before Am 44 Changes  
Difference

	2020	2021
Annual Before Am 44 Changes	\$2,123,943,835	\$2,256,322,425
Difference	\$ -	\$ 99,480,671

Cumulative Before Am 44 Changes

Cumulative Before Am 44 Changes	\$26,909,495,414	\$29,165,817,839
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Difference

0	99,480,671
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#### IV. Amendment 44 On-Off Switch

Amendment 40 (1 = yes,  
0 = no)

1

Net FFP Impact of Amendment 44  
FFP with Amendment 44

\$0  
\$6,711,733,415

(\$260,141,955)  
\$6,730,900,549

## Changes related to Amendment #44

Reduction Amounts	TOTAL Computable
PT/OT/ST benefit limit	\$ (27,530,445)
IP 8 days	\$ (145,674,443)
Limit Lab and X-ray to 8 per year	\$ (42,960,235)
Limit Office Visits to 8 per year	\$ (52,249,771)
Limit OP to 8 per year	\$ (129,507,791)
<b>TOTAL</b>	<b>\$ (397,922,685)</b>

## Projected Member Months

	2020	2021
1-Disabled (can be any ages)	1,782,208	1,785,631
2-Child <=18	9,964,426	10,066,190
3-Adult >= 65	3,620	3,620
4-Adult <= 64	5,900,529	5,935,769
Duals	1,811,316	1,814,747
<b>Total</b>	<b>19,462,101</b>	<b>19,605,957</b>

## Distribution of Reduction - All Groups

	2020	2021
1-Disabled (can be any ages)	(\$109,153,327)	(\$109,153,327)
2-Child <=18	\$0	\$0
3-Adult >= 65	(\$7,709,523)	(\$7,709,523)
4-Adult <= 64	(\$237,060,699)	(\$237,060,699)
Duals	(\$43,999,137)	(\$43,999,137)
<b>Total</b>	<b>(\$397,922,685)</b>	<b>(\$397,922,685)</b>

## Distribution of Reduction - Group I and II

	2020	2021
1-Disabled (can be any ages)	(\$97,999,294)	(\$97,999,294)
2-Child <=18	\$0	\$0
3-Adult >= 65	(\$5,853,116)	(\$5,853,116)
4-Adult <= 64	(\$234,902,521)	(\$234,902,521)
Duals	(\$43,999,137)	(\$43,999,137)
<b>Total</b>	<b>(\$382,754,068)</b>	<b>(\$382,754,068)</b>

**Distribution of Reduction - Group III**

	<b>2020</b>	<b>2021</b>
1-Disabled (can be any ages)	(\$11,154,032)	(\$11,154,032)
2-Child <=18	\$0	\$0
3-Adult >= 65	(\$1,856,407)	(\$1,856,407)
4-Adult <= 64	(\$2,158,178)	(\$2,158,178)
Duals	\$0	\$0
<b>Total</b>	<b>(\$15,168,617)</b>	<b>(\$15,168,617)</b>

**Per Member Per Month Effect**

	<b>2020</b>	<b>2021</b>
1-Disabled (can be any ages)	(\$61.25)	(\$61.13)
2-Child <=18	\$0.00	\$0.00
3-Adult >= 65	(\$2,129.76)	(\$2,129.76)
4-Adult <= 64	(\$40.18)	(\$39.94)
Duals	(\$24.29)	(\$24.25)
<b>Total</b>	<b>(\$20.45)</b>	<b>(\$20.30)</b>