DIVISION OF TENNCARE

Proposed FY2021 Budget

Gabe Roberts, Director
William Aaron, Chief Financial Officer
Stephen Smith, Deputy Director, Chief of Staff
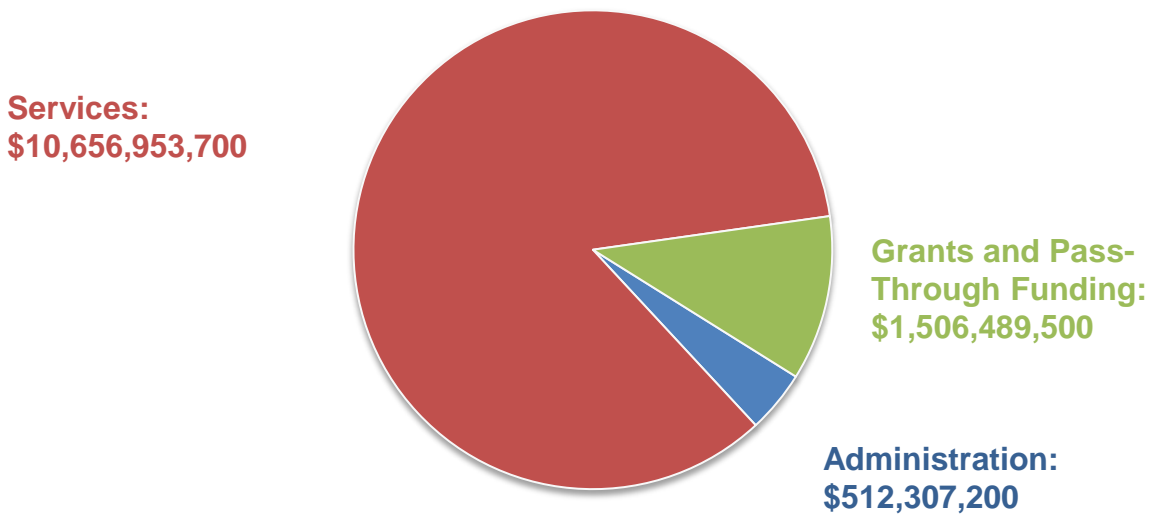Brooks Daverman, Deputy Director, Chief Operating Officer

11/06/2019

TennCare's Priorities

Maintain Financial Stewardship

Improve Customer Service

Improve Health Outcomes

Become a Greater Place to Work

Improve Access to Care

Transform the Health Care Delivery System

Division of TennCare

About the Division of TennCare

Expenditure Overview – Total $12,675,750,400

Services:
$10,656,953,700

Grants and Pass-Through Funding:
$1,506,489,500
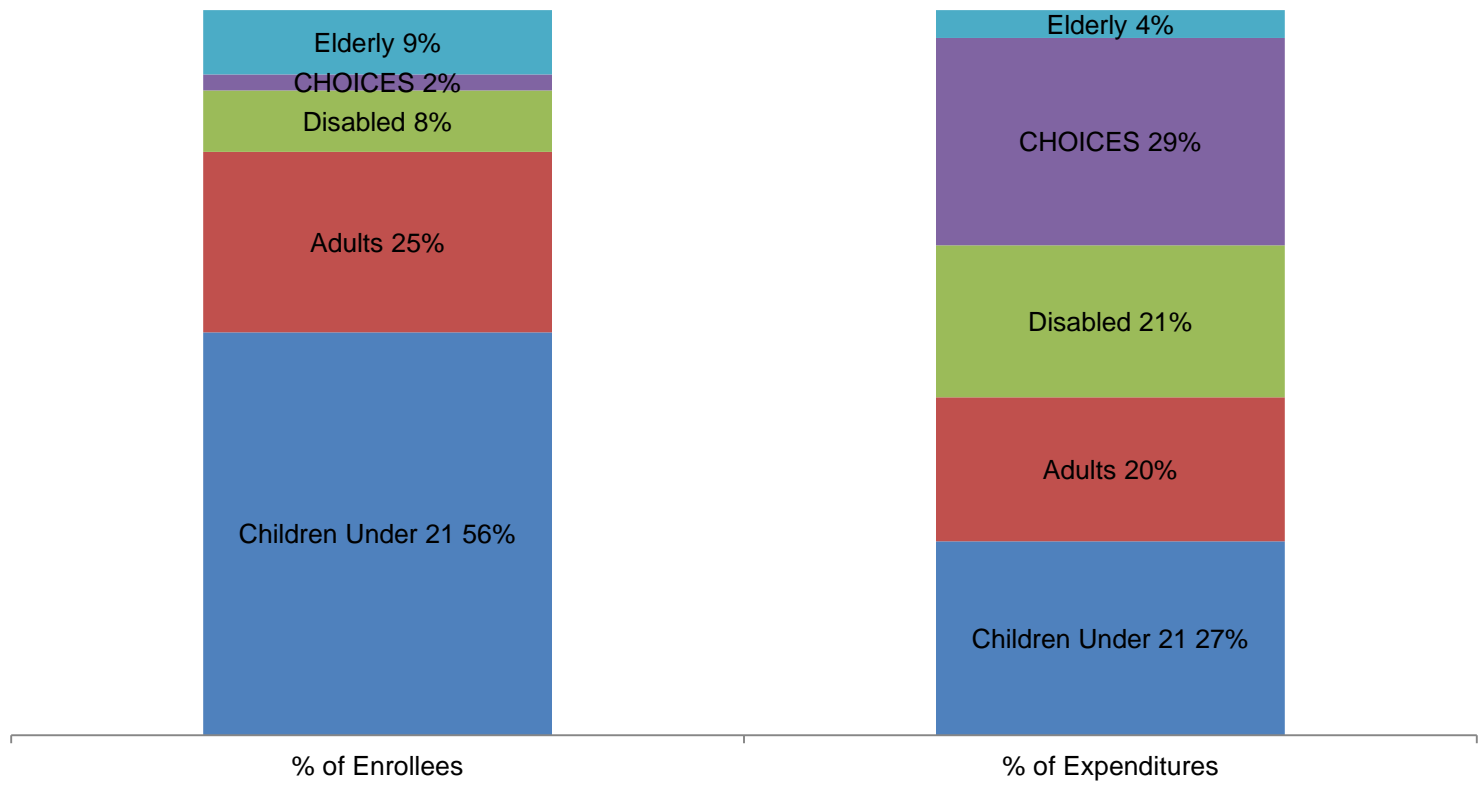
Administration:
$512,307,200

- Sixty percent of TennCare funding is paid to Managed Care Organizations (MCOs) to provide medical, behavioral, and long-term services and supports 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
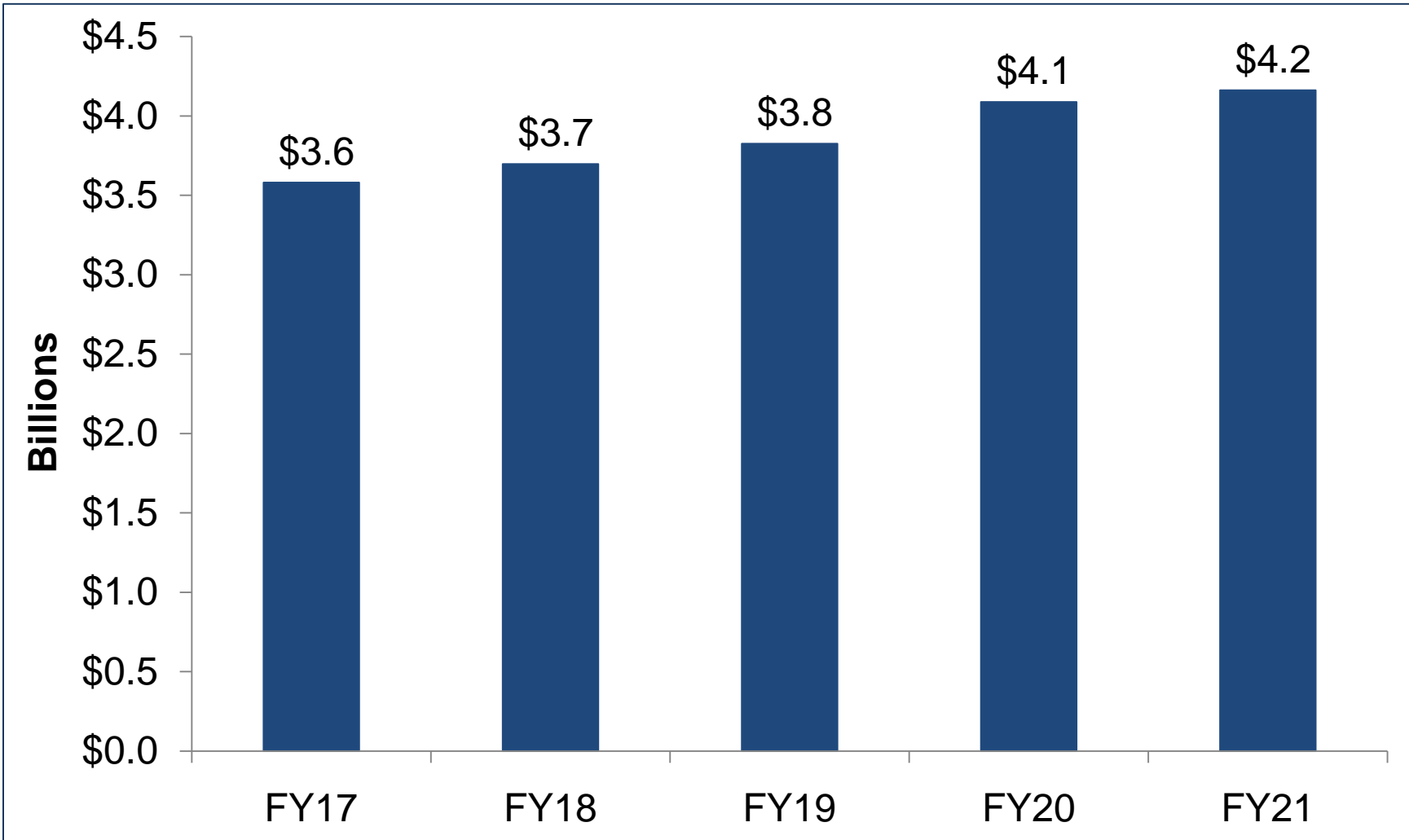
Enrollment and Spending by Category

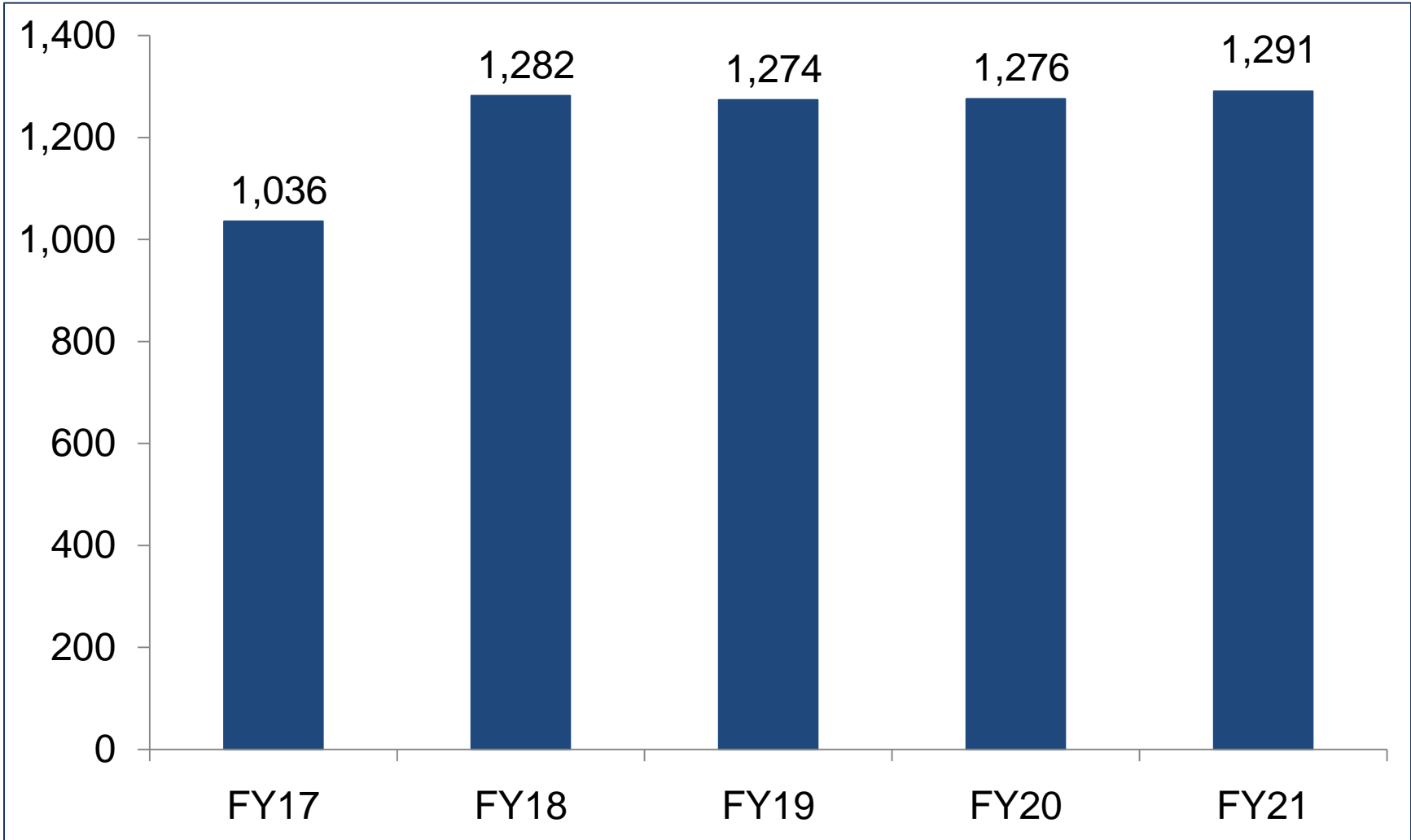**TennCare Membership and Expenditures by Enrollment Category**

% of Enrollees
- Elderly 9%
- CHOICES 2%
- Disabled 8%
- Adults 25%
- Children Under 21 56%

% of Expenditures
- Elderly 4%
- CHOICES 29%
- Disabled 21%
- Adults 20%
- Children Under 21 27%

Source: Projected FY 2020 membership and expenditures data

Changes in Appropriations

Changes in Positions

	FY17	FY18	FY19	FY20	FY21
Positions	1,036	1,282	1,274	1,276	1,291

TennCare: Nationally Recognized Programs

Tennessee is the **first state** where all three health plans have received this distinction award for coordinating long-term services and supports that deliver **efficient, effective person-centered care.**

A guide published by CHCS titled "Achieving Value in Medicaid Home- and Community-Based Care: Considerations for Managed Long-Term Services and Supports Programs" highlights TennCare's **LTSS value-based purchasing initiatives** in how "the outcomes-based and beneficiary-centered approach [in Employment and Community First CHOICES] has contributed to **improved employment outcomes** — in terms of the percentage of working age adults participating in competitive integrated employment, their average hourly wage, and the number of hours worked per week."

In an article published by The Commonwealth Fund titled "Creating Better Systems of Care for Adults with Disabilities: Lessons for Policy and Practice" the authors say TennCare's Employment and Community First CHOICES is **"a model for other states considering a transition from fee-for-service to managed Medicaid for beneficiaries with disabilities."**

The Episodes of Care program was recently approved as an Advanced Alternative Payment Model (APM) by CMS through the year 2025. This gives **Tennessee providers more flexibility** to join the APM track of Medicare's Quality Payment Program (QPP) and earn potential bonuses from Medicare.

TennCare Connect won a 2019 State Experience Award. This award recognizes the **achievements and best practices of states**, cities and counties that have gone to the web and beyond to radically **improve the experience of government** and push the boundaries of how citizen services are delivered.

The Division of TennCare has a **4.5 out of 5 overall rating** on Glassdoor, one of the world's largest job and recruiting sites, as a great place to work.

Improve Health Outcomes

THE IMPACT OF TENNCARE

A Survey of Recipients, 2019

Prepared by:
LeAnn Luna
Professor, BCBER

Emily Pratt
Research Associate, BCBER

September 2019

TN Division of TennCare

TENNESSEE KNOXVILLE

"Overall, TennCare continues to receive positive feedback from its recipients, with **94 percent** reporting satisfaction with the program. This **positive feedback** is a strong indication that TennCare is providing satisfactory medical care and meeting the expectations of those it serves."

The statewide EPSDT Screening Rate **increased** from 74% in FY17 to **77% in FY18**. TennCare has experienced an 8% increase in the last 2 years.

Leading the nation in requiring family caregiver assessments as part of CHOICES and Employment and Community First CHOICES, and providing benefits to support family caregivers – respite, family caregiver education and training, family to family support.

As of September 2019, **167 high-quality MAT providers** are treating over 3,000 TennCare members for opioid use disorder in a dedicated treatment network.
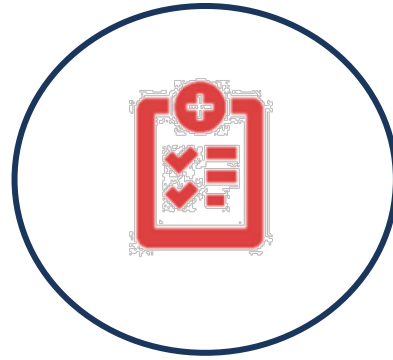
TennCare's **dental benefits manager partnered** on the agency's opioid strategy resulting in a significant decline in provider opioid prescribing. There was a **reduction of 45.2% in opioid prescriptions** and a 34.5% reduction in dental patients receiving an opioid in 2018.

TennCare's LTSS value-based enhanced respiratory care program is **achieving ventilator liberation rates near 60%.** This work is done by 10 independently owned Skilled Nursing Facilities achieving ventilator weaning rates comparable to (and in some cases higher than) the Mayo Clinic.

TN

Transform the Health Care Delivery System

Tennessee Health Link

Serves 70,000 TennCare members with significant behavioral health needs:
- ✓ Reduced inpatient hospital admissions by 11 percent.
- ✓ Primary care follow-up visits after acute hospital events have increased by 7 percent.
- ✓ Physical health quality measures improved.

Tennessee Health Link providers received almost **$12 million in reward payments** from TennCare in 2019.

Episodes of Care

Now covers **48 episodes** and has shown improvements in quality:
- ✓ Reduction in acute exacerbations of asthma treated in the inpatient setting from six percent in 2014 to three percent in 2018.
- ✓ Reduction in the number of children with non-comorbid oppositional defiant disorder (ODD) receiving inappropriate medications from 23 percent in 2015 to 4 percent in 2018 in the ODD episode.
- ✓ TennCare has reduced its budget by $43.6 million (recurring) in recognition of episodes savings through FY20.

Reward to providers have exceeded risk sharing payments every year of the episodes program.

Patient-Centered Medical Homes

Supports providers who deliver primary care to **more than 550,000 TennCare members.** In the last two years:
- ✓ 38,226 additional children and teens received nutritional counseling.
- ✓ 4,103 additional patients with diabetes were able to control their blood pressure.
- ✓ Key childhood immunizations increased by 20 percent.

Additional $40M invested into PCMH primary care providers to support increased care coordination and primary care services.
- ✓ PCMH providers received **$11 million in reward payments.**
- ✓ Initial investment into primary care were offset by more cost-effective utilization of services.
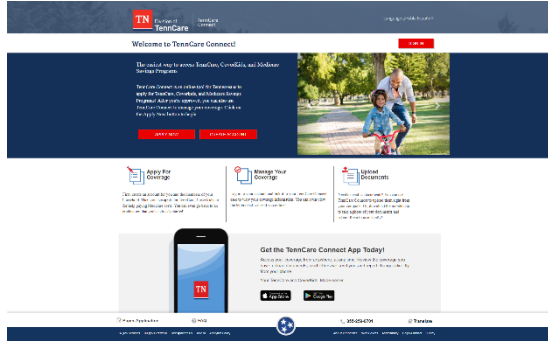
TN

Improve Access to Care

Extended Postpartum Coverage for Pregnant Women

- Proposing a three-year pilot
- Extends coverage after delivery for TennCare women to 12 months
  - Applies to mothers who are not eligible for TennCare in a different category after delivery
- Would require approval from federal government
- In 2017, 52 women on TennCare died during or within 12 months of giving birth
  - Most of these deaths occurred between 43 days to one year after delivery
  - All but one death was determined to be preventable

Preventative Dental Coverage for Pregnant Women

- Provides a preventative dental and oral health benefit to pregnant women who do not currently receive dental benefits during pregnancy through 60 days after delivery
- Treating oral disease in pregnant and new mothers reduces vertical transmission of harmful bacteria from mother to child
- Supports improved health outcomes for mom and reduces early childhood caries in young children

Improve Customer Service

Enhance, maintain and operate the Tennessee Eligibility Determination System known as **TennCare Connect**

- ✓ Received 285,000 new applications since Oct. 2018
- ✓ More than 115,000 renewal packets sent
- ✓ **35%** of online applications submitted received decisions in real time

What's Next for TennCare Connect
- → More system automations
- → Case-based efficiencies
- → Improvements to TennCare Access Portal (portal for community partners assisting citizens applying for TennCare)

Project Iris
Maintain and operate the MMIS and plan for an Enterprise Data Governance solution

- ✓ Pharmacy Benefits Manager solution
- ✓ Provider Management Module
- ✓ Data Warehouse and improved analytics
- ✓ Modular MMIS
- ✓ All based in the cloud

- ✓ Improved Security and Governance
- ✓ Meet federal mandates
- ✓ Provide secure data for improved decision making

Transform the Health Care Delivery System with Employment and Community First CHOICES

Meet William

https://tinyurl.com/y4udhsl4

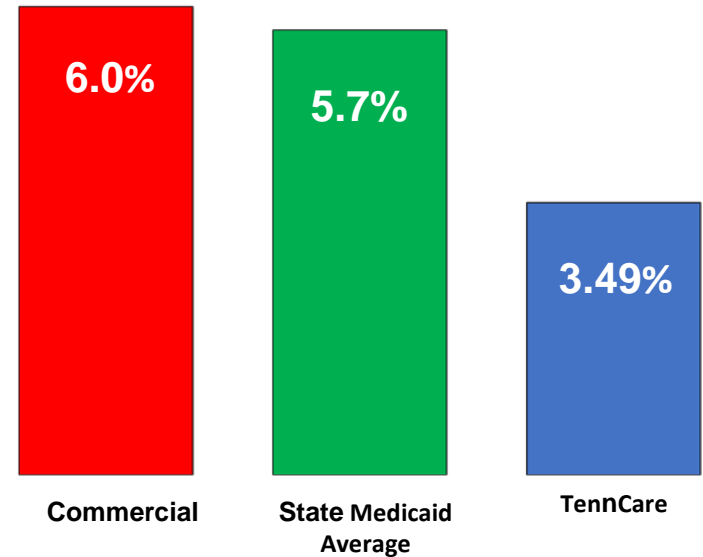## Meet Kezia

https://tinyurl.com/y3ozafkr

Transform the Health Care Delivery System

- **Employment and Community First CHOICES - Crisis Population**
  - Cover 300 additional slots for people with aging caregivers or in crisis that must be served. Funding from 1915 (c) waiver attrition helps offset this increase.

- **Employment and Community First CHOICES - Groups 7 and 8**
  - Cover 50 slots in Group 7 and 50 slots in Group 8. Groups 7 and 8 will provide services to children and adults with intellectual or developmental disabilities and severe behavioral health and/or psychiatric conditions.

- **Employment and Community First CHOICES - Waiting List Reduction**
  - Funds 2,000 slots of the approximately 6,000 on the waiting list ready for services.

- **Value Based Wage Incentives for LTSS Workforce**
  - Implement wage increases for direct service workers in nursing homes and HCBS who complete post-secondary workforce development training as part of an evidence-based workforce strategy designed to improve workforce competency, recruitment, retention and quality in CHOICES, Employment and Community First CHOICES and 1915(c) waivers.

Maintain Financial Stewardship

Medical Inflation and Utilization

- 3.49% is comparable to earlier this decade

- TennCare SFY21 trend is well below projected state Medicaid average trend and commercial projected trend for 2020

- TennCare trend reflects upward pressure nationally on Medicaid expense, increased utilization of behavioral health and disabled services, new federal mandates

6.0%	**5.7%**	**3.49%**
Commercial	State Medicaid Average	TennCare

Change in FMAP

- $45,009,900 in increased federal funding for SFY21

- Represents a positive swing of approximately $65 million to the state's benefit from initial projections

- Bureau of Economic Analysis made substantial revisions to historical per capita income data for a number of states

TN

Cost Increases

		Total	State	Federal	Other	Positions
1.	Medical Inflation and Utilization	$266,244,100	$90,847,800	$175,396,300	$0	0
2.	Rural Health Clinic Increase	12,000,000	4,094,600	7,905,400	0	0
3.	Project IRIS	70,765,300	11,303,700	59,461,600	0	7
4.	Eligibility Systems	55,000,000	8,050,000	46,950,000	0	0
5.	Employment and Community First CHOICES - Crisis Population	26,844,500	9,159,900	17,684,600	0	0
6.	Employment and Community First CHOICES – Group 7 & 8 Population	18,694,600	6,379,000	12,315,600	0	0
7.	Employment and Community First CHOICES Waiting List Reduction	88,081,600	30,055,200	58,026,400	0	0
8.	Family and Child Crisis Services	3,131,400	1,068,500	2,062,900	0	0

Cost increases - continued

		Total	State	Federal	Other	Positions
9.	Pilot to Extend Postpartum Coverage	$19,473,500	$6,644,700	$12,828,800	$0	0
10.	Dental Pregnancy Coverage	5,930,200	2,023,500	3,906,700	0	0
11.	Medication Therapy Management Pilot	5,094,000	1,723,500	3,370,500	0	1
12.	Data Informatics Positions	301,600	109,200	192,400	0	2
13.	Value-Based Wage Incentives for LTSS Workforce	2,185,900	745,900	1,440,000	0	0
	Total Cost Increases	**$573,746,700**	**$172,205,500**	**$401,541,200**	**$0**	**10**

Efficiency Plan

		Total	State	Federal	Other	Positions
1.	Medicare Cost Sharing	($31,000,000)	($10,577,800)	($20,422,200)	$0	0
2.	Medicare Part D	(5,800,000)	(5,800,000)	0	0	0
3.	Fraud, Waste, and Abuse	(3,000,000)	(1,023,700)	(1,976,300)	0	0
4.	Delivery System Transformation	(2,000,000)	(682,400)	(1,317,600)	0	0
5.	Estate Recovery Collections	(2,593,100)	(820,300)	(1,772,800)	0	4
6.	CoverKids Recurring	(20,000,000)	(4,742,600)	(15,257,400)	0	0
7.	CoverKids Non-recurring	0	(5,325,500)	5,325,500	0	0
	Total Efficiency Plan	**($64,393,100)**	**($28,972,300)**	**($35,420,800)**	**$0**	**4**

THANK YOU