TennCare Quarterly Report

April – June 2020

Submitted to the Members of the General Assembly

Status of TennCare Reforms and Improvements

Response to COVID-19 Emergency. On March 12, 2020, Governor Bill Lee declared a state of emergency to help facilitate the state's response to the threat to public health and safety posed by coronavirus disease 2019 (or "COVID-19"). As the agency in Tennessee state government responsible for providing health insurance to more than 1.4 million individuals, the Division of TennCare has developed a multilayered response to the COVID-19 emergency. Working in tandem with partners and stakeholders at the federal and state levels, TennCare designed and deployed a strategy consisting of such elements as—

- Coordinating with the provider community and TennCare's health plans to ensure access to care for TennCare members in need of testing or treatment for COVID-19;
- Assisting providers in offering covered services to TennCare members via telehealth when medically appropriate;
- Increasing care coordination services for members impacted by COVID-19 who are self-isolated so that they can receive additional supports as needed;
- Pausing nearly all terminations of eligibility for TennCare and CoverKids (the state's separate CHIP program) members during the COVID-19 emergency;
- Waiving copays on services related to the testing and treatment of COVID-19 for TennCare and CoverKids members;
- Working with TennCare's health plans to streamline or temporarily lift authorization requirements to ensure services are delivered promptly and claims paid quickly;
- Expediting access to home-based care for former nursing facility patients being discharged from hospitals and electing to transition home;
- Enhancing access to prescription drugs by allowing early refills of prescriptions and by allowing 90-day supplies to be prescribed for most medications;
- Obtaining a Section 1135 waiver from the Centers for Medicare and Medicaid Services (CMS) that provides flexibilities to help ensure that TennCare members receive necessary services;
- Submitting a Section 1115 waiver application seeking CMS authorization to reimburse hospitals, physicians, and medical labs for providing COVID-19 treatment to uninsured individuals;

- Obtaining federal approval to make supplemental retainer payments to providers of home- and community-based services for individuals with intellectual disabilities, as well as additional flexibilities to support these providers during the public health emergency;
- Assisting providers of long-term services and supports in reducing the spread of COVID-19 among individuals who are residents of nursing facilities; and
- Working with the federal government and healthcare providers in Tennessee to provide enhanced financial support for providers disproportionately affected by the COVID-19 emergency, including primary care providers, nursing facilities, dentists, and community mental health centers and other providers of behavioral health services.

Additional resources concerning TennCare's response to the COVID-19 pandemic are available on the agency's website at https://www.tn.gov/tenncare/information-statistics/tenncare-information-about-coronavirus.html.

Amendments to the TennCare Demonstration. Seven proposed amendments to the TennCare Demonstration were in various stages of development during the April-June 2020 quarter.

Demonstration Amendment 35: Substance Use Disorder Services. In May 2018, TennCare submitted Demonstration Amendment 35 to CMS. Amendment 35 would modify the TennCare benefits package to cover residential substance use disorder (SUD) treatment services in facilities with more than 16 beds. The federal government classifies such facilities as "institutions for mental diseases" (IMDs), and federal law prohibits the expenditure of federal Medicaid dollars for services delivered to adults in these facilities. Historically, TennCare's managed care organizations (MCOs) were permitted to cover residential treatment services in IMDs, if the MCO determined that such care was medically appropriate and cost-effective as compared to other treatment options. However, CMS recently issued regulations restricting the ability of MCOs to pay for services in these facilities. Specifically, the new federal regulation limits this option to treatment stays of no more than 15 days per calendar month.[1] TennCare is seeking authority with Amendment 35 to allow enrollees to receive short-term services in IMDs beyond the 15-day limit in federal regulation, up to 30 days per admission.

As of the end of the April-June 2020 quarter, CMS's review of Amendment 35 was ongoing.

Demonstration Amendment 36: Providers of Family Planning Services. Amendment 36 was submitted to CMS in August 2018. Amendment 36 grew out of Tennessee's 2018 legislative session and, in particular, Public Chapter No. 682, which established that it is the policy of the state of Tennessee to favor childbirth and family planning services that do not include elective abortions within the continuum of care or services, and to avoid the direct or indirect use of state funds to promote or support elective abortions.

Amendment 36 requests authority for TennCare to establish state-specific criteria for providers of family planning services, and to exclude any providers that do not meet these criteria from participation in the

[1] See 42 CFR § 438.6(e).

TennCare program. As specified in Public Chapter No. 682, TennCare is proposing to exclude any entity that performed, or operated or maintained a facility that performed, more than 50 abortions in the previous year, including any affiliate of such an entity.

CMS held a 30-day federal public comment period on Amendment 36 during the third quarter of Calendar Year 2018. Close to 3,500 comments were received, and CMS subsequently began to review that feedback as well as the amendment itself. As of the end of the April-June 2020 quarter, CMS's review of Amendment 36 was ongoing.

Demonstration Amendment 38: Community Engagement. TennCare submitted Amendment 38 to CMS on December 28, 2018. Demonstration Amendment 38 implements a state law (Public Chapter No. 869) enacted by the Tennessee General Assembly in 2018. This law directed TennCare to seek federal authorization to establish reasonable work and community engagement requirements for non-pregnant, non-elderly, non-disabled adults enrolled in the TennCare program who do not have dependent children under the age of six. The legislation also required TennCare to seek approval from the U.S. Department of Health and Human Services (HHS) to use funds from the state's Temporary Assistance for Needy Families (TANF) program to support implementation of the community engagement program.

As of the end of the April-June 2020 quarter, discussions between TennCare and CMS on Amendment 38, as well as conversations between TennCare and federal TANF officials, were ongoing.

Demonstration Amendment 40: "Katie Beckett" Program. On September 20, 2019, TennCare submitted Amendment 40 to CMS. Amendment 40 implements legislation (Public Chapter No. 494) passed by the Tennessee General Assembly in the 2019 legislative session directing TennCare to seek CMS approval for a new "Katie Beckett" program. The proposal would assist children under age 18 with disabilities and/or complex medical needs who are not eligible for Medicaid because of their parents' income or assets.

The Katie Beckett program proposed in Amendment 40—developed by TennCare in close collaboration with the Tennessee Department of Intellectual and Developmental Disabilities and other stakeholders—would be composed of two parts:

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

In addition to Parts A and B, Amendment 40 provides for 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.

As of the end of the April-June 2020 quarter, CMS's review of Amendment 40 was ongoing.

Demonstration Amendment 41: Supplemental Hospital Payments. On October 24, 2019, TennCare submitted Amendment 41 to CMS. Amendment 41 consisted of two components:

1. A proposal to enhance TennCare's ability to reimburse qualifying Tennessee hospitals for costs realized as a result of providing uncompensated care, and
2. A proposal to increase the amount of funding in TennCare's program to support graduate medical education (GME) in Tennessee.

Amendment 41 requested to increase TennCare's uncompensated care funding by approximately $382 million and TennCare's GME funding by approximately $11 million.

Shortly after the end of the April-June quarter, on July 7, TennCare received CMS approval of the portion of Amendment 41 increasing allowable funding for uncompensated care. However, CMS did not approve the portion of Amendment 41 increasing support for GME. TennCare is currently evaluating next steps.

Demonstration Amendment 42: Block Grant. Like several other amendments described in this report, Amendment 42 is the result of legislation passed by the Tennessee General Assembly. Amendment 42 implements Public Chapter No. 481 from the 2019 legislative session, which directs TennCare to submit a demonstration amendment to CMS to convert the bulk of TennCare's federal funding to a block grant. The block grant proposed in Amendment 42 is based on TennCare enrollment, using State Fiscal Years 2016, 2017, and 2018 as the base period for calculating the block grant amount. The block grant would be indexed for inflation and for enrollment growth beyond the experience reflected in the base period.

The proposed block grant is intended to cover core medical services delivered to TennCare's core population. Certain TennCare expenses would be excluded from the block grant and continue to be financed through the current Medicaid financing model. These excluded expenditures include services carved out of the existing TennCare demonstration, outpatient prescription drugs, uncompensated care payments to hospitals, services provided to members enrolled in Medicare, and administrative expenses.

Amendment 42 does not rely on reductions to eligibility or benefits in order to achieve savings under the block grant. Instead, it would leverage opportunities to deliver healthcare to TennCare members more effectively and would permit TennCare to implement new reform strategies that would yield benefits for both the State and the federal government.

TennCare submitted Amendment 42 to CMS on November 20, 2019. CMS's review of Amendment 42 was ongoing as of the end of the April-June 2020 quarter.

Demonstration Amendment 43: Extension of Medication Therapy Management Program. Medication therapy management (MTM) is a clinical service provided by licensed pharmacists, the aim of which is to optimize drug therapy and improve therapeutic outcomes for patients. MTM services include medication

therapy reviews, pharmacotherapy consults, monitoring efficacy and safety of medication therapy, and other clinical services.

TennCare's MTM benefit was implemented in July 2018 for TennCare members affected by the state's patient-centered medical home (PCMH) program and health home program (known as "Health Link") who met specified clinical risk criteria. TennCare proposed to operate the MTM benefit on a two-year pilot basis in order to evaluate the impact of MTM services on health outcomes, as well as the cost and quality of care for affected members.

In Amendment 43, TennCare proposed to extend its MTM pilot program for an additional 12 months, through the end of June 2021. The purpose of this request was to allow time for additional data on the effectiveness of the MTM program to be gathered, thereby informing future decision-making about the program.

On June 30, 2020, TennCare received approval of Amendment 43 from CMS.

Update on 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 is part of TennCare's delivery system transformation initiative, which is changing healthcare delivery in Tennessee by moving from paying for volume to paying for value.

On May 20, 2020, TennCare hosted the 2020 Episodes of Care Annual Feedback Session. As a result of the COVID-19 emergency, the event was hosted via a virtual platform. The live event attracted a total of 155 attendees, the highest attendance for the annual feedback session in several years. Over 20 providers submitted feedback on the episodes program. A memo detailing the State's responses to each item of feedback is expected to be released this fall.

Incentives for Providers to Use Electronic Health Records. The Electronic Health Records (EHR) Incentive Program is a partnership between federal and state governments that grew out of the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009. The purpose of the program is to provide financial incentives to Medicaid providers[2] to replace outdated, often paper-based approaches to medical record-keeping with Certified Electronic Health Record Technology (as defined by CMS) that meets rigorous criteria and that can improve health care delivery and quality. The federal government provides 100 percent of the funding for the incentive payments and 90 percent of the funding for

[2] CMS allows two types of providers to participate in the Medicaid EHR Incentive Program: eligible professionals (medical and osteopathic physicians, nurse practitioners, certified nurse midwives, dentists, and physician assistants who meet certain criteria) and eligible hospitals (acute care hospitals, critical access hospitals, and children's hospitals).

administrative costs. Tennessee's EHR program[3] has issued payments for six years to eligible professionals and for three years to eligible hospitals.

EHR payments made by TennCare during the April-June 2020 quarter as compared with payments made throughout the life of the program appear in the table below:

Payment Type	Number of Providers Paid During the Quarter	Quarterly Amount Paid (Apr-Jun 2020)	Cumulative Amount Paid to Date[4]
First-year payments	1[5]	$21,250	$180,155,394
Second-year payments	14	$119,000	$59,956,155
Third-year payments	35	$294,667	$37,931,519
Fourth-year payments	48	$405,167	$8,947,682
Fifth-year payments	65	$549,667	$6,077,505
Sixth-year payments	53	$436,334	$3,674,248

Technical assistance activities, outreach efforts, and other EHR-related projects conducted by TennCare staff during the quarter included the following:

- Communicating with providers who had previously been approved for—but had not yet received—payment because of ongoing issues with their TennCare registration;
- Emailing letters to providers in May and June to remind them of various submission deadlines in June and July;
- Continuing (with CMS's permission) to accept Program Year 2019 attestations through June 30, 2020, to accommodate providers affected by the March 2020 tornadoes or the coronavirus crisis;
- Working with TennCare's attestation software vendor to assure that the Program Year 2019 submission process concluded smoothly for all participating providers;
- Providing daily technical assistance to providers via email and telephone calls;
- Participation in CMS-led calls regarding the EHR Incentive Program; and
- Newsletters and alerts distributed by TennCare's EHR ListServ.

Although enrollment of new providers concluded on April 30, 2017, TennCare's EHR Incentive Program will continue through the 2021 program year as required by CMS rules. Tennessee's program team continues to work with a variety of provider organizations to maintain the momentum of the program. The focus of post-enrollment outreach efforts for 2020 is to encourage provider participants who remain eligible to continue attesting and complete the program.

[3] In April 2018, CMS announced that its EHR programs would be renamed "Promoting Interoperability (PI) Programs." While Tennessee's EHR initiative falls within the scope of CMS's PI Programs, TennCare continues to refer to its initiative as "EHR Incentive Program" for purposes of clarity and consistency in communications with providers.

[4] In certain cases, cumulative totals reflect adjustments of payments from previous quarters. The need for these recoupments was identified through standard auditing processes.

[5] First-year payments are usually issued to providers newly enrolled in the EHR program, and enrollment of providers ended in April 2017. The provider to whom a first-year payment was issued this quarter had enrolled prior to April 2017, but an issue with the provider's TennCare registration had to be corrected before payment could be issued.

***A.M.C. et al., v. Smith* Lawsuit.** On March 19, 2020, the Tennessee Justice Center filed a federal lawsuit on behalf of a proposed class of plaintiffs against the Division of TennCare. The lawsuit alleges statutory and constitutional deficiencies with TennCare's eligibility redetermination process and the Tennessee Eligibility Determination System. Another allegation within the suit is that TennCare is violating the Americans with Disabilities Act by not providing reasonable accommodations, thereby preventing disabled individuals from participating in the TennCare program. Plaintiffs have two pending motions before the court: one for class certification and one for preliminary injunction, both of which TennCare opposed. The State filed a timely motion to dismiss the case, which is also pending with the Court.

Supplemental Payments to Tennessee Hospitals. The Division of TennCare makes supplemental payments to qualifying Tennessee hospitals each quarter to help offset the costs these facilities incur in providing uncompensated care. The methodology for distributing these funds is outlined in Attachment H of the TennCare Demonstration Agreement with CMS. The supplemental payments made during the fourth quarter of State Fiscal Year 2020 (which were larger than usual because of the approval of Amendment 41) are shown in the table below.

Supplemental Hospital Payments for the Quarter

Hospital Name	County	Fourth Quarter Payments – FY 2020
Methodist Medical Center of Oak Ridge	Anderson County	$2,355,562
Ridgeview Psychiatric Hospital and Center	Anderson County	$988,698
Tennova Healthcare – Shelbyville	Bedford County	$76,694
Camden General Hospital	Benton County	$208,778
Erlanger Bledsoe Hospital	Bledsoe County	$362,126
Blount Memorial Hospital	Blount County	$1,147,341
Tennova Healthcare – Cleveland	Bradley County	$475,934
Jellico Community Hospital	Campbell County	$599,577
Tennova Healthcare – LaFollette Medical Center	Campbell County	$236,339
Saint Thomas Stones River Hospital	Cannon County	$189,483
Baptist Memorial Hospital – Carroll County	Carroll County	$265,283
Sycamore Shoals Hospital	Carter County	$532,238
TriStar Ashland City Medical Center	Cheatham County	$535,625
Claiborne Medical Center	Claiborne County	$265,833
Tennova Healthcare – Newport Medical Center	Cocke County	$338,110
Tennova Healthcare – Harton	Coffee County	$265,061
Unity Medical Center	Coffee County	$277,806
Cumberland Medical Center	Cumberland County	$492,006
Ascension Saint Thomas Hospital	Davidson County	$3,162,100
TriStar Skyline Medical Center	Davidson County	$7,022,674
Nashville General Hospital	Davidson County	$1,140,659
Saint Thomas Midtown Hospital	Davidson County	$5,052,490
Select Specialty Hospital - Nashville	Davidson County	$7,628

Hospital Name	County	Fourth Quarter Payments – FY 2020
TriStar Centennial Medical Center	Davidson County	$9,334,502
TriStar Southern Hills Medical Center	Davidson County	$3,294,424
TriStar Summit Medical Center	Davidson County	$3,758,813
Vanderbilt Stallworth Rehabilitation Hospital	Davidson County	$9,515
Vanderbilt University Medical Center	Davidson County	$25,632,488
Decatur County General Hospital	Decatur County	$77,963
Saint Thomas DeKalb Hospital	DeKalb County	$217,672
TriStar Horizon Medical Center	Dickson County	$2,921,986
West Tennessee Healthcare Dyersburg Hospital	Dyer County	$504,280
Southern Tennessee Regional Health System – Winchester	Franklin County	$593,655
Milan General Hospital	Gibson County	$88,792
Southern Tennessee Regional Health System – Pulaski	Giles County	$279,666
Greeneville Community Hospital	Greene County	$1,135,036
Morristown – Hamblen Healthcare System	Hamblen County	$1,714,467
Erlanger Health System	Hamilton County	$8,880,683
Memorial North Park Hospital	Hamilton County	$3,061,437
Parkridge Medical Center	Hamilton County	$10,333,010
Encompass Health Rehabilitation Hospital of Chattanooga	Hamilton County	$5,489
Siskin Hospital for Physical Rehabilitation	Hamilton County	$57,851
Hancock County Hospital	Hancock County	$99,863
Bolivar General Hospital	Hardeman County	$310,886
Hardin Medical Center	Hardin County	$599,348
Hawkins County Memorial Hospital	Hawkins County	$362,393
Henderson County Community Hospital	Henderson County	$145,689
Henry County Medical Center	Henry County	$961,902
Saint Thomas Hickman Hospital	Hickman County	$239,111
Houston County Community Hospital	Houston County	$61,349
Three Rivers Hospital	Humphreys County	$106,141
Tennova Healthcare – Jefferson Memorial Hospital	Jefferson County	$123,674
Johnson County Community Hospital	Johnson County	$126,328
Parkwest Medical Center	Knox County	$3,420,843
Tennova Healthcare – North Knoxville Medical Center	Knox County	$493,523
East Tennessee Children's Hospital	Knox County	$4,153,380
Fort Sanders Regional Medical Center	Knox County	$4,710,887
University of Tennessee Medical Center	Knox County	$10,121,342
Lauderdale Community Hospital	Lauderdale County	$252,298
Southern Tennessee Regional Health System – Lawrenceburg	Lawrence County	$525,365
Lincoln Medical Center	Lincoln County	$1,259,182

Hospital Name	County	Fourth Quarter Payments – FY 2020
Fort Loudoun Medical Center	Loudon County	$407,504
Macon Community Hospital	Macon County	$376,349
Jackson – Madison County General Hospital	Madison County	$7,464,617
Pathways of Tennessee	Madison County	$710,957
Marshall Medical Center	Marshall County	$690,717
Maury Regional Medical Center	Maury County	$2,279,853
Unity Psychiatric Care – Columbia	Maury County	$2,601
Starr Regional Medical Center – Athens	McMinn County	$290,039
Sweetwater Hospital Association	Monroe County	$831,051
Tennova Healthcare – Clarksville	Montgomery County	$379,412
Unity Psychiatric Care – Clarksville	Montgomery County	$1,796
Baptist Memorial Hospital – Union City	Obion County	$1,085,631
Livingston Regional Hospital	Overton County	$162,372
Perry Community Hospital	Perry County	$53,249
Cookeville Regional Medical Center	Putnam County	$1,909,672
Ten Broeck Tennessee	Putnam County	$178,993
Rhea Medical Center	Rhea County	$853,092
Roane Medical Center	Roane County	$749,674
NorthCrest Medical Center	Robertson County	$692,150
Saint Thomas Rutherford Hospital	Rutherford County	$5,398,979
TriStar StoneCrest Medical Center	Rutherford County	$2,713,686
TrustPoint Hospital	Rutherford County	$96,494
Big South Fork Medical Center	Scott County	$39,150
LeConte Medical Center	Sevier County	$2,381,151
Baptist Memorial Restorative Care Hospital	Shelby County	$134,364
Baptist Memorial Hospital – Memphis	Shelby County	$6,777,160
Methodist University Hospital	Shelby County	$16,294,307
Crestwyn Behavioral Health	Shelby County	$272,367
Delta Medical Center	Shelby County	$1,268,347
Encompass Health Rehabilitation Hospital of North Memphis	Shelby County	$1,877
Encompass Health Rehabilitation Hospital of Memphis	Shelby County	$22,476
LeBonheur Children's Hospital	Shelby County	$10,361,494
Regional One Health	Shelby County	$7,234,928
Regional One Health Extended Care Hospital	Shelby County	$252
Saint Francis Hospital	Shelby County	$1,562,127
Saint Francis Hospital – Bartlett	Shelby County	$363,223
Saint Jude Children's Research Hospital	Shelby County	$1,361,576
Select Specialty Hospital – Memphis	Shelby County	$21,904
Unity Psychiatric Care – Memphis	Shelby County	$799
Riverview Regional Medical Center	Smith County	$438,758
Bristol Regional Medical Center	Sullivan County	$3,011,078

Hospital Name	County	Fourth Quarter Payments – FY 2020
Creekside Behavioral Health	Sullivan County	$31,076
Encompass Health Rehabilitation Hospital of Kingsport	Sullivan County	$22,833
Holston Valley Medical Center	Sullivan County	$4,194,751
Indian Path Community Hospital	Sullivan County	$916,653
Select Specialty Hospital – Tri-Cities	Sullivan County	$48
TriStar Hendersonville Medical Center	Sumner County	$2,433,507
Sumner Regional Medical Center	Sumner County	$910,536
Baptist Memorial Hospital – Tipton	Tipton County	$1,281,223
Trousdale Medical Center	Trousdale County	$195,579
Unicoi County Hospital	Unicoi County	$84,248
Saint Thomas River Park Hospital	Warren County	$566,177
Johnson City Medical Center	Washington County	$7,675,469
Franklin Woods Community Hospital	Washington County	$668,155
Quillen Rehabilitation Hospital	Washington County	$11,219
Wayne Medical Center	Wayne County	$104,238
Unity Psychiatric Care – Martin	Weakley County	$1,210
West Tennessee Healthcare Rehabilitation Hospital Cane Creek	Weakley County	$748
West Tennessee Healthcare Volunteer Hospital	Weakley County	$127,781
Saint Thomas Highlands Hospital	White County	$60,266
Encompass Health Rehabilitation Hospital of Franklin	Williamson County	$152
Williamson Medical Center	Williamson County	$284,836
Vanderbilt Wilson County Hospital	Wilson County	$702,724
TOTAL		**$225,122,933**

Number of Recipients on TennCare and Costs to the State

During the month of June 2020, there were 1,428,945 Medicaid eligibles and 20,731 Demonstration eligibles enrolled in TennCare, for a total of 1,449,676 persons.

Estimates of TennCare spending for the third quarter of State Fiscal Year 2020 are summarized in the table below.

Spending Category	Fourth Quarter FY 2020*
MCO services**	$1,967,479,300
Dental services	$18,975,300
Pharmacy services	$344,506,000
Medicare "clawback"***	$62,779,200

**These figures are cash basis as of June 30 and are unaudited.*

***This figure includes Integrated Managed Care MCO expenditures.*

****The Medicare Part D clawback is money that states are required to pay to the federal government to help offset costs the federal government incurs by covering the prescription benefit for enrollees who have both Medicare and Medicaid.*

Viability of Managed Care Contractors (MCCs) in the TennCare Program

Claims payment analysis. TennCare's prompt pay requirements may be summarized as shown below.

Entity	Standard	Authority
MCOs (services other than CHOICES and ECF CHOICES)	90% of clean claims for payment for services delivered to TennCare enrollees are processed and, if appropriate, paid within 30 calendar days of the receipt of such claims. 99.5% of all provider claims are processed, and, if appropriate, paid within 60 calendar days of receipt.	TennCare contract and in accordance with T.C.A. § 56-32-126(b)
MCOs (CHOICES and ECF CHOICES services)	90% of clean electronically submitted Nursing Facility and applicable Home and Community Based Services claims[6] are processed and paid within 14 calendar days of receipt. 99.5% of clean electronically submitted Nursing Facility and applicable Home and Community Based Services claims[7] are processed and paid within 21 calendar days of receipt.	TennCare contract

[6] Excludes Personal Emergency Response Systems (PERS), assistive technology, minor home modifications, and pest control claims. Claims for delivery of these services are handled like general MCO claims.

[7] Ibid.

Entity	Standard	Authority
Dental Benefits Manager (DBM)	90% of clean claims for payment for services delivered to TennCare enrollees are processed, and, if appropriate, paid within 30 calendar days of the receipt of such claims. 99.5% of all provider claims are processed, and, if appropriate, paid within 60 calendar days of receipt.	TennCare contract and in accordance with T.C.A. § 56-32-126(b)
Pharmacy Benefits Manager (PBM)	100% of all clean claims submitted by pharmacy providers are paid within 15 calendar days of receipt.	TennCare contract

The MCOs, the DBM, and the PBM are required to submit monthly claims data files of all TennCare claims processed to the Tennessee Department of Commerce and Insurance (TDCI) for verification of statutory and contractual prompt pay compliance. The plans are required to separate their claims data by claims processor (e.g., MCO, vision benefits manager, etc.). Furthermore, the MCOs are required to identify separately non-emergency transportation (NEMT) claims in the data files. Finally, the MCOs are required to submit separate claims data files representing a subset of electronically submitted Nursing Facility and applicable Home and Community Based Services claims for CHOICES and ECF CHOICES enrollees. TDCI then performs an analysis and reports the results of the prompt pay analyses by NEMT and CHOICES and ECF CHOICES claim types, by claims processor, and by total claims processed for the month.

If an MCO does not comply with the prompt pay requirements based on the total claims processed in a month, TDCI has the statutory authority to levy an administrative penalty of $10,000 for each month of non-compliance after the first instance of non-compliance was reported to the plan. The Division of TennCare may also assess liquidated damages pursuant to the terms of the TennCare Contract. If the DBM and PBM do not meet their contractual prompt pay requirements, only TennCare may assess applicable liquidated damages against these entities.

Net worth and company action level requirements. According to Tennessee's "Health Maintenance Organization Act of 1986" statute (T.C.A. § 56-32-101 *et seq.*), the minimum net worth requirement for each TennCare MCO is calculated based on premium revenue reported on the National Association of Insurance Commissioners (NAIC) Annual Financial Statement for the most recent calendar year, as well as any TennCare payments made to the MCO that are not reported as premium revenue.

During the April-June 2020 quarter, the MCOs submitted their NAIC First Quarter 2020 Financial Statements. As of March 31, 2020, TennCare MCOs reported net worth as indicated in the table below.[8]

MCO	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Amerigroup Tennessee	$33,562,799	$214,505,127	$180,942,328

[8] The "Net Worth Requirement" and "Reported Net Worth" figures in the table are based on the MCOs' company-wide operations, not merely their TennCare operations.

MCO	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
UnitedHealthcare Plan of the River Valley (UnitedHealthcare Community Plan)	$77,500,193	$618,659,722	$541,159,529
Volunteer State Health Plan (BlueCare & TennCare Select)	$56,256,150	$461,848,405	$405,592,255

During the April-June 2020 quarter, the MCOs were also required to comply with Tennessee's "Risk-Based Capital for Health Organizations" statute (T.C.A. § 56-46-201 *et seq.*). Risk-based capital (RBC) involves a method of calculating the minimum amount of capital necessary for a health entity to support its overall business operations depending on its size and risk profile. A health entity with a higher amount of risk is required to hold a higher amount of capital. The RBC statute gives TDCI the authority and mandate to use preventive and corrective measures that vary depending on the amount of capital deficiency indicated by the RBC calculations. A "Company Action Level" deficiency (defined at T.C.A. § 56-46-203(a)) would require the submission of a plan to correct the entity's capital deficiency.

All TennCare MCOs met their minimum net worth requirements and Company Action Level requirements as of March 31, 2020.

Success of Fraud Detection and Prevention

The mission of the Tennessee Office of Inspector General (OIG) is to identify, investigate, prosecute, and arrest persons who commit fraud or abuse against the TennCare program and to recoup money owed to the State of Tennessee. The OIG receives case information from a variety of sources, including local law enforcement, the Division of TennCare, Health Related Boards, the Department of Human Services (DHS), other State agencies, health care providers, MCCs, and the general public via the OIG website, fax, written correspondence, and phone calls to the OIG hotline. Cases adjudicated during a particular fiscal year may have no relationship to dates of arrest during the same year. Selected statistics for the fourth quarter of Fiscal Year 2020 furnished for this report by the OIG are as follows:

Fraud and Abuse Allegations	Fourth Quarter FY 2020
Fraud Allegations	885
Abuse Allegations*	44
Arrest/Conviction/Judicial Diversion Totals	**Fourth Quarter FY 2020**
Arrests	4
Convictions	3
Judicial Diversions	0

***** *Abuse cases may be referred to the appropriate Managed Care Contractor (MCC), the Division of TennCare, or DHS for further review/action.*

Criminal Court Fines and Costs Imposed	Fourth Quarter FY 2020
Court Costs & Taxes	$0
Fines	$250
Drug Funds/Forfeitures	$0
Criminal Restitution Ordered	$24,390
Criminal Restitution Received[9]	$63,354
Civil Restitution/Civil Court Judgments	**Fourth Quarter FY 2020**
Civil Restitution Ordered[10]	$0
Civil Restitution Received[11]	$3,400

Recommendations for Review	Fourth Quarter FY 2020
Recommended TennCare Terminations[12]	44
Potential Savings[13]	$178,744

Program Totals

The following table identifies monies ordered by the courts as a direct result of TennCare fraud investigations conducted by the OIG since its inception in 2004. Some of these forms of restitution relate to types of fraud (e.g., food stamps) that do not relate directly to the TennCare program but that were discovered and prosecuted by OIG during the course of a TennCare fraud investigation.

Type of Court-Ordered Payment	Grand Total for Period of 2004-2020
Restitution to Division of TennCare	$5,402,603
Restitution to TennCare MCOs	$90,768
Restitution to Law Enforcement	$19,171
Food Stamps	$81,337
Fines	$1,375,206
Court Costs	$385,560
Drug Funds	$478,444
Civil Restitution	$3,129,725

[9] Restitution may have been ordered in a fiscal year other than the one in which payment was actually received.

[10] This total reflects dollars identified for recoupment by the OIG in such non-criminal contexts as civil cases, administrative hearings, and voluntary reimbursements to TennCare.

[11] Restitution may have been agreed to in a fiscal year other than the one in which payment was actually received.

[12] Recommendations that enrollees' TennCare coverage should be terminated are sent to the Division of TennCare for review and determination of appropriate action. These recommendations are based on information received and reviewed by the OIG. TennCare determines whether these referrals meet the criteria for termination. Reviews of these recommendations must factor in some limitations, such as the inability to disenroll individuals in certain federally protected categories.

[13] Potential savings are determined by multiplying the number of enrollees whose coverage would be terminated, assuming all of the State's criteria for termination are met, by the average annual cost per enrollee for MCO, pharmacy, and dental services (currently estimated by TennCare to be $4,062.36).