



TENNESSEE BLOCK GRANT

OVERVIEW

Tennessee Block Grant – Key Considerations

1

Financing

The financial arrangement must evolve to ensure a more equitable partnership between the state and federal governments.

2

Flexibility

Any new financial risk assumed by the state must be accompanied by new flexibilities that are sufficient to help offset the risk.

3

Innovation

The new financing arrangement and flexibilities must provide a framework for meaningful innovation.

Tennessee Block Grant Framework

Base Block Grant

"Base" block grant amount set based on applicable TennCare experience over the last three state fiscal years.

This amount will be trended forward each year based on inflationary projections estimated by the Congressional Budget Office (CBO).

Per Capita Member Growth

Growth in TennCare membership will be accounted for through per capita increases in the block grant amount.

Shared Savings

The difference between what TennCare actually spends and what CMS projects would be spent without TennCare (which is called the budget neutrality cap) will be shared between the federal and state government.

What is/is not Included in the Block Grant?

Included

- Core medical services for TennCare's core population

Excluded

- Administrative costs
- Uncompensated care payments to hospitals
- Prescription drugs
- Costs for members eligible for both TennCare and Medicare
- Services carved out of TennCare's waiver such as those for individuals with intellectual and developmental disabilities and children in state custody under the Department of Children's Services

Sources of Value/Savings

1. Underspending the block grant amount by managing TennCare trend below estimated national growth projections.
2. Shared Savings through underspending the budget neutrality target set in the TennCare waiver.

Based on prior experience and already achieved savings per budget neutrality, the state should realize significant additional federal funding through the proposed financing model.

Potential New Flexibilities and Innovation

Savings realized under the block grant would be reinvested in the TennCare program :

- Invest in health not just health care
- Improvements in administrative efficiencies
- Rural health care transformation
- Continued innovation in how health care is delivered in Tennessee
- Flexibility to proactively manage the TennCare formulary to lower drug costs

Projected Timeline

- Per legislation, the block grant amendment must be submitted to CMS by November 20.
- Prior to submission, TennCare must provide a 30-day public comment period. This public comment period will end on October 18, 2019.
- Date of final decision by CMS is unknown.
- If an agreement on the block grant waiver amendment is reached between CMS and the administration, the General Assembly must approve the agreement prior to implementation.

Public Hearings and Submitting Comments

- During the 30-day public comment period TennCare will hold public meetings in the three grand divisions. Locations for each of those public hearings are listed below:

Middle Tennessee

Location: Family and Children's Service, Training Room B, The Honey Alexander Center
2400 Clifton Avenue, Nashville, TN

Date: Tuesday, October 1

Time: 2:00 p.m. Central Time

East Tennessee

Location: Burlington Branch of the Knox County Library, Community Meeting Room
4614 Asheville Highway, Knoxville, TN

Date: Wednesday, October 2

Time: 2:30 p.m. Eastern Time

West Tennessee

Location: Jackson-Madison County Library, Program Center
433 East Lafayette Street, Jackson, TN

Date: Thursday, October 3

Time: 2:30 p.m. Central Time

- Individuals may submit comments on the proposed block grant amendment through the following options:
 - Send by mail to Mr. Gabe Roberts, Director, Division of TennCare, 310 Great Circle Road, Nashville, TN 37243
 - Email comments to public.notice.tennicare@tn.gov
 - In-person at one of the above listed public meetings

