

Notice of Change to the TennCare III Demonstration Distribution of Uncompensated Care Funds

December 17, 2024

The Commissioner of the Tennessee Department of Finance & Administration is providing official notification of a planned change to the TennCare demonstration. This change involves modifications to TennCare's distribution of uncompensated care payments to hospitals. TennCare is publishing this notice pursuant to the terms and conditions of the TennCare demonstration in order to solicit public input on this planned change.

Description of Planned Program Change

Since 2016, the TennCare demonstration has included a Virtual DSH Fund and an Uncompensated Care Fund for Charity Care (also referred to as the "Charity Care Pool"). Monies from these funds are used to support Tennessee hospitals by helping to offset costs associated with providing uncompensated care. TennCare distributes funds from the Virtual DSH Fund and the Charity Care Fund to qualifying hospitals according to an established distribution methodology. TennCare's current distribution methodology for uncompensated care payments is available on TennCare's website at

<https://www.tn.gov/content/dam/tn/tenncare/documents2/SupplementalPaymentDistributionMethodology.pdf>.

TennCare is providing public notice of its intent to modify its distribution methodology for uncompensated care payments to reflect updates for State Fiscal Year 2025. This change will become effective February 15, 2025.

TennCare's new distribution methodology for uncompensated care payments is available in standard format at

<https://www.tn.gov/content/dam/tn/tenncare/documents2/DraftDistributionMethodologyUncompensatedCarePayments.pdf>

and in redline format at

<https://www.tn.gov/content/dam/tn/tenncare/documents2/RedlineDistributionMethodologyUncompensatedCarePayments.pdf>.



Expected Impact on Enrollment and Expenditures

This change will not result in the enrollment of additional persons in the TennCare program. The implementation of this change is expected to result in a recurring increase of \$300,000,000 in aggregate annual TennCare expenditures.

Waiver and Expenditure Authorities Requested

TennCare is not requesting any new waiver or expenditure authorities under Section 1115 of the Social Security Act to implement these changes. The Virtual DSH Fund and the Charity Care Fund are already approved components of the TennCare demonstration. Under the terms of the TennCare III demonstration, TennCare may make modifications to the methodology for distributing payments from these funds, subject to public notice and notification to the Centers for Medicare & Medicaid Services (CMS).

Public Notice Process

TennCare has taken a variety of steps to ensure that members of the public are notified of this planned change to the TennCare program. 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. In addition, TennCare has disseminated information about this proposed change via its social media accounts (e.g., Facebook, X).

Public Input Process

TennCare is seeking feedback on this planned change. Members of the public are invited to offer comments regarding this change from December 17, 2024, through January 16, 2025.

Members of the public who wish to comment on this planned change may do so through either of the following options:

- Comments may be sent by email to 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 prior to implementation of this change, feedback must be received no later than January 16, 2025. 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.

TennCare Demonstration

A copy of the TennCare Demonstration is available at

<https://www.tn.gov/content/dam/tn/tenncare/documents/tenncarewaiver.pdf>.

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/index.html>.

