TENNESSEE BLOCK GRANT
OVERVIEW
Innovation
The new financing arrangement and flexibilities must provide a framework for meaningful innovation.

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

Financing
The financial arrangement must evolve to ensure a more equitable partnership between the state and federal governments.
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:
  
  o Send by mail to Mr. Gabe Roberts, Director, Division of TennCare, 310 Great Circle Road, Nashville, TN 37243
  o Email comments to public.notice.tenncare@tn.gov
  o In-person at one of the above listed public meetings