TennCare 101

January 11, 2018
Vision: A healthier Tennessee

Mission: Improving lives through high-quality cost-effective care

2018 Tennessee State Budget is $37.1 billion
2018 TennCare Budget is $11.8 billion (32%)
  – TennCare is funded by both federal (65%) and state (35%) dollars
  – Administered by the state with federal oversight
People on Medicaid are primarily low-income children, pregnant women, caregivers of children, and people who are elderly or have disabilities.
TennCare Expenditures

TennCare Clinical Services: 72%

<table>
<thead>
<tr>
<th>Supplemental Payments: 9.1%</th>
<th>Intellectual Disabilities Services: 8.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Services: 5.8%</td>
<td>Administration: 2.1%</td>
</tr>
<tr>
<td>CoverKids: 2.2%</td>
<td>AccessTN: &lt;1%</td>
</tr>
<tr>
<td>CoverRx: &lt;1%</td>
<td>Office of eHealth: &lt;1%</td>
</tr>
</tbody>
</table>
Medicare/Medicaid: A Brief History
Late 1940’s:

- Old-age and Survivors Insurance (OASI) Program
  - Three major deficiencies
    - Inadequate coverage
    - Inadequate benefits
    - Unduly restrictive eligibility requirements

- Later expansion of this program provided more coverage, but costs remained high.
Early 1960’s - A health care system plagued with significant issues

• Primary reasons why older people applied for public assistance
  – Health costs were twice as high as those for younger people.
  – The majority were neither well-off nor had adequate health insurance.
Social Security Act of 1965

- Signed into law in 1965 by President Johnson.
- Provided health insurance for the elderly (Medicare) and the impoverished (Medicaid).

- **General Purpose:** Get the uninsured, insured.
- Very controversial at the time.
  - AMA labelled it “socialized medicine”.

Medicare/Medicaid Implementation
Harry S. Truman was the first president to propose a national health insurance program in 1945. President Lyndon B. Johnson invited Truman to the Medicare law’s signing ceremony in 1965 to present him with the very first Medicare card.
# Medicare vs. Medicaid

## Medicare
- Federally Funded
- Health Insurance for US Citizens
  - 65 or older
  - Specific disabilities
    - ESRD
    - Lou Gehrig’s disease
- Available regardless of income

## Medicaid
- Federal/State Funded
- Low-income individuals or families
- Can overlap with Medicare
- Strict eligibility requirements (not just income level)
Funding Medicaid Programs

• Federal Medical Assistance Program (FMAP)
  – Specified percentage (50% - 75%) paid to each state
    • Average is 57%
  – State covers the remaining cost.

• Federal Financial Participation (FFP)
  – Additional available funding for Medicaid administrative costs from CMS.
  – Amount based on a state’s labor statistics, which change every year.
After 50 Years of Medicaid Growth
Who Does Medicaid Cover?

• Approximately 70 million Americans, or 1 in every 5.
• Medicaid combined with the Children’s Health Insurance Program (CHIP) – covers more than 1 in every 3 children, and more than half of all low-income children.
• Eligibility:
  – Aside from a few core requirements, eligibility is determined on a state-by-state basis.
  – No two states Medicaid program or eligibility requirements are the same.
Who is Covered Currently?

Figure 4

Medicaid’s Role for Selected Populations

Percent with Medicaid Coverage:

- Non-elderly <100% FPL: 45%
- Non-elderly 100-199% FPL: 27%
- Families:
  - All Children: 35%
- Children <100% FPL: 70%
- Parents <100% FPL: 40%
- Births (Pregnant Women): 41%
- Aged & Disabled:
  - Medicare Beneficiaries: 20%
  - Non-elderly Adults with Functional Limitations: 15%
- People with HIV in Regular Care: 50%
- Nursing Home Residents: 63%

Source: KCMU and Urban Institute analysis of 2012 ASEC Supplement to the CPS; birth data from Maternal and Child Health Update: States Increase Eligibility for Children’s Health in 2007, National Governors Association, 2008; Medicare data from MCBS Cost and Use file, 2009; Functional Limitations from KCMU Analysis of 2011 NHIS data.
What Does Medicaid Cover?

Federally Required Services

- Physician
- Hospital
- Lab and X-Ray
- EPSDT
- Federal & Rural Health Clinics
- Nursing Facility
- Home Health
- Transportation
- Pediatric
- Nurse Midwife
- Family Planning
What Does Medicaid Cover?

1967 Medicaid Policy Change:

- Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)
  - E – Identify problems early, starting at birth
  - P – Periodic health checks
  - S – Perform physical, mental, developmental, dental, hearing, and vision screening to detect potential problems
  - D – Test potential risks identified
  - T – Treat the problems found
What Does Medicaid Cover?

Optional Services

- Prescription Drugs
- Clinic Services
- Dental
- Case Management
- Home & Community Based Services
- Hospice
- Personal Care Services
- Inpatient Psych
- Intermediate Care
- Respiratory Care
- Rehabilitation Services
What Does Medicaid Cover?

1981 Medicaid Policy Change:

• Long Term Services and Supports (LTSS)
  – Umbrella of services related to home and community based waivers.
  • Home Health Care
  • Personal Care
  • DME and Supplies
  • Rehabilitation Services
  • Case Management
How is Care Delivered?

• **Fee-For-Service (FFS)**
  – State contracts with care providers who provide needed services. The state processes the claims and pays the provider directly.

• **Managed Care Organization (MCO)**
  – State enters into risk-based contracts with private insurance companies.
  – MCOs responsible for managing patient care and processing claims and payments.
  – State pays the MCO a capitated rate.
Fee-For-Service vs. Managed Care

Who is at Risk?

**FFS**
- Provider Creates Claim
- State (Payor) Receives Claim
- State’s Fee Schedule
- State Pays Provider

**State**

**MCO**
- Provider Creates Claim
- MCO (Payor) Receives Claim
- MCO Sets Fee Schedule
- MCO (Payor) Pays Provider
- State Pays MCO Cap Rate

**MC**

Confidential
TennCare MCO History

1994
- Service Areas
- Integration
  - Behavioral Health
  - Long Term Services
- 12 MCOs
- Quality
  - Encounter data quality: poor
  - Satisfaction rating – 61%

2004
- Service Areas
- Integration
  - Physical Health
  - Behavioral Health
  - Long Term Services
- 6 MCOs
- Quality
  - Encounter data quality: good
  - Satisfaction rating – 90%

Today
- Service Areas
- Integration
  - Physical Health
  - Behavioral Health
  - Long Term Services
- 3 MCOs
- Quality
  - High quality data used to manage program
  - Standardized quality metrics reported and used to track progress and compare to national benchmarks
  - Satisfaction rating – 93%
Holding State Funding Steady
- From 2000 – 2015, Tennessee outperformed 44 other states in managing the growth of the portion of state dollars going to Medicaid (Pew Charitable Trusts)

Managing Expenses
- In 2016, Tennessee had the sixth-lowest average per member cost of all states according to an analysis of state and CMS data.
General Purpose: Get the uninsured, insured.

- Equally as controversial as the Medicare/Medicaid implementation.
  - Opponents (not the AMA) labelled it “socialized medicine”.

- Three main changes ACA makes to eligibility and enrollment that are expected to contribute to Medicaid enrollment gains:
  - Medicaid expansion to low-income adults
  - Modernized, simpler enrollment processes
  - Increased outreach and enrollment efforts

- State participation is optional, with 32 and DC opting-in as of January 2018.
MCOs & Fraud, Waste, and Abuse

• Even with MCO oversight, Fraud Waste and Abuse (FWA) still exists.
• In Tennessee, each MCO has a Program Integrity (PI) division, committed to identifying FWA.
• If FWA is suspected, then the MCO must refer the case to the state.
Office of Program Integrity (OPI)

- OPI provides oversight of each MCO’s PI division.
  - Investigation Audits
  - Quarterly and Annual Reporting/Meeting Requirements
  - Can re-categorize “billing errors” as FWA
Office of Program Integrity (OPI)

• Team of experienced nurses, coders, and investigators.
• Does not depend solely upon the MCOs to audit their own providers.
  – Conduct investigations/onsites.
• Can react to provider and MCO behaviors.
• Affect positive change to State and MCO rules, policies and benefit limits.
  – Trigger Point Injections, Urine Drug Screens, Back Braces
Efforts also extend beyond MCOs:

- Work closely with law enforcement when suspected FWA is found.
  - Medicaid Fraud Control Unit (MFCU)
  - Attorney General (AG)
  - Office of Inspector General (OIG)
- AdvanceMed (Medi-Medi)
Questions