

Tennessee Medicaid Block Grant Proposal

Misunderstandings & Clarifying Facts

Misunderstanding #1: If approved, Tennessee's block grant proposal will result in cuts to TennCare enrollment, benefits or payments to health care providers.

Fact: The block grant proposal does not cut enrollment to the TennCare program, make cuts to benefits or services for any individual receiving TennCare services or reduce payments to TennCare providers.

Misunderstanding #2: The block grant proposal does not plan for providing more services to TennCare members.

Facts: The block grant proposal outlines opportunities for providing more services to TennCare members with the commitment to invest the additional dollars coming to the state into the program.

Misunderstanding #3: The block grant proposal does not provide potential opportunities for covering more people than are currently enrolled in TennCare.

Fact: The block grant proposal specifically outlines potential opportunities for covering new populations as part of its commitment to invest the additional dollars coming into the state under the proposal into its Medicaid program.

Misunderstanding #4: TennCare must cut current spending to achieve shared savings as outlined in the block grant proposal.

Fact: No spending cuts are required for Tennessee to receive additional federal dollars through the shared savings concept. The "savings" to be shared between Tennessee and the federal government are based on the comparison of actual TennCare expenses in any year to the CMS projection of what expenses would have been in that same year if Tennessee didn't operate under its current TennCare waiver. In fact, even if expenses increased in any year, sizable savings will still be generated because the projected expenditures will be inflated in each new year by an amount that is, generally, higher than the annual inflation that TennCare experiences each year.

Misunderstanding #5: The shared savings concept is risky because it is new, and Tennessee has no history of being subjected to this type of metric or analysis.

Fact: TennCare's expenses have been analyzed under this same metric every year. In fact, for more than a decade, Tennessee has underspent the annual CMS projection by billions



of dollars. Our experience of being held to this metric is why we are confident this proposal will bring more – not fewer – federal dollars into the state’s Medicaid program.

Misunderstanding #6: Even with Tennessee’s history of underspending the CMS annual projection, this proposal is still risky because CMS could change the way it calculates the annual projection at any time.

Fact: The method by which CMS will calculate the annual projection will be a critical part of the negotiation with CMS and certainty with respect to that calculation for the duration of the proposal will be necessary for Tennessee to agree to any proposal.

Misunderstanding #7: The savings will decrease when TennCare enrollment grows, so the state will have an incentive to discourage enrollment for individuals in Tennessee who are eligible or be discouraged from covering new populations.

Fact: The proposal’s calculation driving the projection of expenses in Tennessee every year is done on a per member expense that is then multiplied by the number of people enrolled in the program. Each additional member included in the block grant framework brings additional shared savings to the state. If enrollment goes up in the block grant our savings increase. The state, therefore, has no incentive to discourage enrollment in the program.

Misunderstanding #8: The block grant would allow the state to cut its state spending on health care and divert those dollars to other areas of its budget.

Fact: The proposal specifically includes an annual, ongoing state funding maintenance of effort provision, which will prohibit the state from reducing the amount of state dollars the state spends on TennCare in any given year so that these state dollars can be used to address other budget items. This maintenance of effort provision also requires annual increased funding requirements for the state based on reasonable projected program growth and inflation.

Misunderstanding #9: TennCare members would no longer receive the drugs they need to treat their medical conditions if the block grant proposal is approved.

Fact: TennCare members will continue to receive the drugs they need to treat their medical conditions, consistent with TennCare’s existing benefit structure. The flexibility desired through the block grant proposal related to prescription drugs is not a coverage issue - but a price control opportunity. This flexibility is a way for Tennessee to level the playing field against the extremely high costs of drugs that are unsustainable and negatively impact our ability to provide and improve health care. For those medical conditions that are addressed by multiple drugs, we would like to cover the most clinically effective drugs

rather than be required to cover every one of the drugs that treat the same condition. In the event members have a medical need for specific drugs or for a specific formulation, even if not the drugs chosen by TennCare to treat a condition, we will provide access to those drugs. In addition, we will not change any coverage that we currently offer for drugs prescribed for off-label purposes.

Misunderstanding #10: TennCare members with rare medical conditions will not be able to access the drugs needed for their treatment plan if the block grant is approved.

Fact: The flexibility requested in Tennessee's block grant proposal will have no impact on TennCare members who need a specific formulation of a drug or drug treatment. TennCare members will continue to receive access to the drugs they need to treat their medical conditions, consistent with TennCare's existing benefit structure. We would like the opportunity to pursue alternative payment arrangements so that, for example, we can pay for a \$1 million drug over time rather than all at once up-front. This is a common-sense approach that promotes both access to drugs and fiscal sustainability for the program.

Misunderstanding #11: The state will make fundamental changes to the TennCare program without any oversight or transparency if the block grant proposal is approved.

Fact: It is important to remember that Tennessee is submitting the block grant proposal as an amendment to the current TennCare waiver with CMS. In other words, the waiver is not going away. Rather, it will still be in place, along with the associated host of CMS oversight functions. To change anything in the waiver, the state would be required to continue to utilize the same waiver amendment process which includes public input and scrutiny. The purpose of the requested changes to the waiver in this block grant proposal, which alter certain CMS's oversight roles, is to reduce the amount of unnecessary administrative requirements that typically require a lot of time and, in some cases, a lot of money, but which add little or no value to the TennCare program or its members.

Misunderstanding #12: Under the proposed block grant, TennCare members who experience a service denial will have no recourse by which to appeal the state's decision.

Fact: TennCare has one of the most robust appeals processes in the country and this appeals process will remain in place with the block grant. Waiver "amendments" only list the things in the existing waiver that a Medicaid agency is seeking to change. Because we have not proposed changing anything about the appeals process in the block grant waiver proposal, nothing about the appeals process will change when the block grant proposal is approved. Furthermore, TennCare provides emergency appeals (that are resolved within 3 days).

