



## MEMO

To: TennCare Managed Care Organizations *MS*  
From: Mary Shelton, Director, Behavioral Health Operations  
Date: December 3, 2018

**Subject: Tennessee Health Link Outcome Payment Capitation**

On December 1, 2016, the Division of TennCare launched a new care coordination service based on the Centers for Medicare and Medicaid Services (CMS) Health Home model: Tennessee Health Link. This service was designed within the new Tennessee Health Care Innovation Initiative as a value-based payment program for members with the highest behavioral health needs. The goal of the program is to share total cost of care savings with those participating providers who reach the State-defined quality and efficiency metric goals. Tennessee Health Link is aligned with TennCare's overall goal of moving from paying for volume to paying for value. Our primary mission is to improve the quality and efficiency of the care provided to members while reducing total cost of care over time.

The first performance year for Tennessee Health Link was CY2017. In August 2018, the Managed Care Organizations (MCOs) paid out the first outcome payments to eligible Tennessee Health Link organizations. Across all MCOs, 14 organizations received payments totaling over \$6,500,000.

In an effort to ensure the sustainability of the program moving forward and to better plan for yearly expenditures, TennCare is directing the MCOs to cap the outcome payments for Tennessee Health Link starting in performance year 2019. Please note that this will not affect outcome payments for performance year 2018.

**The MCOs shall cap the outcome payment for each organization at 10% of the organization's total Tennessee Health Link reimbursements for the performance year.** This capitation is effective January 1, 2019 and shall extend into future performance years at the discretion of TennCare.