TennCare Quarterly Report

July – September 2021

Submitted to the Members of the General Assembly

Status of TennCare Reforms and Improvements

Implementation of State Fiscal Year 2022 Budget Items. The budget approved for State Fiscal Year 2022 included funding for a number of modifications and enhancements to the TennCare program. These include:

1. Extending TennCare's coverage of postpartum women to 12 months;
2. Establishing a dental benefit for pregnant and postpartum women enrolled in TennCare;
3. Establishing a chiropractic benefit for adults enrolled in TennCare; and
4. Expanding TennCare's coverage of children adopted from state custody.

During the July-September 2021 quarter, TennCare began the process for implementing each of these initiatives, including scheduling rulemaking hearings, updating member materials, amending MCO contracts, and preparing submissions for CMS approval (as applicable). Implementation of each of these items is anticipated to be begin in the near future.

Enhancements to Home and Community Based Services (HCBS). The American Rescue Plan Act provides additional federal funding to enhance, expand, and strengthen Medicaid HCBS programs. In accordance with CMS guidance and after an extensive stakeholder input process, TennCare submitted a proposed HCBS spending plan to CMS on July 12, 2021, outlining how TennCare plans to use the additional federal resources to strengthen TennCare's HCBS programs. TennCare initially received partial approval of its HCBS spending plan on August 2, 2021, and after some minor clarifications, received final approval from CMS on September 22, 2021. The major components of TennCare's plan to enhance and strengthen HCBS are outlined below:

1. **Improving access to HCBS for persons needing supports and family caregivers.** Notably, TennCare intends to reduce by half the number of persons on the referral list for Employment and Community CHOICES by enrolling an additional 2,000 qualifying individuals into the program. In addition, based on significant input from stakeholders, for individuals who are already enrolled in HCBS programs, TennCare plans to increase, for a limited period of time, access to flexible family caregiver benefits in order to address the additional stresses from impacts of COVID-19,

and ensure the sustainability of these supports going forward. TennCare also plans to make targeted enhancements to its HCBS benefits package, beginning with Enabling Technology for persons enrolled in CHOICES.

2. **Investing in the HCBS Workforce.** TennCare plans to use additional federal resources to make targeted provider rate increases for services in CHOICES and in Employment and Community First CHOICES that have a direct care component. In addition, TennCare plans to implement a quality incentive pilot program to incentivize HCBS providers to offer value-based wage increases to their frontline HCBS workers who successfully complete a competency-based training program.
3. **Investing in HCBS Provider Capacity.** TennCare plans to implement a referral incentive program for specified types of HCBS to help providers recruit and retain qualified frontline staff.

Taken together, these initiatives represent a significant investment in access to HCBS for persons in Tennessee and in the quality of HCBS available in Tennessee. Following receipt of final CMS approval on September 22, 2021, TennCare is in the process of planning for implementation of each of these components.

Katie Beckett Program. On November 23, 2020, TennCare launched a new "Katie Beckett" program. The Katie Beckett program provides services and supports for children under age 18 with disabilities and/or complex medical needs who are not eligible for traditional Medicaid because of their parents' income or assets. The Katie Beckett program is an outgrowth of legislation (Public Chapter No. 494) passed by the Tennessee General Assembly in the 2019 legislative session. Following enactment of Public Chapter No. 494, TennCare submitted a waiver amendment ("Amendment 40") to the Centers for Medicare and Medicaid Services (CMS) to establish the new program. CMS ultimately approved Amendment 40 on November 2, 2020.

TennCare's Katie Beckett program contains two principal parts:

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

In addition to Parts A and B, the Katie Beckett program provides 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.

The Katie Beckett program began accepting self-referral forms from interested families on November 23, 2020. As of the last day of the July-September 2021 quarter, a total of 996 children were enrolled in the program, with 69 enrolled in Part A, 923 enrolled in Part B, and 4 receiving continued eligibility. Since the end of the July-September quarter, TennCare has continued to enroll qualifying children into the Katie Beckett program. There is no waiting list for enrollment into the Katie Beckett program, including Part A.

Proposed Amendment to the TennCare III Demonstration. In January 2021, CMS approved the latest iteration of the TennCare demonstration, referred to as "TennCare III." On February 22, 2021, TennCare provided public notice of its first proposed amendment to the TennCare III demonstration. The amendment (known as "Amendment 1") would introduce the following modifications to the demonstration:

- Integration of services for members with intellectual disabilities into the TennCare managed care program[1];
- Transitioning the care of children receiving Supplemental Security Income (SSI) benefits from the TennCare Select health plan to one of the other health plans that serves TennCare members; and
- Assigning to the TennCare Select health plan certain inmates of public institutions who receive inpatient services in a setting located outside the public institution.

TennCare submitted Amendment 1 to CMS on March 31, 2021. As of the end of the July-September 2021 quarter, CMS's review of Amendment 1 was ongoing.

Other Amendments to the TennCare Demonstration. Two other proposed amendments to the TennCare Demonstration were in various stages of development during the July-September 2021 quarter. These amendments were submitted to CMS during the TennCare II Demonstration and were numbered accordingly.

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 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 July-September 2021 quarter, CMS's review of Amendment 36 was ongoing.

[1] Specific services to be integrated are intermediate care facility services for individuals with intellectual disabilities (ICF/IID services) and 1915(c) waiver home- and community-based services (HCBS).

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.

Although CMS has not yet formally disapproved Amendment 38, in September 2021, CMS leadership informed TennCare that CMS does not anticipate approving the state's community engagement proposal.

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.

In September 2021, the Episodes of Care 2020 Performance Period Results were released. Because of the COVID-19 pandemic, estimated savings were not calculated for the Calendar Year 2020 performance period. In order to continue supporting providers during the unprecedented health and economic crisis represented by the COVID-19 pandemic, the three TennCare MCOs waived all episodes of care risk-sharing payments for the 2020 performance period. Providers with gain-sharing payments in their final 2020 performance reports will receive those payments as planned, with no changes. For 2020, these gain-sharing payments totaled $1.1 million. A complete list of all results for the 2020 performance period is available on the TennCare website at https://www.tn.gov/content/dam/tn/tenncare/documents2/EpisodesOfCare2020PerformancePeriodResults.pdf.

Another episodes-related development that took place in September 2021 was the release of the document entitled "Memorandum: 2022 Episodes of Care Changes." The memo details the recommendations from the Episodes Annual Feedback Session in May 2021 and the corresponding improvements made to the TennCare Episodes of Care program for the 2022 performance period (January to December 2022). A total of 29 changes are being introduced to the episodes program for the 2022 performance period.

Based on stakeholder feedback, program changes include adding a program-wide exclusion for a diagnosis of COVID-19 or pneumonia due to COVID-19, and updating the design of the Average MED/day quality metric. A complete list of all changes for the 2022 performance period are available online at https://www.tn.gov/content/dam/tn/tenncare/documents2/Memo2022EpisodesChanges.pdf.

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 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 July-September 2021 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 (Jul-Sep 2021)	Cumulative Amount Paid to Date[4]
First-year payments	N/A	N/A	$180,176,644
Second-year payments	0	$0	$60,143,155
Third-year payments	7	$59,500	$38,195,019
Fourth-year payments	1	$8,500	$9,406,682
Fifth-year payments	26	$221,000	$6,950,172
Sixth-year payments	43	$365,500	$4,833,082

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

- Ongoing communications with providers on attestation timelines for Program Year 2021;
- Beginning to process provider attestations for Program Year 2021;
- Providing daily technical assistance to providers via email and telephone calls;
- Participation in CMS-led calls regarding the EHR Incentive Program; and
- Monthly newsletters and reminders distributed to all registered members of 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, with all remaining payments to be

[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). All hospitals participating in the program have received all payments available to them.

[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.

made by the program's conclusion on December 31, 2021. Tennessee's program team continues to work with a variety of provider organizations to complete the program successfully. The focus of these outreach efforts is to encourage all providers whose attestations for Program Year 2021 were returned to them to correct and resubmit the attestations as soon as possible. Audits of payments issued by the EHR program will continue to be conducted by TennCare staff through September 30, 2023.

***McCutchen et al. v. Becerra* Lawsuit.** On May 20, 2021, the State of Tennessee filed a motion to intervene in the federal lawsuit challenging CMS' approval of Demonstration Amendment 42, proposing to convert the federal portion of TennCare's funding to a block grant. This lawsuit was filed by the Tennessee Justice Center (TJC), acting on behalf of 14 individual plaintiffs, against CMS in the District Court for the District of Columbia. On August 5, 2021, the State's motion was granted. As of the end of the July-September 2021 quarter, the *McCutchen* suit had been stayed pending the outcome of a federal comment period on the TennCare III Demonstration.

***M.A.C., et al. v. Smith* Lawsuit.** On July 2, 2021, five TennCare members filed a federal lawsuit against TennCare alleging that the Home and Community-Based Services they received through the State's 1915(c) waiver programs are not being fully staffed, resulting in a denial of necessary care and sufficient alternatives to institutionalization. On September 27, 2021, the Tennessee Attorney General's office acting on behalf of TennCare filed a timely motion to dismiss the suit.

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 supplemental payments made during the first quarter of State Fiscal Year 2022 are shown in the table below.

Supplemental Hospital Payments for the Quarter

Hospital Name	County	First Quarter Payments – FY 2022
Methodist Medical Center of Oak Ridge	Anderson County	$247,534
Ridgeview Psychiatric Hospital and Center	Anderson County	$527,283
Vanderbilt Bedford Hospital	Bedford County	$37,024
West Tennessee Healthcare – Camden Hospital	Benton County	$202,033.75
Erlanger Bledsoe Hospital	Bledsoe County	$194,524.24
Blount Memorial Hospital	Blount County	$344,865
Tennova Healthcare – Cleveland	Bradley County	$287,957
Tennova Healthcare – LaFollette Medical Center	Campbell County	$138,979
Saint Thomas Stones River Hospital	Cannon County	$40,001
Sycamore Shoals Hospital	Carter County	$95,122
TriStar Ashland City Medical Center	Cheatham County	$290,549.44
Claiborne Medical Center	Claiborne County	$67,327
Tennova Healthcare – Newport Medical Center	Cocke County	$150,640
Vanderbilt Coffee Hospital	Coffee County	$150,835

Hospital Name	County	First Quarter Payments – FY 2022
Unity Medical Center	Coffee County	$74,824
Ascension Saint Thomas Hospital	Davidson County	$847,903
TriStar Skyline Medical Center	Davidson County	$577,459
Nashville General Hospital	Davidson County	$10,438,236
Select Specialty Hospital – Nashville	Davidson County	$203
TriStar Centennial Medical Center	Davidson County	$1,872,940
TriStar Southern Hills Medical Center	Davidson County	$185,069
TriStar Summit Medical Center	Davidson County	$366,916
Vanderbilt Stallworth Rehabilitation Hospital	Davidson County	$124
Vanderbilt University Medical Center	Davidson County	$10,881,094
Saint Thomas DeKalb Hospital	DeKalb County	$43,451
TriStar Horizon Medical Center	Dickson County	$628,079
West Tennessee Healthcare Dyersburg Hospital	Dyer County	$225,466
Southern Tennessee Regional Health System – Winchester	Franklin County	$198,597
West Tennessee Healthcare Milan Hospital	Gibson County	$33,040
Southern Tennessee Regional Health System – Pulaski	Giles County	$174,614
Morristown – Hamblen Healthcare System	Hamblen County	$453,091
Erlanger Behavioral Health Hospital	Hamilton County	$14,292
Erlanger Health System	Hamilton County	$47,057,534
Parkridge Medical Center	Hamilton County	$3,041,280
Encompass Health Rehabilitation Hospital of Chattanooga	Hamilton County	$321
Siskin Hospital for Physical Rehabilitation	Hamilton County	$422
Hancock County Hospital	Hancock County	$20,811.58
West Tennessee Healthcare Bolivar General Hospital	Hardeman County	$252,327.14
Hardin Medical Center	Hardin County	$240,859
Henderson County Community Hospital	Henderson County	$33,911
Henry County Medical Center	Henry County	$308,244
Ascension Saint Thomas Hickman Hospital	Hickman County	$95,119.81
Houston County Community Hospital	Houston County	$224,995.87
Three Rivers Hospital	Humphreys County	$76,040.32
Tennova Healthcare – Jefferson Memorial Hospital	Jefferson County	$85,719
Johnson County Community Hospital	Johnson County	$57,641.62
Parkwest Medical Center	Knox County	$892,849
Tennova Healthcare – North Knoxville Medical Center	Knox County	$284,781
East Tennessee Children's Hospital	Knox County	$3,012,290
Fort Sanders Regional Medical Center	Knox County	$696,593
University of Tennessee Medical Center	Knox County	$3,788,839
Lauderdale Community Hospital	Lauderdale County	$256,780.80

Hospital Name	County	First Quarter Payments – FY 2022
Southern Tennessee Regional Health System – Lawrenceburg	Lawrence County	$112,007
Lincoln Medical Center	Lincoln County	$1,106,740
Macon Community Hospital	Macon County	$310,300.91
Jackson – Madison County General Hospital	Madison County	$1,408,139
Pathways of Tennessee	Madison County	$479,817
Perimeter Behavioral Hospital of Jackson	Madison County	$46,459
West Tennessee Healthcare Rehabilitation Hospital Jackson	Madison County	$414
Marshall Medical Center	Marshall County	$668,768.84
Maury Regional Medical Center	Maury County	$471,208
Sweetwater Hospital Association	Monroe County	$310,727
Tennova Healthcare – Clarksville	Montgomery County	$296,484
Baptist Memorial Hospital – Union City	Obion County	$208,661
Livingston Regional Hospital	Overton County	$160,115
Cookeville Regional Medical Center	Putnam County	$494,943
Rhea Medical Center	Rhea County	$881,243.22
Roane Medical Center	Roane County	$82,987
NorthCrest Medical Center	Robertson County	$251,380
Saint Thomas Rutherford Hospital	Rutherford County	$587,438
TriStar StoneCrest Medical Center	Rutherford County	$476,962
LeConte Medical Center	Sevier County	$521,749
Baptist Memorial Restorative Care Hospital	Shelby County	$1,397
Baptist Memorial Hospital – Memphis	Shelby County	$1,971,185
Methodist University Hospital	Shelby County	$2,842,734
Crestwyn Behavioral Health	Shelby County	$165,522
Delta Specialty Hospital	Shelby County	$669,609
Encompass Health Rehabilitation Hospital of North Memphis	Shelby County	$579
Encompass Health Rehabilitation Hospital of Memphis	Shelby County	$522
Le Bonheur Children's Hospital	Shelby County	$5,877,408
Regional One Health	Shelby County	$56,513,561
Regional One Health Extended Care Hospital	Shelby County	$55
Saint Francis Hospital	Shelby County	$634,461
Saint Francis Hospital – Bartlett	Shelby County	$217,802
Saint Jude Children's Research Hospital	Shelby County	$1,189,364
Riverview Regional Medical Center	Smith County	$387,816.80
Bristol Regional Medical Center	Sullivan County	$349,483
Creekside Behavioral Health	Sullivan County	$5,792
Encompass Health Rehabilitation Hospital of Kingsport	Sullivan County	$685
Holston Valley Medical Center	Sullivan County	$1,014,439

Hospital Name	County	First Quarter Payments – FY 2022
Indian Path Community Hospital	Sullivan County	$262,391
TriStar Hendersonville Medical Center	Sumner County	$398,246
Sumner Regional Medical Center	Sumner County	$272,551
Baptist Memorial Hospital – Tipton	Tipton County	$304,067
Trousdale Medical Center	Trousdale County	$105,513.56
Unicoi County Hospital	Unicoi County	$25,221
Saint Thomas River Park Hospital	Warren County	$273,963
Johnson City Medical Center	Washington County	$3,542,724
Franklin Woods Community Hospital	Washington County	$243,354
Quillen Rehabilitation Hospital	Washington County	$329
Wayne Medical Center	Wayne County	$26,018
West Tennessee Healthcare Rehabilitation Hospital Cane Creek	Weakley County	$68
West Tennessee Healthcare Volunteer Hospital	Weakley County	$74,563
Saint Thomas Highlands Hospital	White County	$87,133
Encompass Health Rehabilitation Hospital of Franklin	Williamson County	$17
Williamson Medical Center	Williamson County	$133,283
Vanderbilt Wilson County Hospital	Wilson County	$575,897
TOTAL		**$177,261,728**

Number of Recipients on TennCare and Costs to the State

During the month of September 2021, there were 1,592,126 Medicaid eligibles and 21,391 Demonstration eligibles enrolled in TennCare, for a total of 1,613,517 persons.

Estimates of TennCare spending for the first quarter of State Fiscal Year 2022 are summarized in the table below.

Spending Category	First Quarter FY 2022*
MCO services**	$2,610,144,000
Dental services	$37,093,400
Pharmacy services	$325,714,900
Medicare "clawback"***	$35,828,100

**These figures are cash basis as of September 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[5] 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[6] are processed and paid within 21 calendar days of receipt.	TennCare contract

[5] 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.

[6] 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 July-September 2021 quarter, the MCOs submitted their NAIC Second Quarter 2021 Financial Statements. As of June 30, 2021, TennCare MCOs reported net worth as indicated in the table below.[7]

MCO	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Amerigroup Tennessee	$38,720,932	$343,243,967	$304,523,035

[7] 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)	$58,718,194	$683,632,431	$624,914,237
Volunteer State Health Plan (BlueCare & TennCare Select)	$59,296,934	$578,612,889	$519,315,955

During the July-September 2021 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 June 30, 2021.

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 first quarter of Fiscal Year 2022 furnished for this report by the OIG are as follows:

Fraud and Abuse Allegations	First Quarter FY 2022
Fraud Allegations	233
Abuse Allegations*	542
Arrest/Conviction/Judicial Diversion Totals	**First Quarter FY 2022**
Arrests	14
Convictions	4
Judicial Diversions	6

***** *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	First Quarter FY 2022
Criminal Restitution Ordered	$168,079
Criminal Restitution Received[8]	$59,768
Civil Restitution/Civil Court Judgments	**First Quarter FY 2022**
Civil Restitution Ordered[9]	$7,009
Civil Restitution Received[10]	$1,260

Recommendations for Review	First Quarter FY 2022
Recommended TennCare Terminations[11]	542
Potential Savings[12]	$2,315,164

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. Although food stamps are not part of the TennCare program, OIG occasionally discovers evidence of fraud in this area during the course of a TennCare fraud investigation.

Type of Court-Ordered Payment	Grand Total for Period of 2004-2021
Restitution to Division of TennCare	$6,118,514
Restitution to TennCare MCOs	$90,768
Food Stamps	$81,337
Civil Restitution	$3,174,311

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

[9] 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.

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

[11] 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.

[12] 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 $4,271.52).