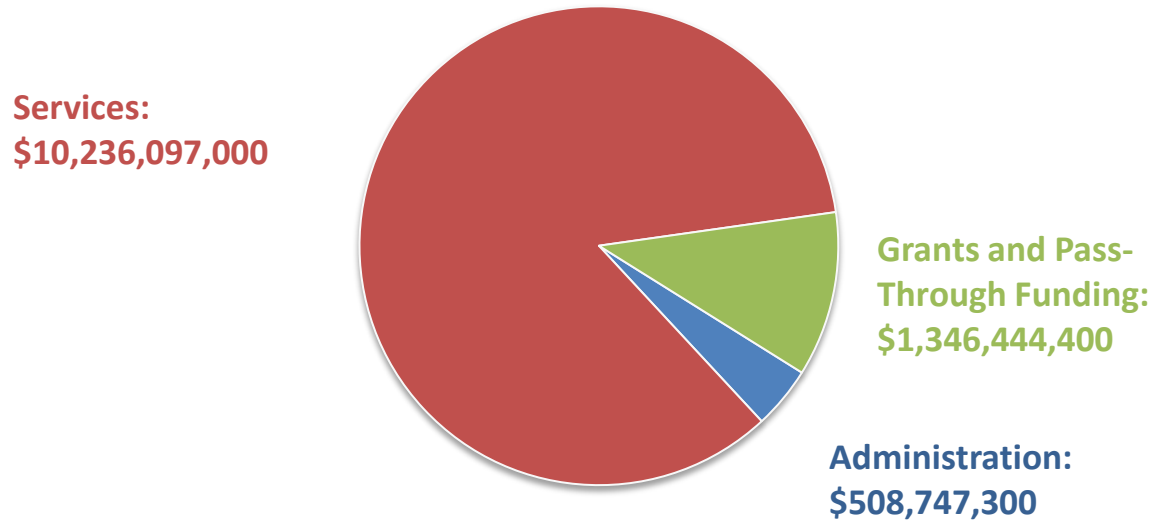


# TennCare

Budget Request FY 2019-2020

# About the Department

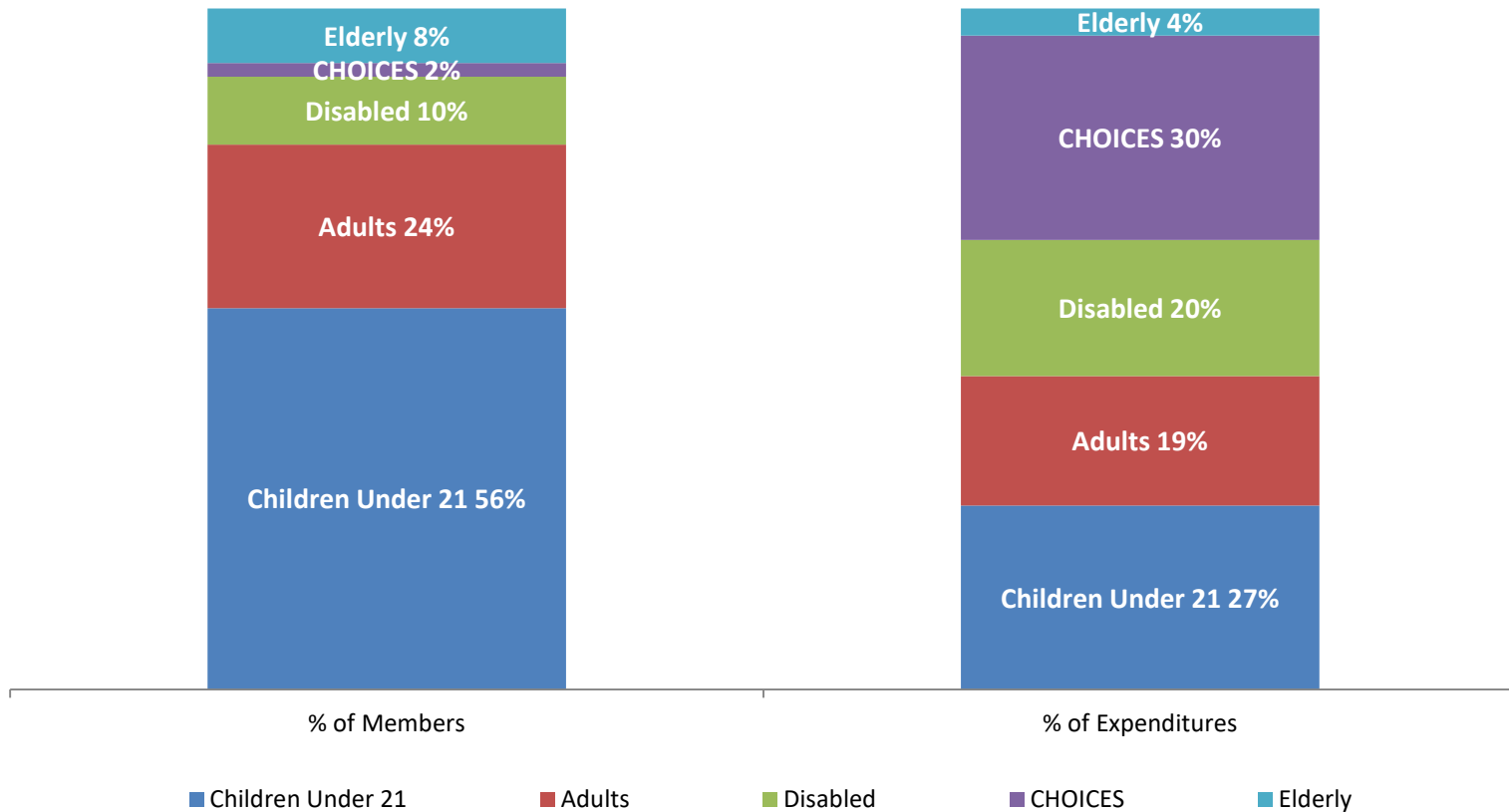
## Expenditure Overview – Total \$12,091,288,700



- Sixty percent of TennCare funding is paid to Managed Care Organizations (MCO)s to provide medical, behavioral, and long-term health services to eligible Tennesseans
- As the single state agency administering the Medicaid plan, TennCare houses the state funding used to pull down federal matching funds for various departments

# Enrollment and Spending by Category

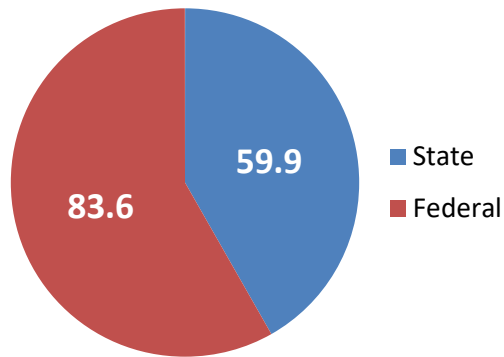
TennCare Membership and Capitation Expenditures by Enrollment Category



# Medical Inflation Cost Increase - \$143,528,100

Goal: To provide funding for a projected increase in cost due to medical inflation and utilization (including increases in treatment of opioid addiction)

Cost Increase Funding (millions)



### National Context:

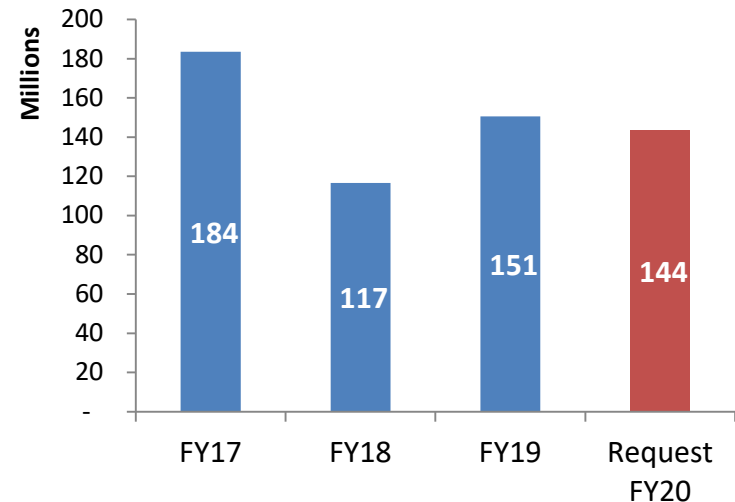
- State Medicaid spending grew at 4.9% in FY 2018 and is projected to grow at 3.5% in FY19

Source: State Medicaid Directors Survey

### Projection Details:

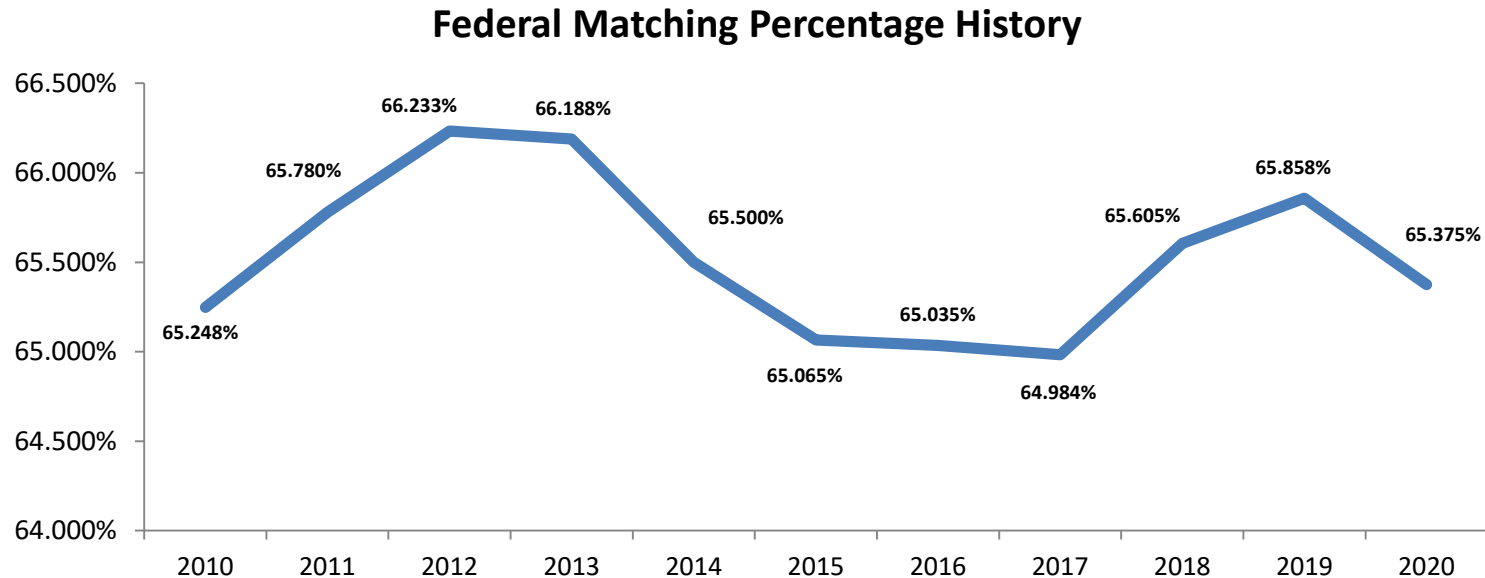
- Cost increase assumes a 2.1% growth in utilization

Medical Inflation Cost Increase History



# FMAP Change Cost Increase - \$41,385,100 State

Goal: To increase state funding and decrease federal funding due to the annual change in the Federal Medical Assistance Percentage (FMAP) for Tennessee

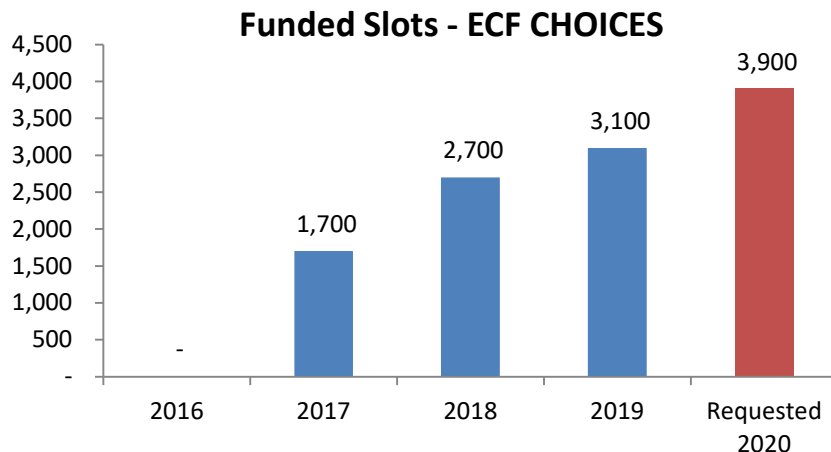


- FMAP is the share of state Medicaid benefit cost paid by the federal government
- The calculation is based on the state per capita personal income compared to the national average over the last three calendar years
- Tennessee per capita income increased by 2.6% in 2016 and 3.6% in 2017, and has grown by 0.5% as a share of the national average over the three year window

# Long-Term Services Cost Increases - \$61,412,400

Employment and Community First CHOICES (ECF CHOICES) program provides services to individuals with intellectual and developmental disabilities through MCOs

Cost Increase	State	Federal	Total
ECF CHOICES Crisis – 300 slots	\$9,294,900	\$17,549,600	\$26,844,500
ECF CHOICES Program Growth – 500 slots	10,129,200	19,124,700	29,253,900
Aging Caregiver – 2018 Legislation	675,700	1,275,800	1,951,500
CHOICES Workforce Pilot	1,164,300	2,198,200	3,362,500



- The program's goal is to help people explore the possibility of employment and live as independently as possible
- Referral list for ECF CHOICES program is currently over 7,500 individuals
- Historically attrition savings from closed DIDD waivers have been used to fund ECF CHOICES slots

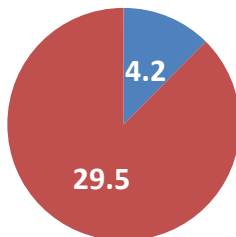
# TEDS System Cost Increase - \$60,697,700

Goal: Provide funding to continue modification and operation of a new eligibility system, Tennessee Eligibility Determination System (TEDS)

## TEDS Cost Increase History

	2017	2018	2019	Req 2020	Total
Recurring	\$0	\$0	\$44,441,000	\$33,697,700	\$78,138,700
Non-Recurring	73,760,900	85,927,000	121,550,100	27,000,000	308,238,000
Total	\$73,760,900	\$85,927,000	\$165,991,100	\$60,697,700	\$386,376,700

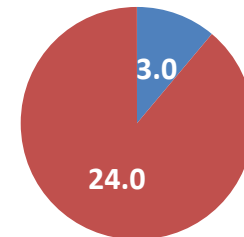
### Recurring Funding (millions)



■ State ■ Federal

- Recurring funding will provide program management, and a system integration vendor
- Non-recurring funding will continue the redetermination vendor and system integration
- Non-recurring state funding for TEDS could come from the TennCare reserve
- Final Projected Cost = \$400M

### Non-Recurring (millions)

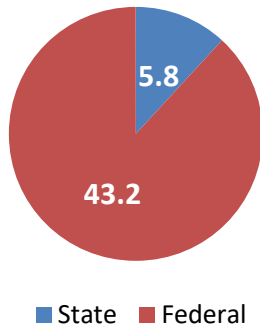


■ State ■ Federal

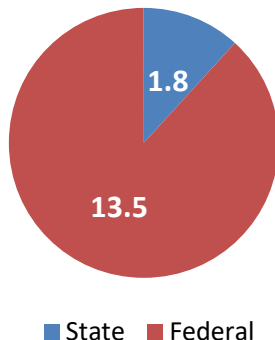
# MMIS System Cost Increase - \$64,300,000

Goal: Provide funding for additional expenses related to the Medicaid Management Information System (MMIS) and other IT projects

## Recurring Funding (millions)



## Non-Recurring (millions)



- The MMIS system tracks claims and payment data for TennCare and allows for financial and enrollment analysis and reporting
- Due to federal modernization requirements it must be made more modular and less dependent on a single contractor
- \$56M (\$10.9M state) was added in FY 2019 for this purpose
- Other IT projects funded in this cost increase include:
  - Independent Verification and Validation vendor
  - Technical Advisory Services vendor
  - Increased Program Management from STS
  - Rebid of Registration Portal contract with increased functionality



# Cost Increases

		Total	State	Federal	Other	Pos
1.	Medical Inflation and Utilization	\$143,528,100	\$59,937,300	\$83,590,800	\$0	0
2.	Academic Physician Upper Payment Limit Increase	16,234,400	0	10,600,900	5,633,500	1
3.	ECF CHOICES – Crisis	26,844,500	9,294,900	17,549,600	0	0
4.	ECF CHOICES – Program Growth	29,253,900	10,129,200	19,124,700	0	0
5.	ECF CHOICES – Aging Caregiver	1,951,500	675,700	1,275,800	0	0
6.	CHOICES – Workforce Pilot	3,362,500	1,164,300	2,198,200	0	0
7.	TEDS - Eligibility System	60,697,700	7,219,500	53,478,200	0	0
8.	MMIS and Other IT Projects	64,300,000	7,630,000	56,670,000	0	0
9.	Medication Therapy Management Pilot – Yr 3 of 3	5,094,000	1,748,300	3,345,700	0	1
10.	Electronic Health Records Audit	3,500,000	350,000	3,150,000	0	0
11.	FMAP Rate Change	0	41,385,100	(41,385,100)	0	0
	<b>Total – All Cost Increases</b>	<b>\$354,766,600</b>	<b>\$139,534,300</b>	<b>\$209,598,800</b>	<b>\$5,633,500</b>	<b>2</b>

# Savings Plan

		Total	State	Federal	Pos
1.	Pharmacy Savings	(\$19,224,000)	(\$6,656,300)	(\$12,567,700)	0
2.	Medicare Part D Savings	(2,000,000)	(2,000,000)	0	0
3.	Eliminate MCO Quarterly Newsletters	(1,200,000)	(415,500)	(784,500)	0
4.	Estate Recovery Recoupments	(905,000)	(298,700)	(606,300)	1
5.	Administrative Efficiencies	(1,000,000)	(500,000)	(500,000)	0
6.	Waste, Fraud and Abuse Recoveries	(5,000,000)	(1,731,200)	(3,268,800)	0
7.	Payment and Delivery System Reform	(3,000,000)	(1,038,700)	(1,961,300)	0
8.	Reduce Perinatal Center Grants	(4,545,600)	(2,272,800)	(2,272,800)	0
9.	Eliminate Grants to Targeted Hospitals	(12,650,000)	(6,089,500)	(6,560,500)	0
	<b>Total – Savings Plan</b>	<b>(\$49,524,600)</b>	<b>(\$21,002,700)</b>	<b>(\$28,521,900)</b>	<b>1</b>