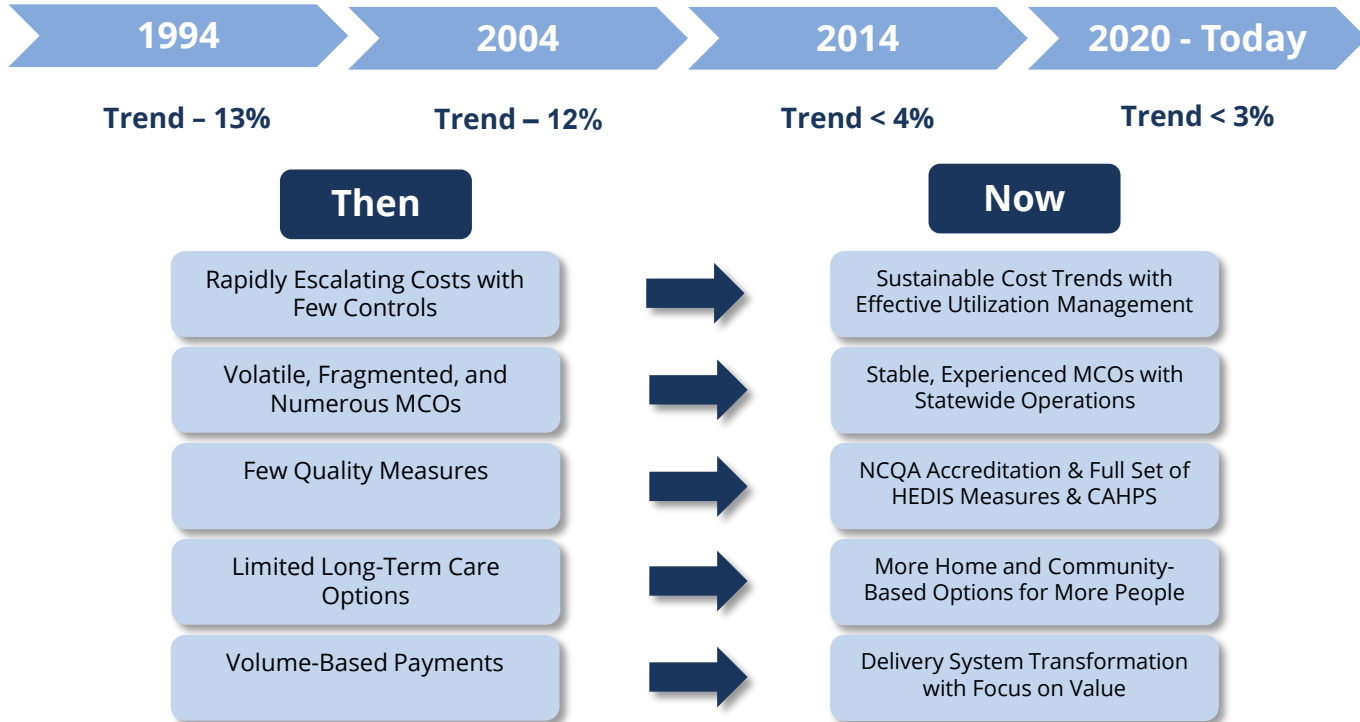




**TENNCARE**  
**FISCAL YEAR 2026-2027 BUDGET HEARING**

# TennCare Evolution

Tennessee's Medicaid program has transformed from a limited service, unpredictable and unsustainable plan to one that is comprehensive, sustainable and highly valued.



# TennCare Today: Historic Stability & Success

- Comprehensive **adult dental benefit**
- More than **2,500** additional individuals with intellectual and developmental disabilities served in ECF CHOICES program; nearly **2,000** more seniors and adults with physical disabilities served in the CHOICES program (*thousands of additional slots to be filled in FY26*); nearly **5,000** children enrolled in **Katie Beckett Program**
- **25,000** additional children, pregnant women and parents served through the Strong Families Initiative and Year 1 Shared Savings
- **78,000** babies to date provided diapers through the TennCare Diaper Initiative
- Major investments in **behavioral health** (\$100 million) and **rural health** (\$200 million) through Year 2 Shared Savings
- Year 3 Shared Savings provided \$100 million in **hurricane relief** through the HEAL Program with an additional \$240 Million for **long-term care**
- **\$1 Billion** in shared savings in just 3 years of TennCare III

# Record Provider Investments







- More than **\$5 billion** (\$3 billion recurring) from FY20 – FY26 (in addition to negotiated rate increases and statutory inflationary adjustments)
- **\$4 billion** for hospitals (inclusive of hospital assessment)
- **\$700M** for nursing homes (inclusive of NF assessment)
- **3.5%** average annual rate increase for physician services compared to **1.9%** national CPI for physician services
- **6%** average annual rate increase for behavioral health providers over last 5 years on record



# Quality and Cost Effectiveness go Hand in Hand

- Over the past 5 years, TennCare has outperformed the national average in a majority of HEDIS quality metrics, a 13% increase over the previous 5-year period
- In the most recent evaluated year, TennCare exceeded the national median in nearly 70% of CMS Core Measures

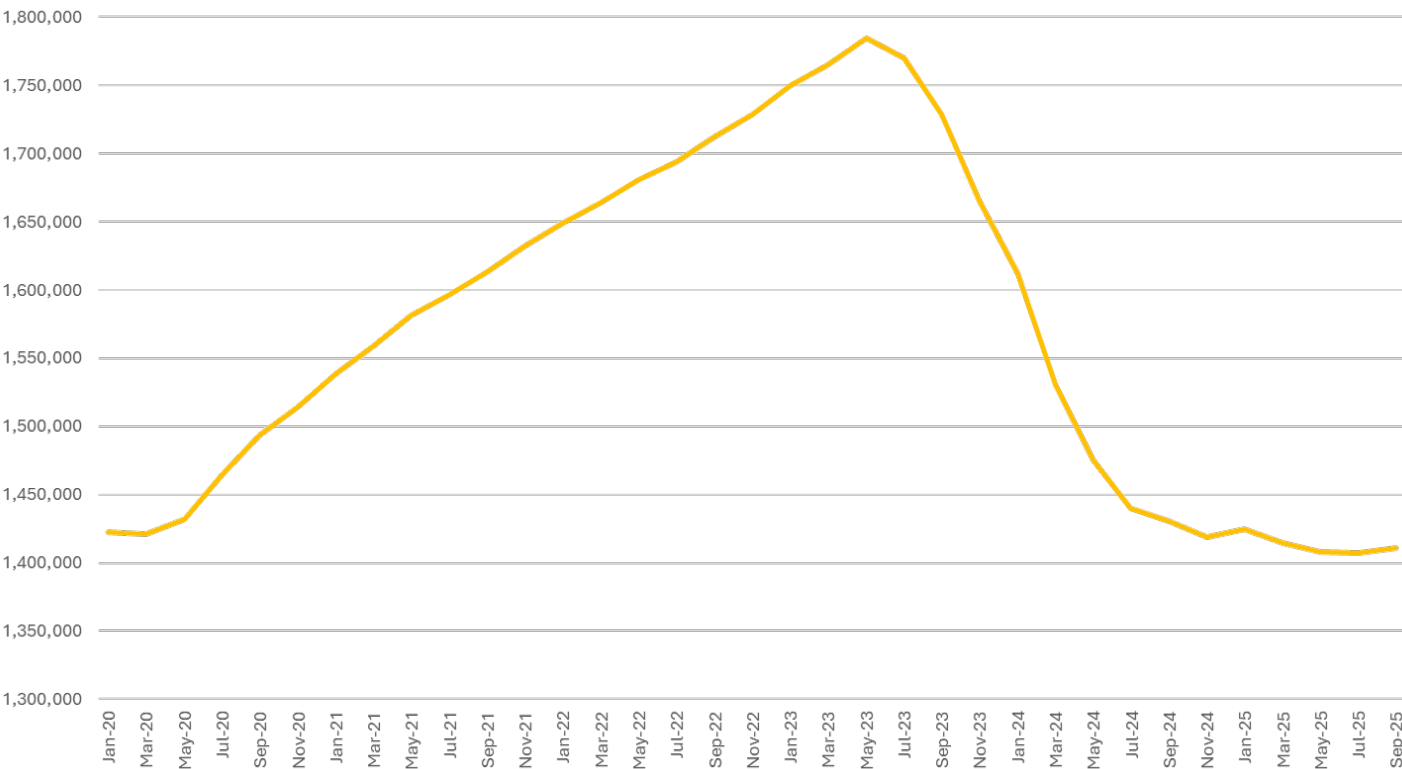
Quality Measure Highlights:

  <p>Pediatric preventive care rates, including well child visits, increased 6% in the last 5 years</p>	  <p>Members with diabetes have seen an improvement in 75% of diabetes quality measures for multiple years in a row</p>	  <p>344 members transitioned out of nursing facilities to live safely in home and community-based settings during FY24, and more than 2,400 since 2020</p>
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# Tennessee's Stability is not the Norm

- State Medicaid programs throughout the country are facing significant budget shortfalls creating major challenges
- Across-the-board provider rate cuts in multiple states - as high as 10%
- Optional services are being reduced or eliminated – dental, behavioral health, HCBS, etc.
- Insufficient planning for the end of the federal public health emergency and the end of enhanced federal funding are major contributing factors
- In Tennessee, careful and responsible planning and budgeting have resulted in a post-PHE off-ramp and avoided disruption

# TennCare Enrollment: 2020 - Present



# TennCare – Cost Increase Request

	State Appropriations								Positions
	General Fund				Dedicated				
	Recurring	NR	Recurring	NR	Federal	Other	Total		
1 Medical Inflation and Utilization	\$ 87,382,600	\$ -	\$ -	\$ -	\$ 157,544,400	\$ -	\$ 244,927,000	-	
2 Pharmacy	16,600,600	-	-	-	29,275,100	-	45,875,700	-	
3 Medicare Services	19,284,900	-	-	-	34,769,300	-	54,054,200	-	
4 Intermediate Care Facilities for Individuals with Intellectual Disabilities	24,093,100	-	-	-	43,438,100	-	67,531,200	-	
5 Rural Health Clinic (RHC) Funding	20,133,500	-	-	-	36,299,200	-	56,432,700	-	
6 Medicaid Management Information System (MMIS)	-	25,784,700	-	-	133,702,400	-	159,487,100	-	
7 Eligibility System	-	11,837,800	-	-	32,168,700	-	44,006,500	-	
8 Health Starts Initiative	-	12,300,000	-	-	11,400,000	-	23,700,000	-	
9 ECF CHOICES Crisis Population	11,472,800	-	-	-	20,684,700	-	32,157,500	-	



# TennCare – Cost Increase Request

	State Appropriations						Federal	Other	Total	Positions
	General Fund			Dedicated						
	Recurring	NR		Recurring	NR					
10 Value-Based Payments for High Quality Primary Care Providers	4,745,300	-	-	-	-	8,555,500	-	13,300,800	-	
11 Rate Increase - Home Delivered Meals	445,700	-	-	-	-	803,700	-	1,249,400	-	
12 Rate Increase - Enhanced Respiratory Care	970,400	-	-	-	-	1,749,500	-	2,719,900	-	
13 Community Health Benefit	1,907,300	-	-	-	-	3,438,700	-	5,346,000	-	
14 Community Transportation Rate and Benefit Limit Increase	790,300	-	-	-	-	1,424,800	-	2,215,100	-	
15 Durable Medical Equipment Rate Cap Removal	1,328,400	-	-	-	-	2,395,000	-	3,723,400	-	
<b>Total Cost Increases</b>	<b>\$ 189,154,900</b>	<b>\$ 49,922,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 517,649,100</b>	<b>\$ -</b>	<b>\$ 756,726,500</b>	<b>-</b>	



THANK YOU