

COVID-19 Section 1115(a) Demonstration Application Template

The State of Tennessee proposes emergency relief as an affected state, through the use of section 1115(a) demonstration authority as outlined in the Social Security Act (the Act), to address the multi-faceted effects of the novel coronavirus (COVID-19) on the state's Medicaid program.

I. DEMONSTRATION GOAL AND OBJECTIVES

Effective March 30, 2020, the State of Tennessee, seeks section 1115(a) demonstration authority to operate its Medicaid program without regard to the specific statutory or regulatory provisions (or related policy guidance) described below, in order to furnish medical assistance in a manner intended to protect, to the greatest extent possible, the health, safety, and welfare of individuals and providers who may be affected by COVID-19.

The purpose of this demonstration is to support hospitals and other healthcare providers experiencing uncompensated care for the treatment of COVID-19 to ensure continued access to care for Medicaid and low-income uninsured individuals during this emergency period. Ensuring the sustainability of Tennessee's hospital system and healthcare system more broadly is a prudent, proactive measure to protect the health not only of individuals directly affected by COVID-19 but of public health in Tennessee generally.

II. DEMONSTRATION PROJECT FEATURES

Tennessee's proposed COVID-19 demonstration is intended to ensure that uninsured Tennesseans seek prompt treatment without fear of potential hospital bills or other medical debt, and to support the sustainability of Tennessee's healthcare system overall so that it continues to be able to provide robust services to Medicaid patients throughout the pandemic and post-pandemic.

Although much is still unknown about COVID-19, the disease is spreading rapidly in the U.S. While effective treatment options are currently limited, public health experts estimate that roughly 10 percent of individuals who develop COVID-19 need hospital care, and three percent need intensive inpatient care (CDC update, March 18, 2020). A sudden increase in demand for inpatient and outpatient hospital services due to COVID-19 poses a significant threat for hospitals, which are currently the primary healthcare providers caring for COVID-19 patients. We also anticipate that many individuals with COVID-19 may seek care from physicians or have a need for laboratory services.

In this demonstration, Tennessee proposes to establish a COVID-19 safety net fund. The COVID-19 safety net fund will be a \$104.9 million pool jointly financed by the state and federal government. This fund will be used to reimburse hospitals, physicians, and medical labs for increased costs associated with providing COVID-19 treatment to uninsured individuals.

Eligible Providers

To qualify for payments from the COVID-19 safety net fund, a provider must meet the following criteria:

- Be an acute care hospital located and licensed in the state of Tennessee, a physician licensed to practice medicine in Tennessee, or a provider of laboratory services licensed in Tennessee; and
- Be enrolled as a participating provider in the state's Medicaid program.

In addition, as a condition of receiving payment for COVID-19 treatment services from the COVID-19 safety net fund, the provider must agree to accept payment from the safety net fund as payment in full for the services in question. A provider who has received payment from the COVID-19 safety net fund may not bill the uninsured individual receiving services for any remaining balance.

Services Eligible for Reimbursement

The services eligible for reimbursement from the COVID-19 safety net fund are inpatient hospital services (including laboratory and X-ray/imaging services provided on an inpatient or emergency basis), outpatient hospital services, physician services, and laboratory services:

- Directly related to the treatment of COVID-19, including an appropriate diagnosis code; and
- Delivered to individuals who are not enrolled in a state or federal healthcare program, a group health plan, or group or individual health insurance.

Reimbursement Methodology

Providers will submit claims for eligible services to the state Medicaid agency or its designee. The state will partner with BlueCross BlueShield of Tennessee to reimburse for eligible services using rates established for the TennCare Select provider network.

The only claims eligible for payment from the COVID-19 safety net fund are for services directly related to the treatment of COVID-19 with an appropriate diagnosis code and for individuals for whom the provider has determined have no other source of coverage.

Hospitals must include any payments received from the fund in their calculation of uncompensated care costs for purposes of other payments that the hospital may receive from the state.

Reconciliation Methodology

There will be no retroactive reconciliation to actual costs. However, the state's independent contracted DSH auditor will monitor the expenditure of funds from the COVID-19 safety net fund to ensure they meet the criteria established by the state and CMS to qualify for payment from this funding source.

A. Eligible Individuals: The following populations will be eligible under this demonstration. To the extent coverage of a particular service is available for a particular beneficiary under the State plan, such coverage will be provided under the State plan and not under demonstration authority.

Check to Apply	Population
	Current title XIX State plan beneficiaries
	Current section 1115(a)(2) expenditure population(s) eligible for/enrolled in the following existing section 1115 demonstrations:
N/A	The demonstration does not extend eligibility or benefits to any group; it reimburses healthcare providers for otherwise unreimbursed costs associated with COVID-19 treatment.

B. Benefits: The state will provide the following benefits and services to individuals eligible under this demonstration. To the extent coverage of a particular service is available for a particular beneficiary under the State plan, such coverage will be provided under the State plan and not under demonstration authority.

Check to Apply	Services
	Current title XIX State plan benefits
	Others as described here:
N/A	The demonstration does not extend eligibility or benefits to any group; it reimburses healthcare providers for otherwise unreimbursed costs associated with COVID-19 treatment.

C. Cost-sharing

Check to Apply	Cost-Sharing Description
	There will be no premium, enrollment fee, or similar charge, or cost-sharing (including copayments and deductibles) required of individuals who will be enrolled in this demonstration that varies from the state's current state plan.
	Other as described here: <i>[state to insert description]</i>
N/A	Because the demonstration does not extend eligibility or benefits to any group, there is no cost sharing to charge individuals.

D. Delivery System:

Check to Apply	Delivery System Description
	The health care delivery system for the provision of services under this demonstration will be implemented in the same manner as under the state's current state plan.
X	Other as described here: The COVID-19 safety net pool to reimburse healthcare providers for their uncompensated care costs related to provision of COVID-19 treatment, as described above.

III. EXPENDITURE AND ENROLLMENT PROJECTIONS

A. Enrollment and Enrollment Impact.

- i. State projects that approximately N/A individuals as described in section II will be eligible for the period of the demonstration. The overall impact of this section 1115 demonstration is that these individuals, for the period of the demonstration, will continue to receive HCBS or coverage through this demonstration to address the COVID-19 public health emergency.

B. Expenditure Projection.

The state projects that the total aggregate expenditures under this section 1115 demonstration is \$104.9 million.

Once the funds in the COVID-19 safety net fund are exhausted, this demonstration will end, unless subsequently amended by the state and CMS.

The state believes that these expenditures will be significantly less than the potential costs of failing to take proactive steps to ensure that all Tennesseans have access to timely COVID-19 care.

The state commits that it will track all expenditures made under this demonstration and report them to CMS timely in the manner mutually agreed upon with CMS.

In light of the unprecedented emergency circumstances associated with the COVID-19 pandemic and consistent with the President’s proclamation that the COVID-19 outbreak constitutes a national emergency consistent with section 1135 of the Act, and the time-limited nature of demonstrations that would be approved under this opportunity, the Department will not require States to submit budget neutrality calculations for section 1115 demonstration projects designed to combat and respond to the spread of COVID-19. In general, CMS has determined that the costs to the Federal Government are likely to have otherwise been incurred and allowable. States will still be required to track expenditures and should evaluate the connection between and cost effectiveness of those expenditures and the state’s response to the public health emergency in their evaluations of demonstrations approved under this opportunity.

IV. APPLICABLE TITLE XIX AUTHORITIES

The state is proposing to apply the flexibilities granted under this demonstration opportunity to the populations identified in section II.A above.

Check to Apply	Program
	Medicaid state plan
	Section 1915(c) of the Social Security Act (“HCBS waiver”). Provide applicable waiver numbers below:
	Section 1115(a) of the Social Security Act (i.e., existing, approved state demonstration projects). Provide applicable demonstration name/population name below:
N/A	Other: This demonstration does not cover any populations.

V. WAIVERS AND EXPENDITURE AUTHORITIES

A non-exhaustive list of waiver and expenditure authorities available under this section 1115 demonstration opportunity has been provided below. States have the flexibility to request additional waivers and expenditure authorities as necessary to operate their programs to address COVID-19. If additional waivers or expenditure authorities are desired, please identify the authority needed where indicated below and include a justification for how the authority is needed to assist the state in meeting its goals and objectives for this demonstration. States may include attachments as necessary. Note: while we will endeavor to review all state requests for demonstrations to combat COVID-19 on an expedited timeframe, dispositions will be made on a state-by-state basis, and requests for waivers or expenditure authorities in addition to those identified on this template may delay our consideration of the state's request.

A. Section 1115(a)(1) Waivers and Provisions Not Otherwise Applicable under 1115(a)(2)

The state is requesting the below waivers pursuant to section 1115(a)(1) of the Act, applicable for beneficiaries under the demonstration who derive their coverage from the relevant State plan. With respect to beneficiaries under the demonstration who derive their coverage from an expenditure authority under section 1115(a)(2) of the Act, the below requirements are identified as not applicable. Please check all that apply.

Check to Waive	Provision(s) to be Waived	Description/Purpose of Waiver
	Section 1902(a)(1)	To permit the state to target services on a geographic basis that is less than statewide.
	Section 1902(a)(8), (a)(10)(B), and/or (a)(17)	To permit the state to vary the amount, duration, and scope of services based on population needs; to provide different services to different beneficiaries in the same eligibility group, or different services to beneficiaries in the categorically needy and medically needy groups; and to allow states to triage access to long-term services and supports based on highest need.

B. Expenditure Authority

Pursuant to section 1115(a)(2) of the Act, the state is requesting that the expenditures listed below be regarded as expenditures under the state plan.

Note: Checking the appropriate box(es) will allow the state to claim federal financial participation for expenditures that otherwise would be ineligible for federal match.

Check to Request Expenditure	Description/Purpose of Expenditure Authority
	Allow for self-attestation or alternative verification of individuals' eligibility (income/assets) and level of care to qualify for long-term care services and supports.
	Long-term care services and supports for impacted individuals even if services are not timely updated in the plan of care, or are delivered in alternative settings.
	Ability to pay higher rates for HCBS providers in order to maintain capacity.
	The ability to make retainer payments to certain habilitation and personal care providers to maintain capacity during the emergency. For example, adult day sites have closed in many states due to isolation orders, and may go out of business and not be available to provide necessary services and supports post-pandemic
	Allow states to modify eligibility criteria for long-term services and supports.
	The ability to reduce or delay the need for states to conduct functional assessments to determine level of care for beneficiaries needing LTSS.
X	Other: The state is requesting authority under Section 1115(a)(2) of the Social Security Act to make payments for uncompensated care costs incurred by healthcare providers for services related to COVID-19 for the uninsured during the period of the COVID-19 national emergency.

VI. Public Notice

Pursuant to 42 CFR 431.416(g), the state is exempt from conducting a state public notice and input process as set forth in 42 CFR 431.408 to expedite a decision on this section 1115 demonstration that addresses the COVID-19 public health emergency.

In light of the immediate threat to public health represented by COVID-19 and the public health emergency declared by Secretary Azar on January 31, 2020, and the national emergency declared by President Trump on March 13, 2020, the state is requesting that CMS waive the public notice procedures typically required of 1115 demonstrations in order to expedite the approval of this demonstration request. *See* 42 C.F.R. § 431.416(g).

The state notes that the circumstances constituting the current public health emergency in Tennessee could not have reasonably been foreseen, and that delay in approving this demonstration would undermine the purpose of the demonstration and cause harm to the interests of beneficiaries and of public health generally by delaying access to timely treatment of COVID-19. In addition, the state has acted in good faith, and in a diligent, timely, and prudent manner to secure medically necessary care for low-income and uninsured Tennesseans. *See* § 431.416(g).

VII. Evaluation Indicators and Additional Application Requirements

- A. Evaluation Hypothesis.** The demonstration will test whether and how the waivers and expenditure authorities affected the state’s response to the public health emergency, and how they affected coverage and expenditures.

Specifically, the demonstration will test whether ensuring that healthcare providers are reimbursed for providing COVID-19 treatment to uninsured Tennesseans will ensure the sustainability of Tennessee’s healthcare system during the COVID-19 emergency.

- B. Final Report. This report will consolidate demonstration monitoring and evaluation requirements.** No later than one year after the end of this demonstration addressing the COVID-19 public health emergency, the state will be required to submit a consolidated monitoring and evaluation report to CMS to describe the effectiveness of this program in addressing the COVID-19 public health emergency. States will be required to track expenditures, and should evaluate the connection between and cost effectiveness of those expenditures and the state’s response to the public health emergency in their evaluations of demonstrations approved under this opportunity. Furthermore, states will be required to comply with reporting requirements set forth in 42 CFR 431.420 and 431.428, such as information on demonstration implementation, progress made, lessons learned, and best practices for similar situations. States will be required to track separately all expenditures associated with this demonstration, including but not limited to administrative costs and program expenditures, in accordance with instructions provided by CMS. CMS will provide additional guidance on the evaluation design, as well as on the requirements, content, structure, and submittal of the report.

An evaluation plan and other hypotheses will be developed subsequent to approval of the demonstration, consistent with the requirements described above.

VIII. STATE CONTACT AND SIGNATURE

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Authorizing Official (Typed): Stephen Smith

Authorizing Official (Signature): _____

Date: _____

PRA Disclosure Statement

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