

# Notice of Change to the TennCare III Demonstration Distribution of Uncompensated Care Funds

*January 20, 2023*

The Commissioner of the Tennessee Department of Finance & Administration is providing official notification of a planned change to the TennCare demonstration. This change involves modifications to TennCare's distribution of uncompensated care payments to hospitals. TennCare is publishing this notice pursuant to the terms and conditions of the TennCare demonstration in order to solicit public input on this planned change.

## **Description of Planned Program Change**

Since 2016, the TennCare demonstration has included an Uncompensated Care Fund for Charity Care (also referred to as the "Charity Care Pool"). Funds from the Charity Care Pool are used to support Tennessee hospitals by helping to offset costs associated with uncompensated care provided to the uninsured through charity care programs or self-pay patients. TennCare distributes funds from the Charity Care Pool to qualifying hospitals according to an established distribution methodology. TennCare's current distribution methodology for uncompensated care payments is available on TennCare's website at <https://www.tn.gov/content/dam/tn/tenncare/documents2/SupplementalPaymentDistributionMethodology.pdf>.

TennCare is providing public notice of its intent to modify its distribution methodology for uncompensated care payments through the Charity Care Pool. TennCare's current distribution methodology distributes a total of \$252,845,886 to hospitals annually through the Charity Care Pool. On a one-time, non-recurring basis in State Fiscal Year 2023, TennCare intends to pay up to an additional \$337,040,400 to hospitals through the Charity Care Pool. This proposed payment increase is contingent on appropriation of state funds from the General Assembly and will become effective upon the effectuation of such appropriation.

TennCare's proposed new distribution methodology for Charity Care Pool payments is illustrated in standard format at <https://www.tn.gov/content/dam/tn/tenncare/documents2/DraftDistributionMethodology.pdf>, and in redline format at <https://www.tn.gov/content/dam/tn/tenncare/documents2/RedlineMethodology.pdf>.



## **Expected Impact on Enrollment and Expenditures**

This change will not result in the enrollment of additional persons in the TennCare program.

The implementation of this change is expected to result in a one-time, non-recurring increase of up to \$337,040,400 in aggregate expenditures during Demonstration Year 3 of the TennCare III demonstration.

## **Waiver and Expenditure Authorities Requested**

TennCare is not requesting any new waiver or expenditure authorities under Section 1115 of the Social Security Act to implement these changes. The Charity Care Pool is already an approved component of the TennCare demonstration. Under the terms of the TennCare III demonstration, TennCare may make modifications to the methodology for distributing payments from the Charity Care Pool, subject to public notice and notification to the Centers for Medicare & Medicaid Services (CMS).

## **Public Notice Process**

TennCare has taken a variety of steps to ensure that members of the public are notified of this planned change to the TennCare program. These measures include the development and maintenance of this webpage, as well as notices published in newspapers of general circulation in Tennessee communities with 50,000 or more residents. In addition, TennCare has disseminated information about this proposed change via its social media accounts (e.g., Facebook, Twitter).

## **Public Input Process**

TennCare is seeking feedback on this planned change. Members of the public are invited to offer comments regarding this change from January 20, 2023, through February 20, 2023.

Members of the public who wish to comment on this planned change may do so through either of the following options:

- Comments may be sent by email to [public.notice.tennCare@tn.gov](mailto:public.notice.tennCare@tn.gov).
- Comments may be mailed to

Aaron Butler, Director of Policy  
Division of TennCare  
310 Great Circle Road  
Nashville, TN 37243.



TennCare always appreciates input. In order to be considered prior to implementation of this change, feedback must be received no later than February 20, 2023. Individuals wishing to view comments submitted by members of the public may submit their requests to the same physical address and/or email address at which comments are being accepted.

### **TennCare Demonstration**

A copy of the TennCare Demonstration is available at

<https://www.tn.gov/content/dam/tn/tenncare/documents/tenncarewaiver.pdf>.

### **TennCare Page on CMS Web Site**

As the federal agency with oversight authority over all Medicaid programs, CMS offers its own online resources regarding the TennCare Demonstration. Interested parties may view these materials at

[https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/waivers\\_faceted.html](https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/waivers_faceted.html).

