

TennCare Quarterly Report

October – December 2022

Submitted to the Members of the General Assembly

Status of TennCare Reforms and Improvements

TennCare Enrollment and the Consolidated Appropriations Act, 2023. In general, TennCare reviews the eligibility status of all persons enrolled in the TennCare program on an annual basis. This process, which is required under state and federal law, is sometimes referred to as redetermination, renewal, or reverification. In March 2020, Congress passed the Families First Coronavirus Response Act (FFCRA). This federal law required state Medicaid programs to maintain enrollment for virtually all members during the COVID-19 public health emergency. Since March 2020, TennCare’s enrollment has grown from about 1.4 million members to approximately 1.7 million members, primarily as a result of maintaining the enrollment of all members without conducting annual eligibility reviews.

On December 29, 2022, the Consolidated Appropriations Act, 2023, (CAA) was signed into law. The CAA ended FFCRA’s continuous coverage requirement for Medicaid, effective April 1, 2023. Accordingly, TennCare is preparing for the resumption of normal eligibility processes in spring 2023. TennCare will review every member’s eligibility over a twelve-month period. Wherever possible, TennCare will leverage existing data sources (e.g., wage data, SNAP enrollment data) to automatically renew the eligibility of members who continue to qualify for TennCare. If TennCare cannot automatically renew a member’s coverage using data already available to TennCare, then the member will receive a preprinted renewal packet by mail (or depending on the preferences selected by the member, an email notification to review their renewal information online).

Because of the length of time that has elapsed since TennCare last reviewed members’ eligibility, it is anticipated that a number of members who go through the renewal process will no longer qualify for TennCare. These individuals will have the opportunity to appeal any such decision prior to disenrollment. TennCare will also transfer their information to the Health Insurance Marketplace for potential enrollment in subsidized coverage there.

Over the next year, it will be critical for individuals enrolled in TennCare to respond to communications from TennCare in order to ensure that those who remain eligible for TennCare do not experience any disruptions in coverage. TennCare has plans to reach out to individuals via multiple modalities (e.g., mail,

email, text message). TennCare is also partnering with healthcare providers, managed care organizations, other state agencies, and community-based organizations to help communicate about the upcoming renewal process, the importance of ensuring that TennCare has up-to-date contact information for all members, and the importance of responding to all communications from TennCare.

Dental Services for Adults. Effective January 1, 2023, TennCare began covering dental services for all adults enrolled in TennCare. (Previously, dental services had been 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 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. Additional information about the new coverage is available on TennCare’s website at <https://www.tn.gov/tenncare/members-applicants/dental-services.html>.

Re-opening of CHOICES At Risk Demonstration Group. A significant 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 the Centers for Medicare and Medicaid Services (CMS) on July 29, 2022, and CMS acknowledged the changes on September 22, 2022. Implementation began as planned on October 1, 2022. As of the end of the October-December 2022 quarter, a total of 120 new individuals had been enrolled in the group.

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

household income, family size, 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.).

Recently, BCBER published a summary of the results of the most recent survey titled “The Impact of TennCare: A Survey of Recipients, 2022”. Although the findings of a single survey must be viewed in context of long-term trends, several results from the report are noteworthy:

- Satisfaction with TennCare remained high. Ninety-five percent of respondents covered by TennCare expressed satisfaction with the quality of care they had received. This level of satisfaction tied for the highest satisfaction level in the program’s history, and 2022 was the fourteenth straight year in which survey respondents had reported satisfaction levels exceeding 90 percent.
- The uninsured rate in Tennessee declined for both children and adults. The reported percentage of uninsured children fell from 2.5 percent in 2021 to 2.3 percent in 2022. Furthermore, the reported percentage of uninsured adults fell from 9.9 percent in 2021 to 9.0 percent in 2022. The overall uninsured rate reported in 2022 was 7.5 percent, down from the 2021 reported uninsured rate of 8.3 percent.
- The likelihood of TennCare members using the emergency room for initial medical care was unchanged. Heads of households with TennCare continued to seek initial medical care for themselves at hospitals six percent of the time, and to seek such care for their children at hospitals four percent of the time.

In summary, the report notes, “TennCare continues to receive positive feedback from its recipients, with 95 percent reporting satisfaction with the program. This positive feedback is a strong indication that TennCare is providing satisfactory medical care and meeting the expectations of those it serves.”

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 October-December 2022 quarter, there were 153 children enrolled in Part A and 2,022 children enrolled in Part B. Since the end of the October-December 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.

Amendments to the TennCare Demonstration. During the October-December 2022 quarter, several proposed amendments to the TennCare demonstration were in various stages of development.

Demonstration Amendment 1: Integration of Services for Individuals with Intellectual Disabilities. 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 October-December 2022 quarter, CMS’s review of Amendment 1 was ongoing.

Demonstration Amendment 2: Coverage of Children Adopted from State Custody. The budget approved by the General Assembly for State Fiscal Year 2022 included funding for an expansion of 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

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).

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 Demonstration Amendment 2 to CMS on April 7, 2022. As of the end of the October-December 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.)

Demonstration Amendment 3: HCBS Enhancements. On October 12, 2022, TennCare submitted Amendment 3 to CMS. 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.

As of the end of the October-December 2022 quarter, CMS' review of the amendment was ongoing.

Demonstration Amendment 4: Program Modifications. 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 October-December 2022 quarter, CMS's review of the amendment was ongoing.

Demonstration Amendment 36: Providers of Abortion Services.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.

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 October-December 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 November 2022, TennCare MCO Amerigroup held the "Beyond Bandages: Child and Adolescent Protection and Wellness" virtual conference. The conference provided Episodes of Care providers information about achieving greater success with the Respiratory Infection episode.

Throughout 2023, all three TennCare MCOs will host in-person learning collaboratives throughout the state. These events will be an opportunity for providers to receive comprehensive resources and learn

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.

strategies for success in the Patient-Centered Medical Home, Tennessee Health Link, and Episodes of Care programs. The collaboratives will focus on specific topics relevant to providers and will offer an opportunity for providers to share best practices for success in delivery system transformation programs.

EMCF v. TennCare Lawsuit. In September 2018, Emergency Medical Care Facilities, P.C., filed a complaint for declaratory judgment and injunctive relief against the Division of TennCare in Davidson County Chancery Court. The suit relates to a \$50 cap imposed by the agency on payment for emergency room physician services determined to be non-emergent. The parties filed cross-motions for summary judgment, and, on September 1, 2020, the Chancellor granted summary judgment to EMCF on their claim that the \$50 cap was void. EMCF then voluntarily dismissed their remaining claims pertaining to the determination of payment for the services in question. The State filed an appeal, and, on October 7, 2021, the Court of Appeals ruled in the State’s favor and reversed the trial court’s ruling. The Court of Appeals found that the reimbursement limit fell within the internal management exception of a rule and was not subject to rulemaking requirements. EMCF then filed an application for permission to appeal to the Tennessee Supreme Court, and oral arguments were heard on October 5. As of the end of the October – December 2022 quarter, a decision had not been issued.

M.A.C., et al. v. Smith Lawsuit. On July 2, 2021, five TennCare members filed a federal lawsuit against TennCare alleging that the Home- and Community-Based Services they received through the State’s 1915(c) waiver programs were not being fully staffed, resulting in a denial of necessary care and sufficient alternatives to institutionalization. The parties entered into a settlement agreement, which was approved by the Court on November 29, 2022.

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 second quarter of State Fiscal Year 2023 are shown in the table below.

Supplemental Hospital Payments for the Quarter

Hospital Name	County	Second Quarter Payments – FY 2023
Methodist Medical Center of Oak Ridge	Anderson County	\$114,356
Ridgeview Psychiatric Hospital and Center	Anderson County	\$125,820
Vanderbilt Bedford Hospital	Bedford County	\$50,257
West Tennessee Healthcare Camden Hospital	Benton County	\$328,715
Erlanger Bledsoe Hospital	Bledsoe County	\$571,020
Blount Memorial Hospital	Blount County	\$2,094,922
Tennova Healthcare – Cleveland	Bradley County	\$144,289
Tennova Healthcare – LaFollette Medical Center	Campbell County	\$113,187
Ascension Saint Thomas Stones River Hospital	Cannon County	\$40,798
Baptist Memorial Hospital – Carroll County	Carroll County	\$49,349

Hospital Name	County	Second Quarter Payments – FY 2023
Sycamore Shoals Hospital	Carter County	\$164,297
TriStar Ashland City Medical Center	Cheatham County	\$199,074
Claiborne Medical Center	Claiborne County	\$35,436
Tennova Healthcare – Newport Medical Center	Cocke County	\$242,183
Unity Medical Center	Coffee County	\$110,868
Ascension Saint Thomas Hospital	Davidson County	\$439,980
Nashville General Hospital	Davidson County	\$4,752,185
TriStar Centennial Medical Center	Davidson County	\$945,337
TriStar Skyline Medical Center	Davidson County	\$527,307
TriStar Southern Hills Medical Center	Davidson County	\$157,646
TriStar Summit Medical Center	Davidson County	\$223,349
Vanderbilt Stallworth Rehabilitation Hospital	Davidson County	\$10
Vanderbilt University Medical Center	Davidson County	\$4,205,271
Ascension Saint Thomas DeKalb Hospital	DeKalb County	\$22,729
TriStar Horizon Medical Center	Dickson County	\$206,566
West Tennessee Healthcare Dyersburg Hospital	Dyer County	\$195,847
Southern Tennessee Regional Health System – Winchester	Franklin County	\$135,125
West Tennessee Healthcare Milan Hospital	Gibson County	\$113,874
Southern Tennessee Regional Health System – Pulaski	Giles County	\$84,575
Morristown – Hamblen Healthcare System	Hamblen County	\$138,175
Erlanger Behavioral Health Hospital	Hamilton County	\$111,162
Erlanger Medical Center – Baroness Hospital	Hamilton County	\$3,080,501
Parkridge Medical Center	Hamilton County	\$1,514,902
Encompass Health Rehabilitation Hospital of Chattanooga	Hamilton County	\$230
Siskin Hospital for Physical Rehabilitation	Hamilton County	\$590
Hancock County Hospital	Hancock County	\$87,873
West Tennessee Healthcare Bolivar Hospital	Hardeman County	\$244,464
Hardin Medical Center	Hardin County	\$448,591
Hawkins County Memorial Hospital	Hawkins County	\$40,728
Henry County Medical Center	Henry County	\$926,657
Ascension Saint Thomas Hickman Hospital	Hickman County	\$294,879
Houston County Community Hospital	Houston County	\$241,298
Three Rivers Hospital	Humphreys County	\$97,746
Tennova Healthcare – Jefferson Memorial Hospital	Jefferson County	\$95,958
Johnson County Community Hospital	Johnson County	\$235,031
Parkwest Medical Center	Knox County	\$425,139
Tennova Healthcare – North Knoxville Medical Center	Knox County	\$164,270
East Tennessee Children’s Hospital	Knox County	\$2,799,197
Fort Sanders Regional Medical Center	Knox County	\$420,799

Hospital Name	County	Second Quarter Payments – FY 2023
Select Specialty Hospital – North Knoxville	Knox County	\$556
University of Tennessee Medical Center	Knox County	\$3,282,663
Lauderdale Community Hospital	Lauderdale County	\$89,038
Southern Tennessee Regional Health System – Lawrenceburg	Lawrence County	\$86,951
Lincoln Medical Center	Lincoln County	\$423,300
Macon Community Hospital	Macon County	\$566,564
Jackson – Madison County General Hospital	Madison County	\$7,236,921
Pathways of Tennessee	Madison County	\$15,230
Perimeter Behavioral of Jackson	Madison County	\$34,817
West Tennessee Healthcare Rehabilitation Hospital Jackson	Madison County	\$315
Marshall Medical Center	Marshall County	\$309,854
Maury Regional Medical Center	Maury County	\$4,210,421
Pinewood Springs	Maury County	\$25,144
Starr Regional Medical Center – Athens	McMinn County	\$218,732
Sweetwater Hospital Association	Monroe County	\$238,350
Tennova Healthcare – Clarksville	Montgomery County	\$166,270
Baptist Memorial Hospital – Union City	Obion County	\$226,328
Cookeville Regional Medical Center	Putnam County	\$2,811,030
Rhea Medical Center	Rhea County	\$377,195
TriStar NorthCrest Medical Center	Robertson County	\$161,590
Ascension Saint Thomas Rutherford Hospital	Rutherford County	\$280,753
TriStar StoneCrest Medical Center	Rutherford County	\$188,258
TrustPoint Hospital	Rutherford County	\$490,645
Big South Fork Medical Center	Scott County	\$28,261
LeConte Medical Center	Sevier County	\$157,307
Baptist Memorial Hospital – Memphis	Shelby County	\$945,451
Baptist Memorial Restorative Care Hospital	Shelby County	\$72
Methodist University Hospital	Shelby County	\$1,209,306
Delta Specialty Hospital	Shelby County	\$285,543
Encompass Health Rehabilitation Hospital of North Memphis	Shelby County	\$269
Encompass Health Rehabilitation Hospital of Memphis	Shelby County	\$771
Le Bonheur Children’s Hospital	Shelby County	\$4,350,803
Regional One Health	Shelby County	\$8,318,902
Regional One Health Extended Care Hospital	Shelby County	\$499,353
Saint Francis Hospital	Shelby County	\$278,567
Saint Jude Children's Research Hospital	Shelby County	\$746,134
Riverview Regional Medical Center	Smith County	\$307,919
Bristol Regional Medical Center	Sullivan County	\$251,782
Creekside Behavioral Health	Sullivan County	\$78,674

Hospital Name	County	Second Quarter Payments – FY 2023
Encompass Health Rehabilitation Hospital of Kingsport	Sullivan County	\$527
Holston Valley Medical Center	Sullivan County	\$220,139
Indian Path Community Hospital	Sullivan County	\$94,777
TriStar Hendersonville Medical Center	Sumner County	\$194,607
Sumner Regional Medical Center	Sumner County	\$124,573
Baptist Memorial Hospital – Tipton	Tipton County	\$135,677
Trousdale Medical Center	Trousdale County	\$135,496
Ascension Saint Thomas River Park Hospital	Warren County	\$182,515
Johnson City Medical Center	Washington County	\$1,932,021
Franklin Woods Community Hospital	Washington County	\$203,471
Quillen Rehabilitation Hospital	Washington County	\$197
Wayne Medical Center	Wayne County	\$113,790
West Tennessee Healthcare Rehabilitation Hospital Cane Creek	Weakley County	\$121
West Tennessee Healthcare Volunteer Hospital	Weakley County	\$42,094
Ascension Saint Thomas Highlands Hospital	White County	\$78,747
Rolling Hills Hospital	Williamson County	\$152,439
Williamson Medical Center	Williamson County	\$1,266,719
Vanderbilt Wilson County Hospital	Wilson County	\$78,677
TOTAL		\$71,619,188

Number of Recipients on TennCare and Costs to the State

During the month of December 2022, there were 1,714,783 Medicaid eligibles and 22,014 Demonstration eligibles enrolled in TennCare, for a total of 1,736,797 persons.

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

Spending Category	Second Quarter FY 2023*
MCO services**	\$2,165,937,900
Dental services	\$39,750,600
Pharmacy services	\$427,055,000
Medicare "clawback"***	\$59,185,100

**These figures are cash basis as of December 31 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 October-December 2022 quarter, the MCOs submitted their NAIC Third Quarter 2022 Financial Statements. As of September 30, 2022, TennCare MCOs reported net worth as indicated in the table below.⁵

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)
Amerigroup Tennessee	\$46,529,879	\$310,801,548	\$264,271,669
UnitedHealthcare Plan of the River Valley (UnitedHealthcare Community Plan)	\$61,830,168	\$512,858,206	\$451,028,038
Volunteer State Health Plan (BlueCare & TennCare Select)	\$62,513,366	\$593,119,042	\$530,605,676

During the October-December 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 September 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 second quarter of Fiscal Year 2023 furnished for this report by the OIG are as follows:

Fraud and Abuse Allegations	Second Quarter FY 2023
Fraud Allegations	181
Abuse Allegations*	1,589
Arrest/Conviction/Judicial Diversion Totals	Second Quarter FY 2023
Arrests	4
Convictions	6
Judicial Diversions	5

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

Criminal Court Fines and Costs Imposed	Second Quarter FY 2023
Criminal Restitution Ordered	\$137,444
Criminal Restitution Received ⁶	\$9,638
Civil Restitution/Civil Court Judgments	Second Quarter FY 2023
Civil Restitution Ordered ⁷	\$17,461
Civil Restitution Received ⁸	\$775

Recommendations for Review	Second Quarter FY 2023
Recommended TennCare Terminations ⁹	1,589
Potential Savings ¹⁰	\$6,787,445.28

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	\$6,653,145
Civil Restitution	\$3,334,417
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).