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TennCare Fiscal Year 2014-2015 Annual Report

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Division of
**Health Care
Finance & Administration**

TennCare

TennCare

Fiscal Year 2014-2015 Annual Report



Overview and History of TennCare

TennCare is the state of Tennessee's Medicaid program that provides health care for approximately 1.3 million Tennesseans and operates with an annual budget of approximately \$10 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.

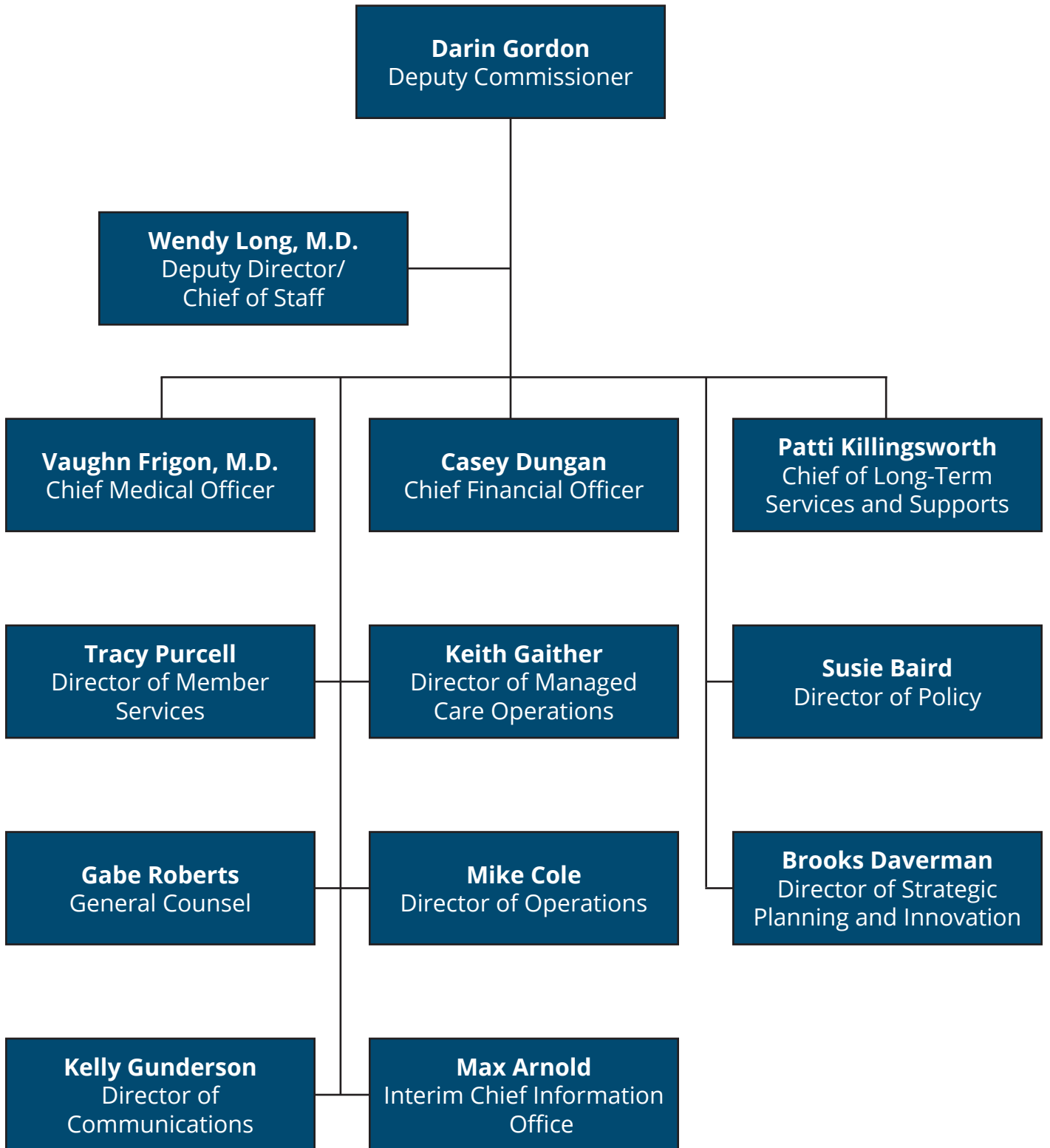
TennCare is one of the oldest Medicaid managed care programs in the country, having begun on January 1, 1994. It is the only program in the nation to enroll the entire state's Medicaid population in managed care. The TennCare program operates under a Section 1115 waiver from the Centers for Medicare 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) and Intermediate Care Facilities for persons with intellectual disabilities (ICF/IID), as well as by Home and Community Based Service providers.

The Bureau of TennCare is within Health Care Finance and Administration (HCFA). The Department of Finance and Administration is the state agency charged with the responsibility of administering HCFA and the TennCare program. In addition to the Bureau of TennCare, HCFA includes the CoverKids and CoverRx programs, the Strategic Planning and Innovation Group – which oversees the Tennessee Health Care Innovation Initiative, and the Office of eHealth Initiatives.



EXECUTIVE STAFF

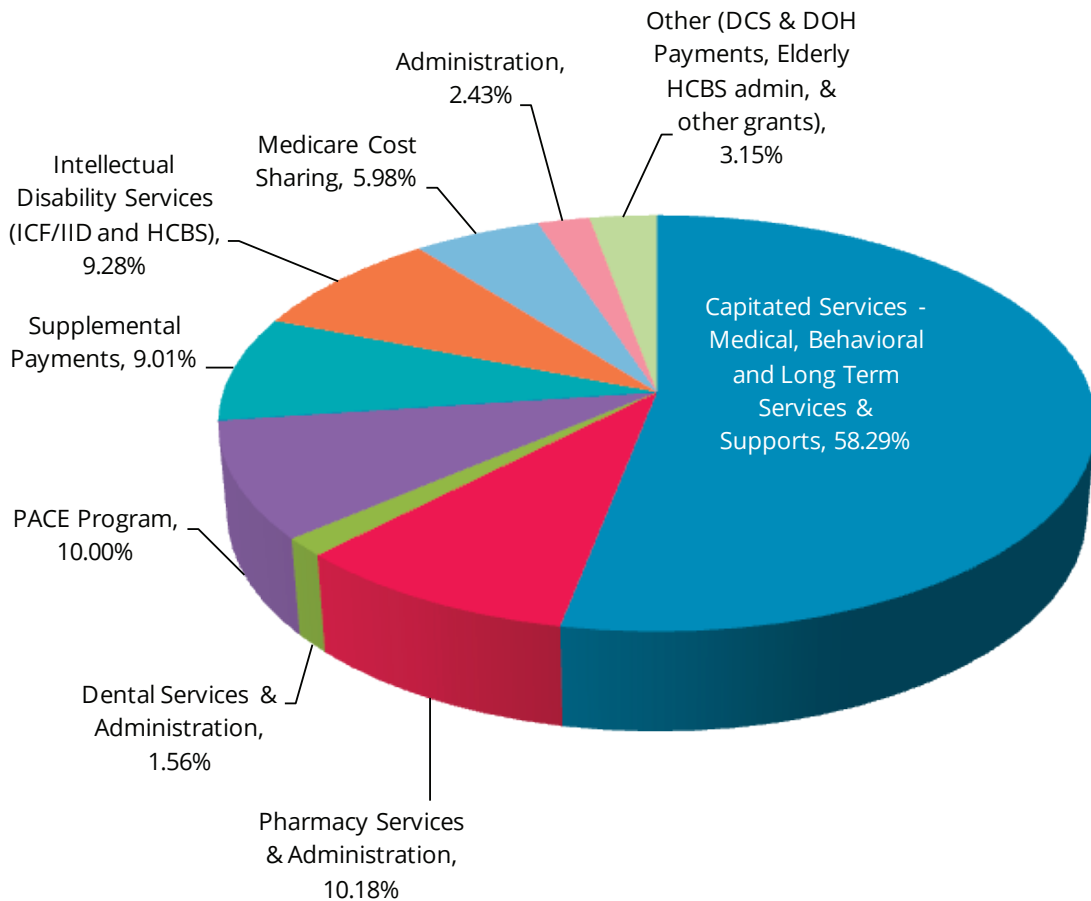


The data for this annual report covers July 1, 2014-June 30, 2015

FY 15 Expenditures by Category

| | |
|---|--------------------------|
| Capitated Services - Medical, Behavioral and Long Term Services & Supports ¹ | \$5,858,915,400 |
| Pharmacy Services & Administration | 1,023,462,300 |
| Dental Services & Administration | 157,142,300 |
| PACE Program | 10,385,100 |
| Supplemental Payments | 905,944,000 |
| Intellectual Disability Services (ICF/IID and HCBS) | 932,988,700 |
| Medicare Cost Sharing ² | 600,777,100 |
| Administration ³ | 244,377,800 |
| Other (DCS & DOH Payments, Elderly HCBS admin, & other grants) | <u>317,010,600</u> |
| Total | \$ 10,051,003,300 |

1. This 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.
 2. Includes Medicare Part D Clawback.



Enrollment and Program Expenditures

Enrollment by Eligibility Race and Age

Enrollment on January 1, 2015

| Race | 0 to 20 | 21 to 64 | 65 + | Grand Total |
|--------------------|----------------|----------------|---------------|------------------|
| Black | 224,256 | 125,368 | 13,793 | 363,417 |
| Hispanic | 65,449 | 5,430 | 473 | 71,352 |
| Other | 103,306 | 91,220 | 9,304 | 203,830 |
| White | 393,217 | 259,838 | 43,521 | 696,576 |
| Grand Total | 786,228 | 481,856 | 67,091 | 1,335,175 |

CHOICES Enrollment

| Category of Service | Number of Recipients (6/30/14) | Number of Recipients (6/30/15) | % Change |
|-----------------------------------|--------------------------------|--------------------------------|----------|
| Home and Community Based Services | 12,810 | 13,047 | 2% |
| Nursing Facility Services | 18,331 | 17,247 | -6% |

Medical Services¹

| Providers with Paid Claims | FY15 Recipients | Expenditures Per Recipient | FY15 Expenditures ² |
|----------------------------|-----------------|----------------------------|--------------------------------|
| 20,707 | 1,161,448 | \$2,975.81 | \$3,456,253,242 |

1. Medical Services includes acute medical care without Behavioral Health or CHOICES.

2. Total 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 SFY15.

Mental Health Clinics and Institutional Services

| Providers with Paid Claims | FY15 Recipients | Expenditures Per Recipient | FY15 Expenditures ^{1,2} |
|----------------------------|-----------------|----------------------------|----------------------------------|
| 5,837 | 244,372 | \$1,776.54 | \$434,136,118 |

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

2. Total 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 SFY15.

Pharmacy Services

Services Delivered through Pharmacy Benefits Manager (PBM)

| Providers with Paid Claims | FY15 Recipients | Expenditures Per Recipient | FY15 Expenditures ¹ |
|----------------------------|-----------------|----------------------------|--------------------------------|
| 10,790 | 1,014,117 | \$1,009.22 | \$1,023,462,300 |

1. Amount includes administrative costs paid to the PBM.

Dental Services

Services Delivered through the Dental Benefits Manager (DBM)

| Providers with Paid Claims | FY15 Recipients | Expenditures Per Recipient | FY15 Expenditures ¹ |
|----------------------------|-----------------|----------------------------|--------------------------------|
| 1,105 | 402,826 | \$390.10 | \$157,142,300 |

1. Amount includes administrative costs but does not include Health Department Dental Program cost of \$6,559,200 which is included on page 1 in the Other (DCS & DOH Payments, Elderly HCBS admin, & other grants) category.

TennCare Expenditures and Recipients by County

| County | Enrollment on 1-Jan-15 | Estimated 2015 Population | % of County on TennCare | Total Service Expenditure ¹ | Expenditure per Member |
|---------------------|------------------------|---------------------------|-------------------------|--|------------------------|
| Anderson | 15,211 | 76,583 | 19.9% | \$103,432,572 | \$6,800 |
| Bedford | 11,960 | 46,387 | 25.8% | \$58,099,138 | \$4,858 |
| Benton | 3,856 | 19,578 | 19.7% | \$28,399,352 | \$7,365 |
| Bledsoe | 3,083 | 15,861 | 19.4% | \$15,201,083 | \$4,931 |
| Blount | 20,763 | 128,718 | 16.1% | \$128,188,814 | \$6,174 |
| Bradley | 20,285 | 112,856 | 18.0% | \$121,294,781 | \$5,980 |
| Campbell | 12,447 | 43,748 | 28.5% | \$79,202,690 | \$6,363 |
| Cannon | 2,849 | 14,852 | 19.2% | \$16,560,105 | \$5,813 |
| Carroll | 7,246 | 34,295 | 21.1% | \$48,336,424 | \$6,671 |
| Carter | 12,336 | 62,239 | 19.8% | \$78,147,682 | \$6,335 |
| Cheatham | 6,931 | 49,691 | 13.9% | \$46,693,356 | \$6,737 |
| Chester | 3,615 | 19,892 | 18.2% | \$17,900,496 | \$4,952 |
| Claiborne | 8,661 | 33,914 | 25.5% | \$53,827,428 | \$6,215 |
| Clay | 2,076 | 9,793 | 21.2% | \$12,727,204 | \$6,131 |
| Cocke | 10,838 | 41,401 | 26.2% | \$65,918,819 | \$6,082 |
| Coffee | 12,410 | 56,979 | 21.8% | \$71,867,081 | \$5,791 |
| Crockett | 3,817 | 17,267 | 22.1% | \$23,735,647 | \$6,218 |
| Cumberland | 11,714 | 58,045 | 20.2% | \$72,086,719 | \$6,154 |
| Davidson | 133,337 | 643,675 | 20.7% | \$787,319,384 | \$5,905 |
| Decatur | 2,710 | 13,941 | 19.4% | \$19,253,539 | \$7,105 |
| DeKalb | 4,978 | 21,118 | 23.6% | \$28,947,650 | \$5,815 |
| Dickson | 10,217 | 56,823 | 18.0% | \$69,671,894 | \$6,819 |
| Dyer | 9,955 | 41,617 | 23.9% | \$57,478,254 | \$5,774 |
| Fayette | 6,537 | 34,419 | 19.0% | \$36,302,216 | \$5,553 |
| Fentress | 5,778 | 19,945 | 29.0% | \$40,927,217 | \$7,083 |
| Franklin | 7,315 | 46,907 | 15.6% | \$45,757,960 | \$6,255 |
| Gibson | 12,538 | 51,248 | 24.5% | \$96,620,368 | \$7,706 |
| Giles | 5,764 | 33,509 | 17.2% | \$36,810,393 | \$6,386 |
| Grainger | 5,635 | 23,998 | 23.5% | \$31,099,186 | \$5,519 |
| Greene ² | 14,302 | 72,169 | 19.8% | \$198,081,264 | \$13,850 |
| Grundy | 4,625 | 15,775 | 29.3% | \$26,293,787 | \$5,685 |
| Hamblen | 14,745 | 69,721 | 21.1% | \$89,735,145 | \$6,086 |
| Hamilton | 61,891 | 335,636 | 18.4% | \$390,093,601 | \$6,303 |
| Hancock | 2,268 | 6,835 | 33.2% | \$14,120,226 | \$6,226 |

TennCare Expenditures and Recipients by County

| County | Enrollment on 1-Jan-15 | Estimated 2015 Population | % of County on TennCare | Total Service Expenditure ¹ | Expenditure per Member |
|------------|------------------------|---------------------------|-------------------------|--|------------------------|
| Hardeman | 6,763 | 31,456 | 21.5% | \$47,065,482 | \$6,959 |
| Hardin | 6,748 | 28,808 | 23.4% | \$43,471,205 | \$6,442 |
| Hawkins | 12,857 | 63,571 | 20.2% | \$73,153,352 | \$5,690 |
| Haywood | 5,608 | 20,474 | 27.4% | \$29,221,566 | \$5,211 |
| Henderson | 6,739 | 31,281 | 21.5% | \$40,515,125 | \$6,012 |
| Henry | 7,522 | 37,065 | 20.3% | \$44,668,696 | \$5,938 |
| Hickman | 5,910 | 27,564 | 21.4% | \$33,287,988 | \$5,632 |
| Houston | 1,880 | 9,963 | 18.9% | \$14,431,049 | \$7,676 |
| Humphreys | 3,884 | 21,112 | 18.4% | \$26,169,023 | \$6,738 |
| Jackson | 2,706 | 14,225 | 19.0% | \$16,496,926 | \$6,096 |
| Jefferson | 11,510 | 56,796 | 20.3% | \$73,083,785 | \$6,350 |
| Johnson | 4,211 | 19,278 | 21.8% | \$24,284,025 | \$5,767 |
| Knox | 70,620 | 455,614 | 15.5% | \$476,581,148 | \$6,749 |
| Lake | 2,127 | 8,409 | 25.3% | \$13,791,786 | \$6,484 |
| Lauderdale | 7,525 | 29,098 | 25.9% | \$38,556,689 | \$5,124 |
| Lawrence | 9,851 | 45,430 | 21.7% | \$62,504,062 | \$6,345 |
| Lewis | 2,760 | 14,040 | 19.7% | \$19,272,773 | \$6,983 |
| Lincoln | 6,911 | 34,715 | 19.9% | \$37,718,888 | \$5,458 |
| Loudon | 8,271 | 53,574 | 15.4% | \$51,244,955 | \$6,196 |
| Macon | 6,380 | 25,092 | 25.4% | \$36,897,230 | \$5,783 |
| Madison | 22,972 | 112,639 | 20.4% | \$160,551,591 | \$6,989 |
| Marion | 6,637 | 32,253 | 20.6% | \$55,606,308 | \$8,378 |
| Marshall | 6,259 | 32,808 | 19.1% | \$38,165,513 | \$6,098 |
| Mauy | 16,869 | 85,453 | 19.7% | \$114,767,053 | \$6,803 |
| McMinn | 11,355 | 55,434 | 20.5% | \$76,523,638 | \$6,739 |
| McNairy | 7,264 | 28,803 | 25.2% | \$41,008,400 | \$5,645 |
| Meigs | 2,975 | 16,869 | 17.6% | \$15,443,810 | \$5,191 |
| Monroe | 10,978 | 46,203 | 23.8% | \$62,167,443 | \$5,663 |
| Montgomery | 28,603 | 184,458 | 15.5% | \$152,987,503 | \$5,349 |
| Moore | 806 | 6,650 | 12.1% | \$5,533,991 | \$6,866 |
| Morgan | 4,507 | 20,361 | 22.1% | \$26,692,551 | \$5,922 |
| Obion | 7,258 | 35,545 | 20.4% | \$39,489,509 | \$5,441 |
| Overton | 4,841 | 24,441 | 19.8% | \$27,549,962 | \$5,691 |
| Perry | 1,965 | 8,888 | 22.1% | \$11,614,015 | \$5,910 |

TennCare Expenditures and Recipients by County

| County | Enrollment on 1-Jan-15 | Estimated 2015 Population | % of County on TennCare | Total Service Expenditure ¹ | Expenditure per Member |
|--------------------|------------------------|---------------------------|-------------------------|--|------------------------|
| Pickett | 1,079 | 5,919 | 18.2% | \$6,821,180 | \$6,322 |
| Polk | 3,856 | 20,545 | 18.8% | \$19,099,710 | \$4,953 |
| Putnam | 15,786 | 78,000 | 20.2% | \$109,737,864 | \$6,952 |
| Rhea | 8,529 | 35,329 | 24.1% | \$53,149,254 | \$6,232 |
| Roane | 10,951 | 59,604 | 18.4% | \$83,896,187 | \$7,661 |
| Robertson | 12,597 | 70,196 | 17.9% | \$72,716,045 | \$5,772 |
| Rutherford | 43,475 | 260,125 | 16.7% | \$231,309,548 | \$5,321 |
| Scott | 7,543 | 25,942 | 29.1% | \$45,038,487 | \$5,971 |
| Sequatchie | 3,781 | 13,792 | 27.4% | \$19,691,576 | \$5,208 |
| Sevier | 17,729 | 108,709 | 16.3% | \$89,871,160 | \$5,069 |
| Shelby | 248,539 | 1,021,875 | 24.3% | \$1,306,752,198 | \$5,258 |
| Smith | 3,961 | 21,033 | 18.8% | \$23,722,902 | \$5,989 |
| Stewart | 2,734 | 14,873 | 18.4% | \$15,521,125 | \$5,677 |
| Sullivan | 30,557 | 160,466 | 19.0% | \$185,018,599 | \$6,055 |
| Sumner | 26,596 | 177,616 | 15.0% | \$147,468,877 | \$5,545 |
| Tipton | 12,730 | 62,179 | 20.5% | \$63,011,786 | \$4,950 |
| Trousdale | 1,877 | 8,495 | 22.1% | \$10,441,486 | \$5,563 |
| Unicoi | 3,801 | 19,536 | 19.5% | \$28,948,759 | \$7,616 |
| Union | 4,762 | 22,106 | 21.5% | \$28,173,532 | \$5,916 |
| Van Buren | 1,291 | 5,779 | 22.3% | \$10,135,462 | \$7,851 |
| Warren | 10,487 | 47,176 | 22.2% | \$67,007,174 | \$6,390 |
| Washington | 21,896 | 127,230 | 17.2% | \$155,865,892 | \$7,118 |
| Wayne | 3,160 | 17,909 | 17.6% | \$21,820,261 | \$6,905 |
| Weakley | 6,906 | 39,975 | 17.3% | \$44,091,133 | \$6,384 |
| White | 6,630 | 27,060 | 24.5% | \$41,614,672 | \$6,277 |
| Williamson | 10,361 | 199,813 | 5.2% | \$62,884,199 | \$6,069 |
| Wilson | 16,796 | 122,115 | 13.8% | \$107,286,160 | \$6,388 |
| Other ³ | 31,120 | | | \$68,549,552 | \$2,203 |
| Total | 1,366,295 | 6,821,202 | 20% | \$8,160,293,300 | \$5,973 |

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 \$169,583,200. Also included is \$7,816,300 for HCBS administrative costs. 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.

Milestones

FY 2014-2015

Amendment 23: Presumptive Eligibility for Pregnant Women

On July 28, 2014, the Bureau of TennCare submitted Demonstration Amendment 23 to the Centers for Medicare and Medicaid Services (CMS). Amendment 23 deals with the benefits a pregnant woman may receive from TennCare during a period of “presumptive eligibility,” which is a period of temporary eligibility granted to low-income pregnant women who would likely qualify for TennCare coverage but who have not yet completed an application.

Federal regulations limit the Medicaid services that can be furnished to presumptively eligible pregnant women to ambulatory services only. TennCare has long taken the position that all Medicaid services—ambulatory as well as non-ambulatory—are “pregnancy-related services” and should be available to pregnant women to promote their health and the health of their unborn children. Amendment 23, which was approved on September 5, 2014, was developed in concert with CMS as a way of resolving this issue and achieving the state’s objectives.

Amendment 24: Community-Based CHOICES Services

On July 23, 2014, TennCare notified the public of Amendment 24 which would add two community-based residential alternative services to benefits covered by CHOICES, TennCare’s program of long-term services and supports (LTSS) for individuals who are elderly or have physical disabilities. Both of the services in question—“community living supports” (CLS) and “community living supports-family model” (CLS-FM)—are alternatives to Nursing Facility care.

Each provides access to services and supports in a small shared residential setting, allowing the individual to reside in the community. Delivery of CLS and CLS-FM would adhere to recently enacted federal regulations governing the provision of home and community-based services (HCBS) and HCBS settings. The proposal is not projected to increase program expenditures, since coverage is conditioned on a determination that provision of CLS or CLS-FM would not cost more than provision of other forms of CHOICES HCBS that the person would otherwise receive. The amendment was officially submitted to CMS on March 4, 2015 following the public comment period.

Insure Tennessee

On December 15, 2014, Governor Haslam announced the Insure Tennessee plan, a two-year pilot program to provide health care coverage to Tennesseans who currently lack access to health insurance or who have limited health insurance options. The program rewards healthy behaviors, prepares members to transition to private coverage, promotes

personal responsibility and incentivizes choosing preventative and routine care instead of unnecessary use of emergency rooms.

Five key elements of the Insure Tennessee proposal are:

- A fiscally sound and sustainable program that will not create any new taxes for Tennesseans and will not add any state cost to the budget;
- The provision of two new private market choices for Tennesseans;
- Shifting the delivery model and payment of health care in Tennessee from fee-for-service to outcomes-based;



- Incentivizing Tennesseans to be more engaged and to take more personal responsibility in their health; and
- Preparing participants for eventual transition to commercial health coverage.

The Insure Tennessee plan stems from Governor Haslam’s announcement in March 2013 that he would not expand the traditional Medicaid program but that he would work with the federal government on a plan for Tennessee that would take into consideration program cost, patient engagement, payment reform and health outcomes.

Governor Haslam convened a special session of the General Assembly which began on February 2, 2015 to consider a joint resolution on Insure Tennessee. Following hearings on Insure Tennessee the Tennessee Senate Health and Welfare Committee effectively ended the special session on February 4 by voting 7-4 against Insure Tennessee.

Several weeks following the special session of the General Assembly Insure Tennessee was again brought before the 109th General Assembly by Senate Joint Resolution 93, which “authorizes the Governor to do all that is necessary to implement Insure Tennessee,” which passed the Senate Health and Welfare Committee by a 6-2-1 vote on March 25. However, on March 31, the Senate Commerce and Labor Committee defeated the measure by a 6-2-1 vote.



etc.), perceptions of quality of care received, and behavior relevant to health care (the type of provider from whom an individual is most likely to seek initial care, the frequency with which care is sought, etc.). On November 17, 2014, CBER published a summary of the results of the most recent survey entitled “The Impact of TennCare: A Survey of Recipients 2014.”

A number of results from the report were noteworthy:

- 93 percent of respondents covered by TennCare expressed satisfaction with the quality of care they had received. This level of satisfaction—the sixth straight year above 90 percent—is tied for the third highest in the program’s history.
- The percentage of respondents classifying themselves as uninsured fell to 7.2 percent, a 25 percent decline from 2013’s result. The percentage of respondents classifying their children as uninsured fell to 2.4 percent, a 35 percent decline from 2013’s result.

- Only 1 percent of respondents covered by TennCare reported that they sought initial medical care for their children at the hospital instead of at a doctor’s office or clinic.

The report notes, “TennCare continues to receive positive feedback from its recipients, with 93 percent reporting satisfaction with the program, indicating TennCare is providing medical care in a satisfactory manner and up to the expectations of those it serves.”

TennCare Satisfaction Survey

Every year since 1993, the Center for Business and Economic Research (CBER) at the University of Tennessee in Knoxville has conducted a survey of Tennessee citizens—TennCare enrollees, individuals with private insurance, and uninsured individuals—to assess their opinions about health care. Respondents provide feedback on a range of topics, including demographics (age, household income, family size,

Statewide Managed Care Organizations (MCOs)

On January 1, 2015, following months of intensive preparations, TennCare MCOs Amerigroup, BlueCare, and UnitedHealthcare began delivering physical health services, behavioral health services, and Long-Term Services and Supports (LTSS) to enrollees in all three of Tennessee’s grand regions.

With the transition to three statewide health plans approximately 411,000 TennCare members were transferred to different health plans to ensure a more even distribution of enrollment among the three statewide MCOs. TennCare monitored the rollout carefully and found that access to services had not been interrupted and that critical care patients continued to receive needed care. As of the end of the first quarter 2015, both TennCare and the MCOs were preparing for a second round of enrollee transfers on April 1, 2015. Approximately 6,900 enrollees (CHOICES members only) were scheduled to be transitioned to new plans during this second implementation phase. For each phase of the transition members were notified well in advance and given opportunities to stay with their current health plan if they chose to do so.

