

# Notice of Change to the TennCare III Demonstration Amendment 7

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The Commissioner of the Tennessee Department of Finance & Administration is providing official notification of intent to file an amendment to the TennCare III demonstration. This amendment, which will be known as “Amendment 7,” will be filed with the Centers for Medicare & Medicaid Services (CMS). In this amendment, Tennessee is proposing several changes to the demonstration that will enhance benefits, promote access to care, improve quality outcomes, and improve transparency and program administration.

## **Description of Amendment and Affected Populations**

This proposed amendment consists of three primary components:

1. Covering the full continuum of care for individuals with serious mental illness (SMI) and serious emotional disturbance (SED),
2. Implementing an access/quality improvement program for hospitals, and
3. Improving home- and community-based services (HCBS) authorized under the demonstration.

Each of these proposals is described below.

### ***1. Covering the full continuum of care for individuals with SMI and SED***

In this demonstration amendment, Tennessee is proposing to amend the benefits package authorized under the demonstration to allow the state to cover the full continuum of care for individuals with serious mental illness (SMI) and serious emotional disturbance (SED). Specifically, Tennessee is requesting expenditure authority to cover services provided to individuals with SMI or SED who are receiving treatment in facilities that meet the federal definition of an institution for mental diseases (IMD). The state’s objective in seeking this expenditure authority is to maintain beneficiary access to mental health treatment services in appropriate settings and to ensure that individuals receive care in the settings most appropriate to their needs.

### ***2. Implementing an access/quality improvement program for hospitals***

In this amendment, Tennessee is also requesting changes to support the implementation of an initiative to ensure access to hospital services for Medicaid

beneficiaries in Tennessee and improve the outcomes associated with hospital services provided to Medicaid beneficiaries. Hospital services are included within the managed care program authorized under the TennCare demonstration. In order to maintain and enhance access to hospital care for Medicaid beneficiaries in Tennessee, the state is partnering with hospitals in Tennessee to implement an access and quality improvement initiative. A key component of this initiative will be additional payments to hospitals that achieve agreed-upon quality performance benchmarks.

### ***3. Improving Home- and Community-Based Services***

The TennCare demonstration currently authorizes three programs of long-term services and supports (LTSS).

- CHOICES provides LTSS—including nursing facility services and HCBS—to seniors and to adults with physical disabilities.
- Employment and Community First CHOICES (or “ECF CHOICES”) provides HCBS to individuals with intellectual or developmental disabilities.
- The Katie Beckett/Medicaid Diversion program provides supports to children with disabilities or other complex medical needs.

In this amendment, the state is proposing a number of changes to modernize and update the special terms and conditions (STCs) governing these programs. These changes are intended to improve the efficiency, transparency, and member experience of individuals served by these programs. In addition, the state is proposing a number of changes to enhance the HCBS available to individuals enrolled in these programs and to provide for greater flexibility in the use of HCBS benefits.

The HCBS improvements proposed in Amendment 7 are:

- Providing more flexibility in the use of minor home modifications by eliminating the per project limit on these modifications;
- Allowing exceptions to the applicable expenditure cap for persons in ECF CHOICES Group 6 with exceptional medical or behavioral needs so that such individuals may access supported employment services;
- Revising the definition of Benefits Counseling for CHOICES and ECF CHOICES;
- Adjusting the limit on Exploration in ECF CHOICES from 30 days to 60 days;
- Adding a definition for the Stabilization and Monitoring service in CHOICES and ECF CHOICES;

- Removing Rideshare/Community Transportation pre-authorization language for Employment and Day Supports in CHOICES;
- Updating language about the publishing of enrollment targets in CHOICES and ECF CHOICES to provide greater transparency;
- Updating outmoded language about transitions from CHOICES and 1915(c) waivers to ECF CHOICES;
- Removing unnecessary language that interferes with the state’s ability to enroll people in ECF CHOICES Group 6; and
- Clarifying the data reporting requirements for ECF CHOICES and the Katie Beckett/Medicaid Diversion program to provide maximum transparency around both of these programs.

These proposed changes will support improved HCBS outcomes for persons enrolled in the demonstration’s LTSS programs.

### **Expected Impact on Enrollment and Expenditures**

Implementation of this amendment is not expected to result in changes to TennCare enrollment.

The state’s request to cover services for individuals with SMI/SED residing in IMDs is expected to result in an increase of approximately \$25 million in annual aggregate expenditures under the demonstration. The state’s request to implement a hospital access/quality improvement program is expected to result in an increase of \$2.5 billion in annual aggregate expenditures under the demonstration. The improvements to the demonstration’s HCBS programs described in this amendment are not expected to result in material changes to aggregate expenditures under the demonstration.

### **Evaluation Impact**

Tennessee will work with CMS to develop appropriate tools to guide the monitoring and evaluation processes associated with its coverage of services for persons receiving care for SMI/SED in IMDs. It is expected that the monitoring metrics agreed to by the state and CMS will be informed by and adhere closely to the monitoring metrics recommended by CMS for SMI/SED demonstrations. Likewise, Tennessee will work with CMS to modify the TennCare evaluation design to address these new authorities in a manner consistent with CMS guidance related to the evaluation of SMI/SED demonstrations.

With regard to the hospital access/quality improvement program, the state will work with the managed care group at CMS to identify appropriate evaluation metrics for the state-directed payment that will support the program, and will work with the state demonstrations group at CMS to ensure that those metrics are incorporated into the evaluation design.

The state does not anticipate modifying its evaluation design based on the proposed changes to the demonstration's HCBS programs. These changes are expected to contribute to key goals of the TennCare demonstration already reflected in the demonstration's evaluation design (currently under CMS review). These goals include enhancing coverage and benefits available under the TennCare demonstration and supporting access to safe and appropriate HCBS.

### **Waiver and Expenditure Authorities Requested**

All waiver and expenditure authorities currently approved for the TennCare demonstration will continue to be in effect. To effectuate the changes described in this amendment for individuals with SMI/SED, the state requests expenditure authority under Section 1115(a)(2) of the Social Security Act to cover medically necessary services furnished to individuals with SMI/SED under age 65 enrolled in TennCare who are receiving treatment in a facility that meets the definition of an IMD.

The state is not proposing any new waiver or expenditure authorities to implement a hospital access/quality improvement program. Rather, the state is seeking an adjustment to the demonstration's expenditures and budget neutrality framework.

Tennessee is not proposing any new waiver or expenditure authorities to effectuate the proposed changes to the demonstration's HCBS programs. These modifications will involve changes and clarifications to the demonstration's existing special terms and conditions.

### **Public Notice Process**

TennCare has taken a variety of steps to ensure that members of the public are notified of Amendment 7. These measures include the development and maintenance of this webpage, as well as notices published in newspapers of general circulation in Tennessee communities with 50,000 or more residents. TennCare has disseminated information about the proposed amendment via its social media accounts (e.g., Facebook, Twitter). TennCare has also notified members of the Tennessee General Assembly of its intent to submit Amendment 7.

## **Public Input Process**

TennCare is seeking feedback on Amendment 7 prior to its submission to CMS. Members of the public are invited to offer comments regarding Amendment 7 from September 12, 2024, through October 11, 2024.

Members of the public who wish to comment on the proposed amendment may do so through either of the following options:

- Comments may be sent by email to [public.notice.tenncare@tn.gov](mailto:public.notice.tenncare@tn.gov).
- Comments may be mailed to

Aaron Butler, Director of Policy  
Division of TennCare  
310 Great Circle Road  
Nashville, TN 37243.

TennCare always appreciates input. In order to be considered for the final draft of Amendment 7, feedback must be received no later than October 11, 2024. Individuals wishing to view comments submitted by members of the public may submit their requests to the same physical address and/or email address at which comments are being accepted.

## **Draft of Amendment 7**

A draft of TennCare's proposed demonstration amendment is located at <https://www.tn.gov/content/dam/tn/tenncare/documents2/DraftVersionOfAmendment7.pdf>. Copies of the draft amendment are also available in each county office of the Tennessee Department of Health. Once comments received during the public input period have been reviewed and considered, a final draft of the amendment will be prepared. The final draft will be submitted to CMS and will then be made available through the webpage located at <https://www.tn.gov/tenncare/policy-guidelines/waiver-and-state-plan-public-notices.html>.

## **TennCare Page on CMS Web Site**

As the federal agency with oversight authority over all Medicaid programs, CMS offers its own online resources regarding the TennCare demonstration. Interested parties may view these materials at

[https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/waivers\\_faceted.html](https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/waivers_faceted.html).