TACIR INSIGHT
TENNESSEE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
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CONTRACT ADDENDUM COULD RESOLVE POTENTIAL ISSUES FOR SCHOOL DISTRICTS SEEKING TENNCARE REIMBURSEMENTS

Background

When a K-12 student receiving health services at school is covered by TennCare—Tennessee's Medicaid program—some of the services provided may be reimbursable through TennCare. Having been made aware of an unresolved contract issue preventing one school district from seeking reimbursement, Senator Lundberg, Representative White, and Representative Sherrell requested that the commission review the problem and assist the parties in reaching a resolution.

For a school district to be reimbursed directly for school-based health services in Tennessee, it must contract with the managed care organization (MCO) for the student who is receiving services. Under the TennCare program, MCOs are functionally similar to insurance companies in the private market, and contracting with a MCO is somewhat akin to becoming an in-network provider for a private insurer. There are 64 school districts in Tennessee that contract with at least one of the state's MCOs.

Findings and Recommendations

- Two school districts—Knox County Schools and Metro-Nashville Public Schools—said they have been advised by legal staff not to sign contracts with the MCOs. Knox County Schools' attorney cited liability issues resulting from contract provisions that (1) might obligate schools to provide services they are not equipped to provide and (2) might obligate schools to provide services to community members who aren't students.
- No school districts have experienced liability issues resulting from the contracts they have signed with the MCOs so far, and stakeholders agreed that the care students receive at school is unaffected by whether their district is reimbursed through TennCare.
- But stakeholders also agreed that the liability issues raised are a potential concern for school districts, even if they haven't yet resulted in problems in practice.
- TennCare has agreed that a contract addendum for school districts could help resolve this issue and has committed to exploring the creation of an addendum. **The commission supports the development of a contract addendum for MCOs to use with school districts.**

See TACIR's full report at the following link for additional information: https://www.tn.gov/tacir/tacir-publications.html.