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Division of TennCare Fiscal Year 2016-2017 Annual Report

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Division of
TennCare

Fiscal Year 2016-2017 Annual Report



Overview and History of TennCare

TennCare is the state of Tennessee's Medicaid program that provides health care for approximately 1.4 million Tennesseans and operates with an annual budget of approximately \$11 billion. TennCare members are primarily low-income pregnant women, children and individuals who are elderly or have a disability. TennCare covers approximately 20 percent of the state's population, 50 percent of the state's births, and 50 percent of the state's children.

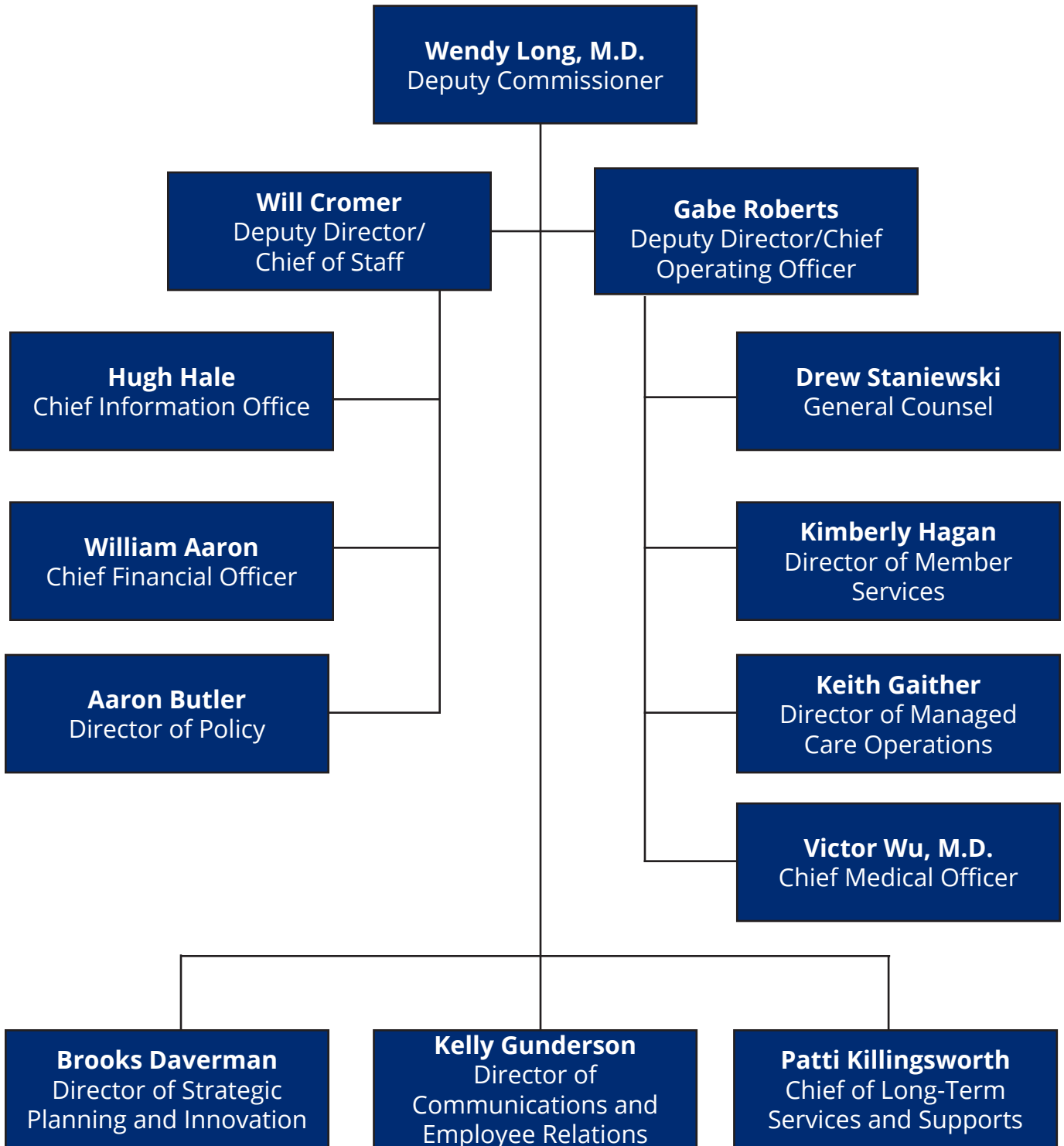
TennCare is one of the oldest Medicaid managed care programs in the country, having begun on January 1, 1994. It is the only program in the nation to enroll the entire state's Medicaid population in managed care. The TennCare program operates under a Section 1115 waiver from the Centers for Medicare and Medicaid Services (CMS) in the United States Department of Health and Human Services. Unlike traditional fee-for-service Medicaid, TennCare is an integrated, full-risk, managed care program. TennCare services are offered through managed care entities. Medical, behavioral and Long-Term Services and Supports are covered by "at-risk" Managed Care Organizations (MCOs). All of TennCare's MCOs are ranked among the top 100 Medicaid health plans in the country.

The care provided by TennCare's MCOs is assessed annually by the National Committee for Quality Assurance (NCQA) as part of the state's accreditation process. In addition to the MCOs, there is a Pharmacy Benefits Manager for coverage of prescription drugs and a Dental Benefits Manager for coverage of dental services to children under age 21. As a leader in managed care Long-Term Services and Supports (LTSS), the state successfully implemented TennCare CHOICES in 2010 bringing LTSS into the managed care model. These services are provided in Nursing Facilities (NFs) as well as by Home and Community Based Service providers.

The Division of TennCare is within the Department of Finance and Administration which is the state agency charged with the responsibility of administering the TennCare program. The Division of TennCare includes the CoverKids and CoverRx programs, Strategic Planning and Innovation - which oversees the Tennessee Health Care Innovation Initiative, and the Office of eHealth Initiatives.



EXECUTIVE STAFF



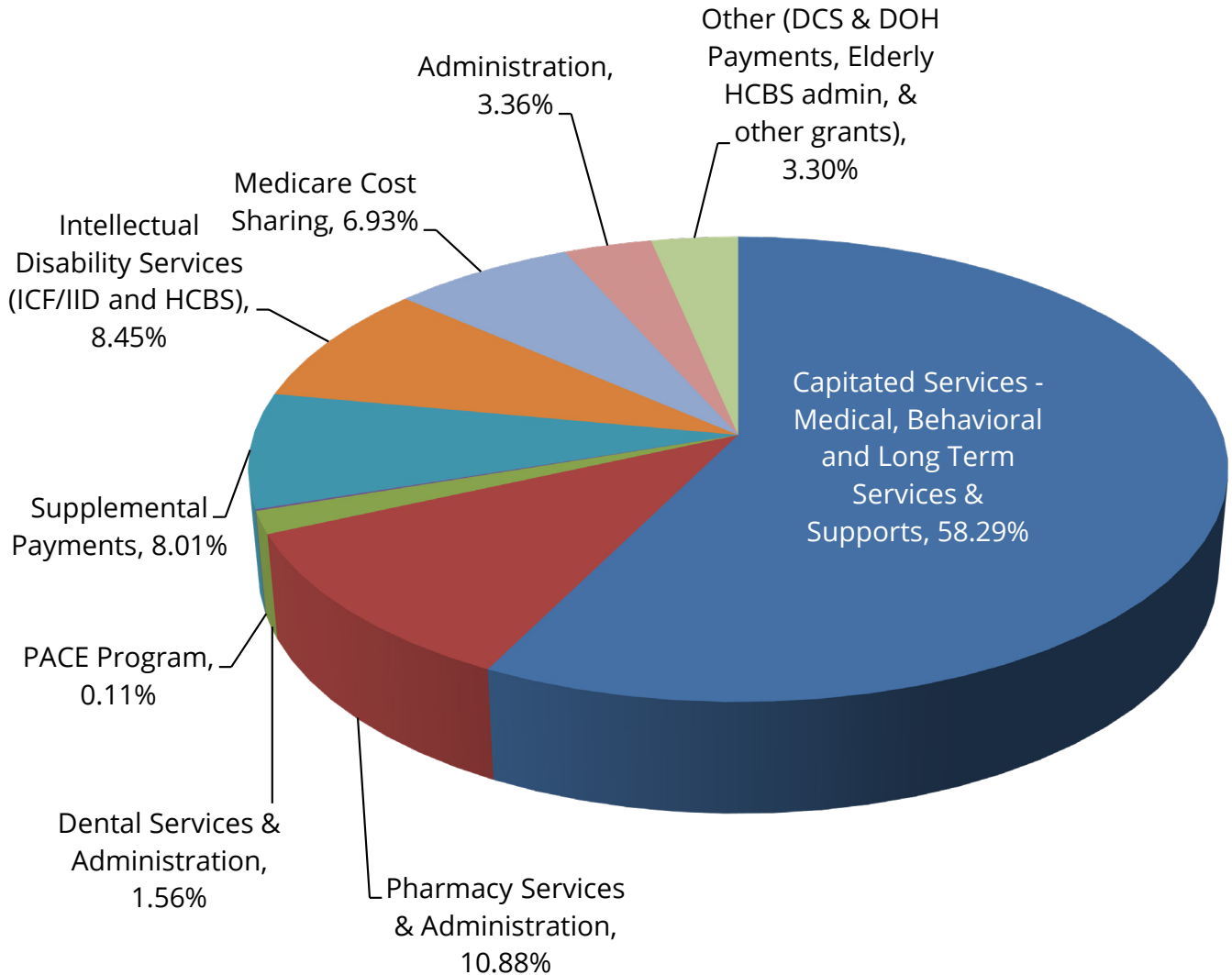
The data for this annual report covers July 1, 2016-June 30, 2017

FY 17 Expenditures by Category

Capitated Services - Medical, Behavioral and Long Term Services & Supports ¹	6,355,868,600
Pharmacy Services & Administration	1,205,347,100
Intellectual Disability Services (ICF/IID & HCBS)	936,114,300
Supplemental Payments	886,807,400
Medicare Cost Sharing ²	767,644,900
Administration	371,605,700
Other (DCS & DOH Payments, Elderly HCBS admin, & other grants)	365,523,600
Dental Services & Administration	172,220,200
PACE Program	12,683,700
Total	11,073,815,500

¹This figure is the total of capitation payments which is inclusive of all medical and behavioral health services as well as the long term services and supports for CHOICES members.

²Includes Medicare Part D Clawback.



Enrollment Eligibility by Race and Age

Enrollment on January 1, 2017

Race	0 to 20	21 to 64	65+	Grand Total
Black	132,858	82,007	12,697	227,562
Hispanic	38,866	3,293	498	42,657
Other ¹	444,318	279,319	15,722	739,359
White	250,760	193,562	39,564	483,886
Grand Total	866,802	558,181	68,481	1,493,464

¹ Other includes "unspecified" as the Federal Marketplace (the primary application portal during this reporting year) does not require race to be provided.

Medical Services

Providers with Paid Claims	FY17 Recipients	Expenditures Per Recipient	FY17 Expenditures ¹
17,248	1,282,241	\$2,949.51	\$3,781,681,978

¹Total expenditure includes the total of administration fees paid to contracted MCO's, based on the allocated proportion of total Medical and Behavioral Health expenditure incurred in SFY17.

Mental Health Clinics and Institutional Services

Providers with Paid Claims	FY17 Recipients	Expenditures Per Recipient	FY17 Expenditures ^{1,2}
5,140	273,871	\$1,616.04	\$442,587,684

¹Excludes case management services, transportation and other community services where payment to provider was a capitated arrangement.

²Total expenditure includes the total of administration fees paid to contracted MCO's, based on the allocated proportion of total Medical and Behavioral Health expenditure incurred in SFY17.

Pharmacy Services

Services delivered through Pharmacy Benefits Manager (PBM)

Providers with Paid Claims	FY17 Recipients	Expenditures Per Recipient	FY17 Expenditures ¹
11,744	1,126,426	\$1,070.06	\$1,205,347,100

¹Amount includes administrative costs paid to the PBM.

Dental Services

Services delivered through Dental Benefits Manager (DBM)

Providers with Paid Claims	FY17 Recipients	Expenditures Per Recipient	FY17 Expenditures ¹
1,284	473,513	\$363.71	\$172,220,200

¹Amount includes administrative costs but does not include Health Department Dental Program cost of \$6,846,900 which is included on page 3 in the Other (DCS & DOH Payments, Elderly HCBS admin, & other grants) category.

TennCare Expenditures & Recipients by County

County	Enrollment on 1-Jan-17	Estimated 2017 Population	% of County on TennCare	Total Service Expenditure ¹	Expenditure per Member
ANDERSON	16,871	76,284	22.1%	\$115,566,961	\$6,850
BEDFORD	13,304	48,157	27.6%	\$64,438,562	\$4,844
BENTON	4,232	15,979	26.5%	\$29,839,134	\$7,051
BLEDSON	3,255	14,772	22.0%	\$16,298,523	\$5,007
BLOUNT	23,318	130,122	17.9%	\$145,841,368	\$6,254
BRADLEY	23,025	105,417	21.8%	\$137,971,952	\$5,992
CAMPBELL	13,274	39,771	33.4%	\$86,882,345	\$6,545
CANNON	3,276	14,071	23.3%	\$19,314,398	\$5,896
CARROLL	7,975	27,982	28.5%	\$52,278,194	\$6,555
CARTER	13,485	56,369	23.9%	\$87,683,989	\$6,502
CHEATHAM	7,833	40,059	19.6%	\$54,883,640	\$7,007
CHESTER	4,053	17,547	23.1%	\$21,008,858	\$5,184
CLAIBORNE	9,337	31,795	29.4%	\$56,266,011	\$6,026
CLAY	2,225	7,719	28.8%	\$15,005,360	\$6,744
COCKE	11,690	35,258	33.2%	\$71,604,506	\$6,125
COFFEE	14,104	55,088	25.6%	\$81,064,231	\$5,748
CROCKETT	4,044	14,429	28.0%	\$23,464,315	\$5,802
CUMBERLAND	13,046	59,287	22.0%	\$78,493,322	\$6,017
DAVIDSON	146,325	692,506	21.1%	\$859,939,775	\$5,877
DECATUR	3,020	11,768	25.7%	\$22,675,722	\$7,509
DEKALB	5,409	19,451	27.8%	\$32,620,091	\$6,031
DICKSON	11,465	52,794	21.7%	\$75,830,482	\$6,614
DYER	10,998	37,741	29.1%	\$61,885,181	\$5,627
FAYETTE	7,154	40,170	17.8%	\$37,759,173	\$5,278
FENTRESS	6,219	18,105	34.4%	\$42,254,102	\$6,794
FRANKLIN	8,204	41,775	19.6%	\$52,296,826	\$6,375
GIBSON	13,577	49,605	27.4%	\$100,967,103	\$7,437
GILES	6,659	29,267	22.8%	\$43,839,091	\$6,583
GRAINGER	6,176	23,156	26.7%	\$34,113,450	\$5,524
GREENE	15,945	68,891	23.1%	\$180,391,670	\$11,313
GRUNDY	4,789	13,314	36.0%	\$30,087,670	\$6,283
HAMBLEN	16,797	64,153	26.2%	\$105,696,430	\$6,293
HAMILTON	69,486	360,849	19.3%	\$436,499,114	\$6,282
HANCOCK	2,386	6,551	36.4%	\$15,792,107	\$6,619

County	Enrollment on 1-Jan-17	Estimated 2017 Population	% of County on TennCare	Total Service Expenditure¹	Expenditure per Member
HARDEMAN	7,212	25,322	28.5%	\$51,623,392	\$7,158
HARDIN	7,515	25,666	29.3%	\$49,929,199	\$6,644
HAWKINS	14,087	56,601	24.9%	\$79,888,230	\$5,671
HAYWOOD	5,853	17,723	33.0%	\$32,655,300	\$5,579
HENDERSON	7,383	27,955	26.4%	\$42,729,537	\$5,788
HENRY	8,102	32,383	25.0%	\$46,131,882	\$5,694
HICKMAN	6,460	24,367	26.5%	\$37,898,784	\$5,867
HOUSTON	2,063	8,135	25.4%	\$15,798,199	\$7,658
HUMPHREYS	4,542	18,357	24.7%	\$30,647,809	\$6,748
JACKSON	2,998	11,620	25.8%	\$17,539,828	\$5,851
JEFFERSON	12,788	53,970	23.7%	\$85,386,814	\$6,677
JOHNSON	4,520	17,757	25.5%	\$27,090,873	\$5,994
KNOX	80,032	460,411	17.4%	\$540,066,087	\$6,748
LAKE	2,261	7,580	29.8%	\$17,001,092	\$7,519
LAUDERDALE	8,159	26,784	30.5%	\$42,995,584	\$5,270
LAWRENCE	11,097	43,230	25.7%	\$67,047,307	\$6,042
LEWIS	3,081	11,898	25.9%	\$20,652,755	\$6,703
LINCOLN	7,935	33,735	23.5%	\$42,993,890	\$5,418
LOUDON	9,603	52,128	18.4%	\$57,373,516	\$5,975
MACON	7,169	23,712	30.2%	\$38,128,437	\$5,319
MADISON	25,424	97,955	26.0%	\$182,348,167	\$7,172
MARION	7,369	28,589	25.8%	\$58,242,163	\$7,904
MARSHALL	7,228	32,229	22.4%	\$40,454,623	\$5,597
MAURY	19,272	91,096	21.2%	\$121,779,501	\$6,319
MCMINN	12,874	53,011	24.3%	\$82,478,054	\$6,407
MCNAIRY	7,791	25,953	30.0%	\$43,510,698	\$5,585
MEIGS	3,279	12,064	27.2%	\$15,840,946	\$4,831
MONROE	12,105	46,274	26.2%	\$68,823,790	\$5,686
MONTGOMERY	36,416	199,992	18.2%	\$187,701,857	\$5,154
MOORE	884	6,341	13.9%	\$5,998,948	\$6,786
MORGAN	4,946	21,650	22.8%	\$30,570,215	\$6,181
OBION	8,228	30,469	27.0%	\$44,416,199	\$5,398
OVERTON	5,307	22,150	24.0%	\$33,644,367	\$6,340
PERRY	2,128	7,977	26.7%	\$12,831,109	\$6,030

County	Enrollment on 1-Jan-17	Estimated 2017 Population	% of County on TennCare	Total Service Expenditure ¹	Expenditure per Member
PICKETT	1,153	5,131	22.5%	\$7,835,118	\$6,795
POLK	4,295	16,821	25.5%	\$20,403,056	\$4,750
PUTNAM	17,900	76,684	23.3%	\$120,115,025	\$6,710
RHEA	9,417	32,632	28.9%	\$58,642,859	\$6,227
ROANE	12,085	52,876	22.9%	\$93,218,278	\$7,714
ROBERTSON	14,132	70,034	20.2%	\$80,379,321	\$5,688
RUTHERFORD	52,920	315,800	16.8%	\$273,508,980	\$5,168
SCOTT	8,113	21,972	36.9%	\$50,045,048	\$6,169
SEQUATCHIE	4,051	15,084	26.9%	\$20,553,512	\$5,074
SEVIER	21,007	98,110	21.4%	\$103,181,121	\$4,912
SHELBY	271,376	938,673	28.9%	\$1,360,218,218	\$5,012
SMITH	4,586	19,585	23.4%	\$26,197,088	\$5,712
STEWART	3,211	13,207	24.3%	\$20,076,660	\$6,252
SULLIVAN	34,548	156,684	22.0%	\$203,121,774	\$5,879
SUMNER	30,537	183,017	16.7%	\$162,307,201	\$5,315
TIPTON	13,912	61,913	22.5%	\$68,587,409	\$4,930
TROUSDALE	2,163	8,368	25.8%	\$13,184,732	\$6,096
UNICOI	4,221	17,749	23.8%	\$31,386,955	\$7,436
UNION	5,372	19,208	28.0%	\$31,347,888	\$5,835
VAN BUREN	1,397	5,677	24.6%	\$10,055,099	\$7,198
WARREN	11,723	40,588	28.9%	\$71,868,347	\$6,131
WASHINGTON	24,939	128,710	19.4%	\$168,453,662	\$6,755
WAYNE	3,460	16,691	20.7%	\$22,552,308	\$6,518
WEAKLEY	7,501	33,342	22.5%	\$47,073,667	\$6,276
WHITE	7,474	26,815	27.9%	\$44,840,465	\$6,000
WILLIAMSON	12,853	224,452	5.7%	\$72,969,362	\$5,677
WILSON	20,051	135,376	14.8%	\$118,336,579	\$5,902
OTHER	34,685			\$63,973,958	\$1,844
Total	1,528,149	6,710,488	23%	\$8,927,206,500	\$5,842

1. Service Expenditures include Medical, Pharmacy, Long-Term Services and Supports, Dental, Behavioral Health Services, MCO administrative costs and Part D payments on behalf of dual eligible members. Payments on behalf of dual eligible members for Part D drug coverage totaled \$237,041,200. ASO administration and Part D payments were allocated across counties relative to the county's proportion of total expenditure.
2. Greene County expenditures include costs associated with the Greene Valley Developmental Center, causing the per-member cost to appear higher when comparing it with those of the other counties.
3. This category reflects recipients who are Tennessee residents for which their domicile is temporarily located outside of the state.
4. The total service expenditure reflects total amount payment in Edison, 'Cty Rpt Adj' tab D11, the total expenditure based on incurred claims cross counties are proportional in terms of total amount in Edison.

CHOICES Enrollment

Category of Service	Number of Recipients (6/30/16)	Number of Recipients (6/30/17)	% Change
Home and Community Based Services	12,471	12,251	-2%
Nursing Facility Services	17,197	16,805	-2%
Employment & Community First CHOICES ¹	0	1,382	

¹ECF CHOICES began 7/1/2016

Milestones FY 2016-2017

Approved Extension of the TennCare Demonstration

TennCare operates under an approved Demonstration Waiver which must be renewed periodically by the Centers for Medicare and Medicaid Services (CMS). On December 22, 2015, the Division of TennCare submitted to CMS an application to renew the TennCare Demonstration. On December 16, 2016, nearly one year after the application had been submitted, CMS issued written approval extending the waiver through June 30, 2021. Some notable elements of CMS's approval include:

- Continuation of TennCare's managed care service delivery system, with minor modifications;
- Continuation of TennCare's current eligibility levels and benefits package;
- Revisions to the amounts and distribution methodologies associated with the supplemental payment pools for hospitals to be phased in over multiple years;
- Concentration of evaluation efforts on two of TennCare's programs of long-term services and supports (CHOICES and Employment and Community First CHOICES); and
- Flexibility to amend the TennCare waiver, if needed, to reflect future changes in state or federal policy.





Launch of Employment & Community First CHOICES

Employment and Community First CHOICES launched on July 1, 2016. Designed in partnership with people with intellectual and developmental disabilities, their families, advocates, and other stakeholders.

Employment and Community First CHOICES is the first managed long-term services and supports program in the nation that is focused on promoting and supporting integrated, competitive employment and independent community living as the first and preferred option for people with intellectual and other types of developmental disabilities. Employment and Community First CHOICES offers three different benefit packages:

- Essential Family Supports for families caring for a loved one with an intellectual developmental disability;
- Essential Supports for Employment and Independent Living for adults with an intellectual or developmental disability who are transitioning out of school or who need support to achieve employment and independent living goals; and
- Comprehensive Supports for Employment and Community Living for adults with an intellectual or developmental disability who have more intense needs and require more comprehensive supports to achieve their employment and community living goals.

AARP Scorecard of Long-Term Services and Supports

On June 14, 2017, AARP released its 2017 Long-Term Services and Supports (LTSS) State Scorecard. This is the third in a series of annual scorecards that offer a state-by-state comparison of performance across an array of measures defined by AARP as constituting a high performing LTSS system. Tennessee is identified in the report as the most improved state, and the only state to demonstrate substantial improvement across 13 of the 23 measures, including all six measures related to effective transitions.

Many of the Scorecard measures are beyond the scope of the Medicaid program, and require solutions at a national and/or state policy level. Other measures may be difficult if not impossible for a state's Medicaid program to affect at all (e.g., the average private pay rates for nursing home or home care, the median income of state residents, whether or not people choose to purchase long-term care insurance, federal funding allocations for certain programs). Despite the limited applicability of the report to Medicaid programs, Tennessee, along with other states, agrees that measuring performance can help drive quality improvement and is committed to this approach in TennCare's LTSS programs.



Primary Care Transformation Project Launches

The Patient-Centered Medical Home (PCMH) program is one component of the Tennessee Health Care Innovation Initiative's strategy for primary care transformation, which assists providers in promoting better quality care, improving population health and reducing the cost of care. Following much stakeholder input and design work, the PCMH program was launched on January 1, 2017. Participating providers receive training and technical assistance, quarterly reports with actionable data and access to the state's care coordination tool. These providers are compensated with ongoing financial support and an opportunity for an annual outcome payment based on quality and efficiency performance. As of the launch date, 29 practices were participating in the PCMH program, with additional practices to be added in subsequent years.

The Tennessee Health Link component of the primary care transformation strategy was implemented on a statewide basis December 1, 2016. Providers in this program coordinate health care services for TennCare members with the most significant behavioral health needs. The program is designed to produce improved member outcomes, greater provider accountability and flexibility in the delivery of care, and improved cost control for the state. From the launch date until May 2017, approximately 60,000 TennCare members have been enrolled in the program. TennCare continues to monitor enrollment and provider engagement with members and regularly solicits feedback on the implementation of the program.

Applications for new providers to enroll in PCMH and Tennessee Health Link for calendar year 2018 were released on May 1, 2017.

