



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

IMPORTANT MEMORANDUM

DATE: October 23, 2014
TO: CHOICES Nursing Facility Providers and TennCare MCOs
FROM: Patti Killingsworth, Assistant Commissioner, Chief of LTSS
SUBJECT: Nursing Facility (NF) Liability Insurance

The purpose of this memo is to advise you of minimum liability insurance requirements for all participating Medicaid NFs that will be effective beginning July 1, 2015.

When the CHOICES program began in 2010, some NFs did not have liability insurance. In order to ensure continuity of care for CHOICES members, we opted, through Section A.2.12.11.16 in the Contractor Risk Agreement (CRA), to continue to exempt NFs from the liability insurance coverage requirements set forth in Section A.2.12.9.46 of the CRA, which have been longstanding requirements for MCO contracted TennCare providers.

It is our understanding that most facilities are now insured (or at least self-insured), which we believe is an important protection for CHOICES members. Moreover, the three-year time exemption period set forth in the CRA has expired. Accordingly, **beginning July 1, 2015, in order to participate in the CHOICES program, NFs must have in place liability insurance as is necessary to adequately protect the MCO's members and the MCO under the NF provider agreements with the MCOs. TennCare advises the MCOs and NFs that it considers the following liability insurance coverage levels to be the minimum adequate protection, though each MCO and NF should seek its own insurance counsel to determine if greater amounts are needed:**

- **General and professional liability insurance at a minimum amount of one million dollars (\$1,000,000) per occurrence, and three million dollars (\$3,000,000) in the aggregate; or**
- **Self-insurance of its professional and general liability so long as that insurance is verified by an independent auditor or actuary to be at reserve funding levels adequate to cover the operating risks to the facility.**

Facilities unable to demonstrate compliance with the minimum liability protection requirements (or demonstrating sufficient self-insurance) by July 1, 2015 will no longer qualify to participate

in the CHOICES program. TennCare MCOs will be responsible for verifying liability coverage as part of the credentialing process.

Please contact your MCO Provider Relations Representative with any questions.

C: Keith Gaither, Director, Managed Care Operations
Michelle Morse Jernigan, Deputy, LTSS Quality & Administration
Jay Taylor, Deputy, LTSS Audit & Compliance
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