

TennCare Quarterly Report

July – September 2022

Submitted to the Members of the General Assembly

Status of TennCare Reforms and Improvements

Dental Services for Adults. On September 23, 2022, TennCare launched a public notice and comment period on a significant change to the TennCare program. Effective January 1, 2023, TennCare will cover dental services for all adults enrolled in TennCare. (Currently, dental services are covered for children under age 21, pregnant and postpartum women, and certain adults receiving long-term services and supports.) Dental benefits covered for adults age 21 and older will include services from nearly 20 categories, including—but not limited to—diagnostic x-rays and exams, preventive cleanings, restorative (fillings), crowns, partial dentures, complete dentures, tooth extractions, and palliative treatment. Funding for these new benefits was included in the budget for Fiscal Year 2023 passed by the General Assembly.

As of the end of the July-September 2022 quarter, TennCare’s public notice and comment period was scheduled to last through October 24, with formal notification to the Centers for Medicare and Medicaid Services (CMS) expected to follow shortly thereafter.

Amendment 3 to the TennCare III Demonstration. During the July-September 2022 quarter, TennCare held a public notice and comment period on a proposed amendment to the TennCare III demonstration. Amendment 3 would codify certain enhancements to the home- and community-based services (HCBS) available under the TennCare demonstration via the CHOICES and Employment and Community First CHOICES (ECF CHOICES) programs. CHOICES provides HCBS to seniors and adults with physical disabilities, while ECF CHOICES provides HCBS to individuals with intellectual or other developmental disabilities. In Amendment 3, TennCare proposes to codify certain enhancements to the HCBS benefits available through CHOICES and ECF CHOICES. The specific changes proposed in Amendment 3 are:

- Increasing the expenditure caps for individuals in CHOICES Group 3 and in ECF CHOICES to reflect targeted increases in reimbursement rates for certain services;
- Providing a temporary, one-time exception to the CHOICES and ECF CHOICES expenditure caps to support families who routinely provide unpaid supports for family members with disabilities; and

- Adding Enabling Technology as a benefit in CHOICES (until March 31, 2025) and ECF CHOICES (on an ongoing basis), up to \$5,000 per member per year.

TennCare’s public comment period on Amendment 3 lasted from June 29 through August 1, 2022. As of the end of the July-September 2022 quarter, TennCare was finalizing the amendment for submission to CMS in October 2022.

Amendment 4 to the TennCare III Demonstration. On June 30, 2022, TennCare received a letter from CMS regarding the TennCare III demonstration. The CMS letter noted a limited number of “concerns” with the demonstration and requested that TennCare submit a demonstration amendment to address these issues.

CMS continues to support the major goals and key principles of the TennCare demonstration, which are expected to result in additional federal funding for TennCare over the life of the demonstration. In response to the CMS letter, therefore, TennCare submitted a demonstration amendment (known as “Amendment 4”) to address the following areas identified by CMS:

1. Determining budget neutrality for the TennCare demonstration using a per member per month (PMPM) cap arrangement;
2. Revising the demonstration expenditure authorities while continuing to recognize savings produced to the federal government by the state as a mechanism for reinvestments in the TennCare program; and
3. Removing the expenditure authority for pharmacy and associated pharmacy flexibilities from the demonstration.

Amendment 4 was submitted to CMS on August 30, 2022. As of the end of the July-September 2022 quarter, CMS’s review of the amendment was ongoing.

Coverage of Children Adopted from State Custody. The budget approved by the General Assembly for State Fiscal Year 2022 included funding for a number of modifications to the TennCare program. One of these changes involves expanding TennCare’s coverage of children adopted from state custody. TennCare’s coverage already included children adopted from state custody for whom a Title IV-E adoption assistance agreement is in effect, as well as children with special needs receiving non-IV-E adoption assistance from the state. However, there are a number of children in foster care in Tennessee each year who do not qualify for either form of adoption assistance (federal or state). Beginning in State Fiscal Year 2022, TennCare covers children adopted from state custody who do not qualify for federal or state adoption assistance. Extending TennCare coverage to this group of children will remove a potential barrier to adoption, as well as promote greater continuity of care for these children as they transition from foster care to permanent homes.

In order to formalize this arrangement within the TennCare demonstration, TennCare submitted a demonstration amendment (known as “Amendment 2”) to CMS on April 7, 2022. As of the end of the

July-September 2022 quarter, CMS was still reviewing the amendment. (Note that while TennCare works with CMS to secure approval to add these children to the TennCare demonstration, TennCare is currently using state funds appropriated by the General Assembly for State Fiscal Year 2022 to ensure that no children lose their TennCare coverage after being adopted.)

Re-opening of CHOICES At Risk Demonstration Group. Another change to the TennCare program contained in the budget for State Fiscal Year 2022 entailed re-opening enrollment in a demonstration population within the CHOICES program. CHOICES, which provides managed long-term services and supports (MLTSS) for persons who are elderly or who have physical disabilities, consists of three benefit groups. CHOICES Groups 1 and 2 consist of individuals who meet TennCare’s level of care criteria for nursing facility care and receive either LTSS in a nursing facility (Group 1) or HCBS in lieu of nursing facility care (Group 2). CHOICES Group 3, by contrast, consists of adults who do not meet TennCare’s level of care criteria for nursing facility care but who, absent additional supports, are considered at risk of needing institutional care. These individuals receive a targeted package of HCBS intended to prevent or delay the need for nursing facility care.

Under the terms of the TennCare demonstration, CHOICES Group 3 is open to individuals who are eligible for Medicaid as SSI recipients and to non-Medicaid-eligible individuals who qualify in the CHOICES At Risk Demonstration Group. The CHOICES At Risk Demonstration Group provides a pathway for individuals who are not otherwise eligible for Medicaid to be eligible for TennCare and to receive CHOICES Group 3 HCBS. The CHOICES At Risk Demonstration had been closed to new enrollment since June 30, 2015. On June 8, 2022, TennCare announced its intent to re-open the group to 1,750 new enrollees beginning on October 1, 2022. A public notice and comment period was held on the planned changes from June 8 through July 8, 2022. TennCare provided formal notification to CMS on July 29, 2022, and CMS acknowledged the changes on September 22, 2022. Implementation began as planned on October 1, 2022.

Katie Beckett Program. On November 23, 2020, TennCare launched a new “Katie Beckett” program. The Katie Beckett program provides services and supports for children under age 18 with disabilities and/or complex medical needs who are not eligible for traditional Medicaid because of their parents’ income or assets. The Katie Beckett program is an outgrowth of legislation (Public Chapter No. 494) passed by the Tennessee General Assembly in the 2019 legislative session. Following enactment of Public Chapter No. 494, TennCare submitted a waiver amendment (“Amendment 40”) to CMS to establish the new program. CMS ultimately approved Amendment 40 on November 2, 2020.

TennCare’s Katie Beckett program contains two principal parts:

- **Part A** – Individuals in this group receive the full TennCare benefits package, as well as essential wraparound home and community based services. These individuals are subject to monthly premiums, which are determined on a sliding scale based on the member’s household income.
- **Part B** – Individuals in this group receive a specified package of essential wraparound services and supports, including premium assistance.

In addition to Parts A and B, the Katie Beckett program provides continued TennCare eligibility for children already enrolled in TennCare, who subsequently lose TennCare eligibility, and who would qualify for enrollment in Part A but for whom no Part A program slot is available.

The Katie Beckett program began accepting self-referral forms from interested families on November 23, 2020. As of the end of the July-September 2022 quarter, there were 152 children enrolled in Part A and 1,773 children enrolled in Part B. Since the end of the July-September quarter, TennCare has continued to enroll qualifying children into the Katie Beckett program. There is no waiting list for enrollment into the Katie Beckett program, including Part A.

Amendment 1 to the TennCare III Demonstration. In January 2021, CMS approved the latest iteration of the TennCare demonstration, referred to as “TennCare III.” On February 22, 2021, TennCare provided public notice of its first proposed amendment to the TennCare III demonstration. The amendment (known as “Amendment 1”) would introduce the following modifications to the demonstration:

- Integration of services for members with intellectual disabilities into the TennCare managed care program¹;
- Transitioning the care of children receiving Supplemental Security Income (SSI) benefits from the TennCare Select health plan to one of the other health plans that serves TennCare members; and
- Assigning to the TennCare Select health plan certain inmates of public institutions who receive inpatient services in a setting located outside the public institution.

TennCare submitted Amendment 1 to CMS on March 31, 2021. As of the end of the July-September 2022 quarter, CMS’s review of Amendment 1 was ongoing.

Amendment 36 to the TennCare II Demonstration.² Amendment 36 was submitted to CMS in August 2018. Amendment 36 grew out of Tennessee’s 2018 legislative session and, in particular, Public Chapter No. 682, which established that it is the policy of the state of Tennessee to favor childbirth and family planning services that do not include elective abortions within the continuum of care or services, and to avoid the direct or indirect use of state funds to promote or support elective abortions.

Amendment 36 requests authority for TennCare to establish state-specific criteria for providers of family planning services, and to exclude any providers that do not meet these criteria from participation in the TennCare program. As specified in Public Chapter No. 682, TennCare is proposing to exclude any entity that performed, or operated or maintained a facility that performed, more than 50 abortions in the previous year, including any affiliate of such an entity.

¹ Specific services to be integrated are intermediate care facility services for individuals with intellectual disabilities (ICF/IID services) and 1915(c) waiver home- and community-based services (HCBS).

² Because this amendment was submitted to CMS prior to the approval of the TennCare III Demonstration, its numbering reflects the amendments that were in place during the TennCare II Demonstration.

CMS held a 30-day federal public comment period on Amendment 36 during the third quarter of Calendar Year 2018. Close to 3,500 comments were received, and CMS subsequently began to review that feedback as well as the amendment itself. As of the end of the July-September 2022 quarter, CMS's review of Amendment 36 was ongoing.

Update on Episodes of Care. TennCare's Episodes of Care program aims to transform the way specialty and acute healthcare services are delivered by incentivizing high-quality, cost-effective care, promoting evidence-based clinical pathways, encouraging care coordination, and reducing ineffective or inappropriate treatments. Episodes of Care is part of TennCare's delivery system transformation initiative, which is changing healthcare delivery in Tennessee by moving from paying for volume to paying for value.

In September 2022, TennCare released the Episodes of Care 2021 Performance Period Results. Due to the COVID-19 pandemic, estimated savings will not be calculated for the Calendar Year (CY) 2021 performance period. TennCare recognizes that COVID-19 continues to be an unprecedented health and economic crisis for the provider community. In order to continue to support providers during this difficult time, the three TennCare MCOs waived all episodes of care risk sharing payments for the 2019, 2020, and 2021 performance years. Providers who have gain sharing payments in their final 2021 performance reports will receive those payments as planned, with no changes. For 2021, gain sharing payments totaled \$1.4 million. A complete list of all results for the 2021 performance period is available online at <https://www.tn.gov/content/dam/tn/tenncare/documents2/EpisodesOfCare2021PerformancePeriodResults.pdf>.

Episodes of Care risk-sharing payments will resume for the 2022 performance year, in order to continue incentivizing high-quality, cost-effective care. The 2022 performance year begins on January 1, 2022. Final 2022 performance reports will be released to the MCO portals in August 2023. Input from stakeholders regarding potential adjustments to episodes design continues to be encouraged.

TennCare also released the Memorandum of 2023 Episodes Changes in September 2022. This document identifies the recommendations from the Episodes Annual Feedback Session in May 2022 and the corresponding improvements made to the TennCare Episodes of Care program for the 2023 performance period (January to December 2023). A total of 14 changes are being made to the episodes program for the 2023 performance period. A complete list of these changes may be found at <https://www.tn.gov/content/dam/tn/tenncare/documents2/Memo2023EpisodesOfCareChanges.pdf>.

A.M.C., et al. v. Smith Lawsuit. On March 19, 2020, the Tennessee Justice Center filed a federal lawsuit on behalf of a proposed class of plaintiffs against the Division of TennCare. The lawsuit alleges statutory and constitutional deficiencies with TennCare's eligibility redetermination process and the Tennessee Eligibility Determination System. Another allegation within the suit is that TennCare is violating the Americans with Disabilities Act by not providing reasonable accommodations, thereby preventing disabled individuals from participating in the TennCare program. Plaintiffs filed two motions with the Court: one for class certification that was affirmed, and one for preliminary injunction that was denied.

Rhythm Health Tennessee, Inc. v. State Protest Committee, et al. Lawsuit. On September 12, 2022, Rhythm Health Tennessee, Inc., filed a Petition for Writ of Certiorari in the Davidson County Chancery Court against several parties, including TennCare, the Central Procurement Office, and the State Protest Committee. The petition challenges the Protest Committee’s decision to deny the protest by Rhythm and uphold TennCare’s award of its Managed Care Organization (MCO) contracts. The Tennessee Attorney General’s office, acting on behalf of the state defendants, filed a timely answer to the petition and the litigation remains pending.

Supplemental Payments to Tennessee Hospitals. The Division of TennCare makes supplemental payments to qualifying Tennessee hospitals each quarter to help offset the costs these facilities incur in providing uncompensated care. The supplemental payments made during the first quarter of State Fiscal Year 2023 are shown in the table below.

Supplemental Hospital Payments for the Quarter

Hospital Name	County	First Quarter Payments – FY 2023
Methodist Medical Center of Oak Ridge	Anderson County	\$238,966
Ridgeview Psychiatric Hospital and Center	Anderson County	\$806,636
Behavioral Health of Rocky Top	Anderson County	\$2,070
Vanderbilt Bedford Hospital	Bedford County	\$49,933
West Tennessee Healthcare Camden Hospital	Benton County	\$137,470
Erlanger Bledsoe Hospital	Bledsoe County	\$222,678
Blount Memorial Hospital	Blount County	\$285,423
Tennova Healthcare – Cleveland	Bradley County	\$287,077
Tennova Healthcare – LaFollette Medical Center	Campbell County	\$239,424
Ascension Saint Thomas Stones River Hospital	Cannon County	\$43,421
Sycamore Shoals Hospital	Carter County	\$126,549
TriStar Ashland City Medical Center	Cheatham County	\$154,214
Claiborne Medical Center	Claiborne County	\$40,141
Tennova Healthcare – Newport Medical Center	Cocke County	\$332,339
Vanderbilt Tullahoma-Harton Hospital	Coffee County	\$178,332
Unity Medical Center	Coffee County	\$108,537
Ascension Saint Thomas Hospital	Davidson County	\$897,678
Nashville General Hospital	Davidson County	\$10,533,971
TriStar Centennial Medical Center	Davidson County	\$1,831,760
TriStar Skyline Medical Center	Davidson County	\$487,867
TriStar Southern Hills Medical Center	Davidson County	\$177,161
TriStar Summit Medical Center	Davidson County	\$447,744
Vanderbilt Stallworth Rehabilitation Hospital	Davidson County	\$29
Vanderbilt University Medical Center	Davidson County	\$10,666,475
Ascension Saint Thomas DeKalb Hospital	DeKalb County	\$26,728
TriStar Horizon Medical Center	Dickson County	\$384,241

Hospital Name	County	First Quarter Payments – FY 2023
Southern Tennessee Regional Health System – Winchester	Franklin County	\$270,309
West Tennessee Healthcare Milan Hospital	Gibson County	\$23,085
Southern Tennessee Regional Health System – Pulaski	Giles County	\$218,292
Morristown – Hamblen Healthcare System	Hamblen County	\$647,529
Erlanger Behavioral Health Hospital	Hamilton County	\$110,580
Erlanger Medical Center – Baroness Hospital	Hamilton County	\$51,947,520
Parkridge Medical Center	Hamilton County	\$2,739,920
Encompass Health Rehabilitation Hospital of Chattanooga	Hamilton County	\$277
Siskin Hospital for Physical Rehabilitation	Hamilton County	\$544
Hancock County Hospital	Hancock County	\$91,938
West Tennessee Healthcare Bolivar Hospital	Hardeman County	\$239,776
Hardin Medical Center	Hardin County	\$238,254
Henderson County Community Hospital	Henderson County	\$17,661
Henry County Medical Center	Henry County	\$456,966
Ascension Saint Thomas Hickman Hospital	Hickman County	\$350,949
Houston County Community Hospital	Houston County	\$117,442
Three Rivers Hospital	Humphreys County	\$105,412
Tennova Healthcare – Jefferson Memorial Hospital	Jefferson County	\$176,046
Johnson County Community Hospital	Johnson County	\$189,200
Parkwest Medical Center	Knox County	\$814,936
Tennova Healthcare – North Knoxville Medical Center	Knox County	\$335,757
East Tennessee Children’s Hospital	Knox County	\$2,988,953
Fort Sanders Regional Medical Center	Knox County	\$741,020
University of Tennessee Medical Center	Knox County	\$3,424,740
Lauderdale Community Hospital	Lauderdale County	\$87,343
Southern Tennessee Regional Health System – Lawrenceburg	Lawrence County	\$163,062
Lincoln Medical Center	Lincoln County	\$500,538
Macon Community Hospital	Macon County	\$501,104
Jackson – Madison County General Hospital	Madison County	\$1,273,808
Pathways of Tennessee	Madison County	\$76,032
West Tennessee Healthcare Rehabilitation Hospital Jackson	Madison County	\$343
Marshall Medical Center	Marshall County	\$245,231
Maury Regional Medical Center	Maury County	\$475,443
Pinewood Springs	Maury County	\$32,633
Starr Regional Medical Center – Athens	McMinn County	\$437,353
Sweetwater Hospital Association	Monroe County	\$432,990
Tennova Healthcare – Clarksville	Montgomery County	\$408,266

Hospital Name	County	First Quarter Payments – FY 2023
Baptist Memorial Hospital – Union City	Obion County	\$378,581
Livingston Regional Hospital	Overton County	\$130,757
Cookeville Regional Medical Center	Putnam County	\$450,819
Rhea Medical Center	Rhea County	\$344,616
Roane Medical Center	Roane County	\$108,127
TriStar NorthCrest Medical Center	Robertson County	\$324,597
Ascension Saint Thomas Rutherford Hospital	Rutherford County	\$616,744
TriStar StoneCrest Medical Center	Rutherford County	\$477,503
TrustPoint Hospital	Rutherford County	\$204,294
Big South Fork Medical Center	Scott County	\$85,485
LeConte Medical Center	Sevier County	\$325,324
Baptist Memorial Hospital – Memphis	Shelby County	\$2,058,202
Methodist University Hospital	Shelby County	\$2,622,669
Crestwyn Behavioral Health	Shelby County	\$152,458
Delta Specialty Hospital	Shelby County	\$702,162
Encompass Health Rehabilitation Hospital of North Memphis	Shelby County	\$493
Encompass Health Rehabilitation Hospital of Memphis	Shelby County	\$957
Le Bonheur Children’s Hospital	Shelby County	\$5,896,825
Regional One Health	Shelby County	\$51,748,831
Regional One Health Extended Care Hospital	Shelby County	\$218
Saint Francis Hospital	Shelby County	\$596,892
Saint Francis Hospital – Bartlett	Shelby County	\$204,587
Saint Jude Children's Research Hospital	Shelby County	\$1,257,977
Riverview Regional Medical Center	Smith County	\$293,121
Bristol Regional Medical Center	Sullivan County	\$398,047
Creekside Behavioral Health	Sullivan County	\$57,188
Encompass Health Rehabilitation Hospital of Kingsport	Sullivan County	\$411
Holston Valley Medical Center	Sullivan County	\$470,044
Indian Path Community Hospital	Sullivan County	\$199,901
TriStar Hendersonville Medical Center	Sumner County	\$388,148
Sumner Regional Medical Center	Sumner County	\$268,623
Baptist Memorial Hospital – Tipton	Tipton County	\$248,291
Trousdale Medical Center	Trousdale County	\$114,200
Ascension Saint Thomas River Park Hospital	Warren County	\$314,964
Johnson City Medical Center	Washington County	\$3,861,239
Franklin Woods Community Hospital	Washington County	\$360,392
Quillen Rehabilitation Hospital	Washington County	\$270
Wayne Medical Center	Wayne County	\$22,702
West Tennessee Healthcare Volunteer Hospital	Weakley County	\$223,351
Ascension Saint Thomas Highlands Hospital	White County	\$58,734

Hospital Name	County	First Quarter Payments – FY 2023
Williamson Medical Center	Williamson County	\$159,165
Vanderbilt Wilson County Hospital	Wilson County	\$723,964
TOTAL		\$176,439,989

Number of Recipients on TennCare and Costs to the State

During the month of September 2022, there were 1,691,331 Medicaid eligibles and 21,181 Demonstration eligibles enrolled in TennCare, for a total of 1,712,512 persons.

Estimates of TennCare spending for the first quarter of State Fiscal Year 2023 are summarized in the table below.

Spending Category	First Quarter FY 2023*
MCO services**	\$2,056,666,900
Dental services	\$39,082,000
Pharmacy services	\$331,338,400
Medicare "clawback"***	\$39,011,300

*These figures are cash basis as of September 30 and are unaudited.

**This figure includes Integrated Managed Care MCO expenditures.

***The Medicare Part D clawback is money that states are required to pay to the federal government to help offset costs the federal government incurs by covering the prescription benefit for enrollees who have both Medicare and Medicaid.

Viability of Managed Care Contractors (MCCs) in the TennCare Program

Claims payment analysis. TennCare's prompt pay requirements may be summarized as shown below.

Entity	Standard	Authority
MCOs (services other than CHOICES and ECF CHOICES)	90% of clean claims for payment for services delivered to TennCare enrollees are processed and, if appropriate, paid within 30 calendar days of the receipt of such claims. 99.5% of all provider claims are processed, and, if appropriate, paid within 60 calendar days of receipt.	TennCare contract and in accordance with T.C.A. § 56-32-126(b)
MCOs (CHOICES and ECF CHOICES services)	90% of clean electronically submitted Nursing Facility and applicable Home and Community Based Services claims ³ are processed and paid within 14 calendar days of receipt. 99.5% of clean electronically submitted Nursing Facility and applicable Home and Community Based Services claims ⁴ are processed and paid within 21 calendar days of receipt.	TennCare contract

³ Excludes Personal Emergency Response Systems (PERS), assistive technology, minor home modifications, and pest control claims. Claims for delivery of these services are handled like general MCO claims.

⁴ Ibid.

Entity	Standard	Authority
Dental Benefits Manager (DBM)	90% of clean claims for payment for services delivered to TennCare enrollees are processed, and, if appropriate, paid within 30 calendar days of the receipt of such claims. 99.5% of all provider claims are processed, and, if appropriate, paid within 60 calendar days of receipt.	TennCare contract and in accordance with T.C.A. § 56-32-126(b)
Pharmacy Benefits Manager (PBM)	100% of all clean claims submitted by pharmacy providers are paid within 15 calendar days of receipt.	TennCare contract

The MCOs, the DBM, and the PBM are required to submit monthly claims data files of all TennCare claims processed to the Tennessee Department of Commerce and Insurance (TDCI) for verification of statutory and contractual prompt pay compliance. The plans are required to separate their claims data by claims processor (e.g., MCO, vision benefits manager, etc.). Furthermore, the MCOs are required to identify separately non-emergency transportation (NEMT) claims in the data files. Finally, the MCOs are required to submit separate claims data files representing a subset of electronically submitted Nursing Facility and applicable Home and Community Based Services claims for CHOICES and ECF CHOICES enrollees. TDCI then performs an analysis and reports the results of the prompt pay analyses by NEMT and CHOICES and ECF CHOICES claim types, by claims processor, and by total claims processed for the month.

If an MCO does not comply with the prompt pay requirements based on the total claims processed in a month, TDCI has the statutory authority to levy an administrative penalty of \$10,000 for each month of non-compliance after the first instance of non-compliance was reported to the plan. The Division of TennCare may also assess liquidated damages pursuant to the terms of the TennCare Contract. If the DBM and PBM do not meet their contractual prompt pay requirements, only TennCare may assess applicable liquidated damages against these entities.

Net worth and company action level requirements. According to Tennessee’s “Health Maintenance Organization Act of 1986” statute (T.C.A. § 56-32-101 *et seq.*), the minimum net worth requirement for each TennCare MCO is calculated based on premium revenue reported on the National Association of Insurance Commissioners (NAIC) Annual Financial Statement for the most recent calendar year, as well as any TennCare payments made to the MCO that are not reported as premium revenue.

During the July-September 2022 quarter, the MCOs submitted their NAIC Second Quarter 2022 Financial Statements. As of June 30, 2022, TennCare MCOs reported net worth as indicated in the table below.⁵

MCO	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Amerigroup Tennessee	\$46,529,879	\$271,337,868	\$224,807,989

⁵ The “Net Worth Requirement” and “Reported Net Worth” figures in the table are based on the MCOs’ company-wide operations, not merely their TennCare operations.

MCO	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
UnitedHealthcare Plan of the River Valley (UnitedHealthcare Community Plan)	\$61,830,168	\$491,058,568	\$429,228,400
Volunteer State Health Plan (BlueCare & TennCare Select)	\$62,513,366	\$696,626,067	\$634,112,701

During the July-September 2022 quarter, the MCOs were also required to comply with Tennessee’s “Risk-Based Capital for Health Organizations” statute (T.C.A. § 56-46-201 *et seq.*). Risk-based capital (RBC) involves a method of calculating the minimum amount of capital necessary for a health entity to support its overall business operations depending on its size and risk profile. A health entity with a higher amount of risk is required to hold a higher amount of capital. The RBC statute gives TDCI the authority and mandate to use preventive and corrective measures that vary depending on the amount of capital deficiency indicated by the RBC calculations. A “Company Action Level” deficiency (defined at T.C.A. § 56-46-203(a)) would require the submission of a plan to correct the entity’s capital deficiency.

All TennCare MCOs met their minimum net worth requirements and Company Action Level requirements as of June 30, 2022.

Success of Fraud Detection and Prevention

The mission of the Tennessee Office of Inspector General (OIG) is to identify, investigate, and seek the accountability of those who commit fraud or abuse against the TennCare program. The OIG receives case information from a variety of sources, including local law enforcement, the Division of TennCare, Health Related Boards, the Department of Human Services (DHS), other State agencies, health care providers, MCCs, and the general public via the OIG website, fax, written correspondence, and phone calls to the OIG hotline. Cases adjudicated during a particular fiscal year may have no relationship to dates of arrest during the same year. Selected statistics for the first quarter of Fiscal Year 2023 furnished for this report by the OIG are as follows:

Fraud and Abuse Allegations	First Quarter FY 2023
Fraud Allegations	205
Abuse Allegations*	2,449
Arrest/Conviction/Judicial Diversion Totals	First Quarter FY 2023
Arrests	8
Convictions	7
Judicial Diversions	3

* Abuse cases may be referred to the appropriate Managed Care Contractor (MCC), the Division of TennCare, or DHS for further review/action.

Criminal Court Fines and Costs Imposed	First Quarter FY 2023
Criminal Restitution Ordered	\$131,364
Criminal Restitution Received ⁶	\$66,826
Civil Restitution/Civil Court Judgments	First Quarter FY 2023
Civil Restitution Ordered ⁷	\$0
Civil Restitution Received ⁸	\$1,560

Recommendations for Review	First Quarter FY 2023
Recommended TennCare Terminations ⁹	2,449
Potential Savings ¹⁰	\$10,460,952

Program Totals

The following table identifies monies ordered by the courts as a direct result of TennCare fraud investigations conducted by the OIG since its inception in 2004. Although food stamps are not part of the TennCare program, OIG has occasionally discovered evidence of fraud in this area during the course of a TennCare fraud investigation.

Type of Court-Ordered Payment	Grand Total for Period of 2004-2022
Criminal Restitution	\$6,515,701
Civil Restitution	\$3,316,956
Restitution to TennCare MCOs	\$90,768
Food Stamps	\$81,337

⁶ Restitution may have been ordered in a fiscal year other than the one in which payment was actually received.

⁷ This total reflects dollars identified for recoupment by the OIG in such non-criminal contexts as civil cases, administrative hearings, and voluntary reimbursements to TennCare.

⁸ Restitution may have been agreed to in a fiscal year other than the one in which payment was actually received.

⁹ Recommendations that enrollees' TennCare coverage should be terminated are sent to the Division of TennCare for review and determination of appropriate action. These recommendations are based on information received and reviewed by the OIG. TennCare determines whether these referrals meet the criteria for termination. Reviews of these recommendations must factor in some limitations, such as the inability to disenroll individuals in certain federally protected categories.

¹⁰ Potential savings are determined by multiplying the number of enrollees whose coverage would be terminated, assuming all of the State's criteria for termination are met, by the average annual cost per enrollee for MCO, pharmacy, and dental services (currently estimated by TennCare to be \$4,271.52).