



TennCare 101

January 11, 2018

Mission and Vision

- **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

TennCare Members

People on Medicaid are primarily low-income children, pregnant women, caregivers of children, and people who are elderly or have disabilities.



**1.4 million
Tennesseans**

**803,000 children
(57%)**



**68,000 older
adults
(5%)**



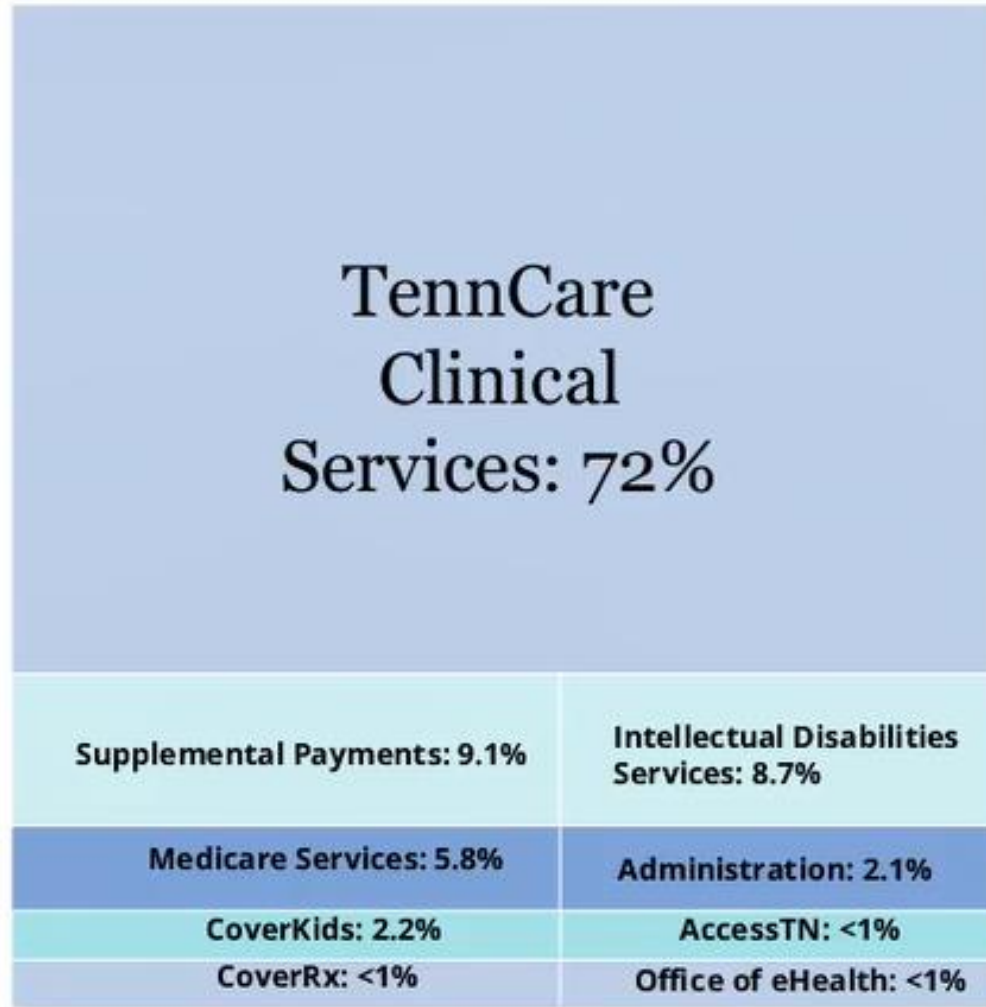
**56,000
pregnant
women
(4%)**



**203,000
individuals with
disabilities
(15%)**



TennCare Expenditures





Medicare/Medicaid: A Brief History

Before Medicare/Medicaid

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.

Before Medicare/Medicaid

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.

Medicare/Medicaid Implementation

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?

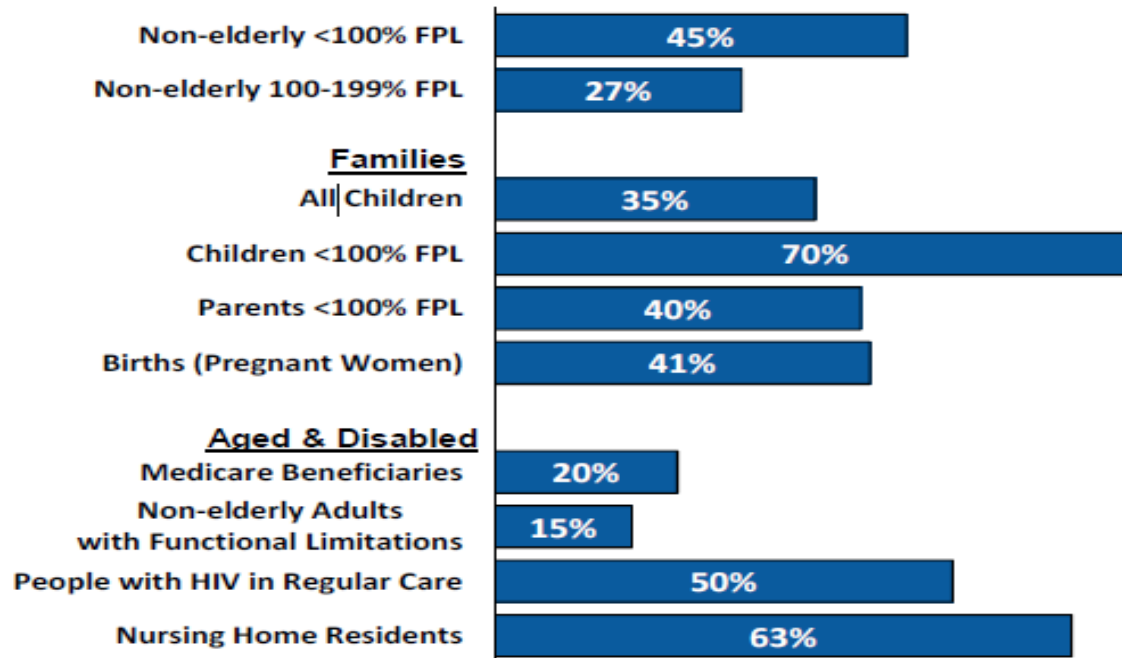
- Approximately 70 million Americans, or 1 in every 5.
- Medicaid combined with the Children's Health Insurance Program (CHIP) – covers more than 1 in every 3 children, and more than half of all low-income children.
- Eligibility:
 - Aside from a few core requirements, eligibility is determined on a 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:



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?

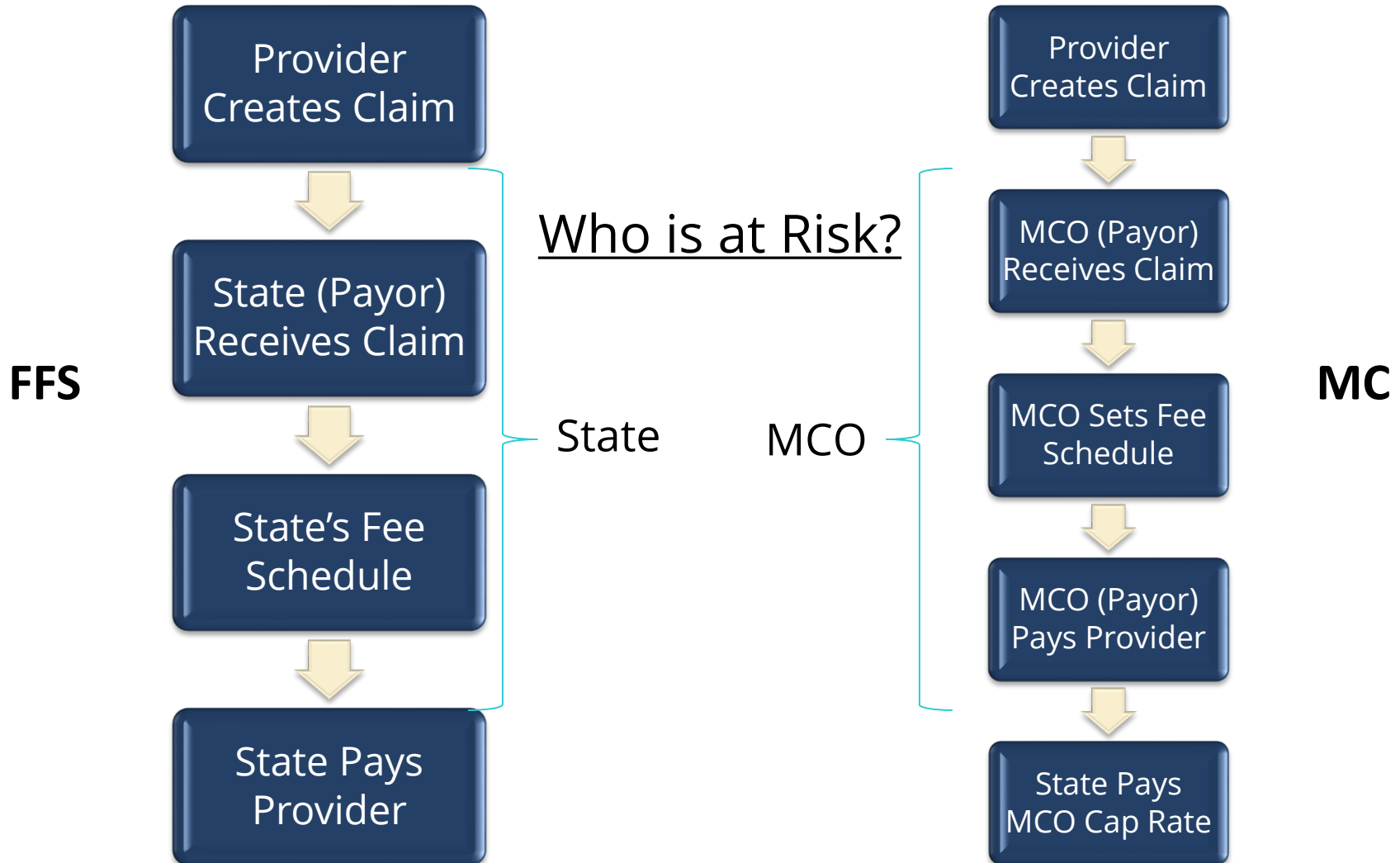
1981 Medicaid Policy Change:

- 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.

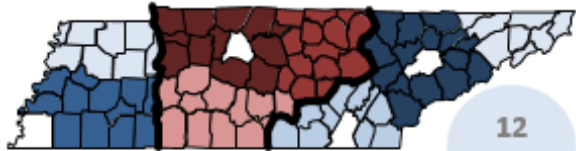
Fee-For-Service vs. Managed Care



TennCare MCO History

1994

Service Areas



12
MCOs

Integration

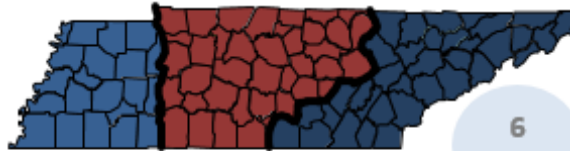


Quality

- Encounter data quality: poor
- Satisfaction rating - 61%

2004

Service Areas



6
MCOs

Integration

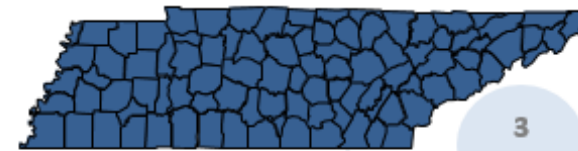


Quality

- Encounter data quality: good
- Satisfaction rating - 90%

Today

Service Areas



3
MCOs

Integration



Quality

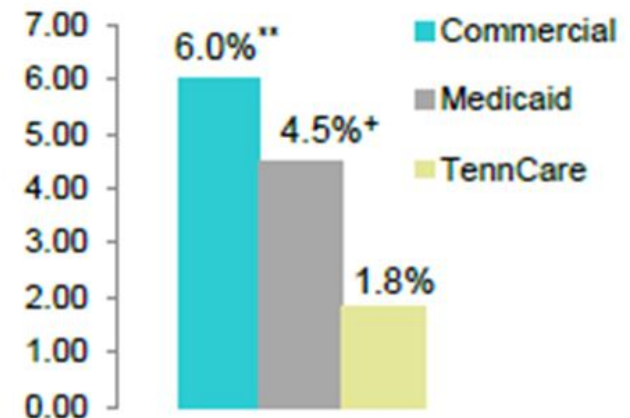
- High quality data used to manage program
- Standardized quality metrics reported and used to track progress and compare to national benchmarks
 - Satisfaction rating - 93%



TennCare MCO Performance

- 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.

TennCare Medical Trend 2017



** PwC Health Research Institute

* The Henry J. Kaiser Family Foundation

Affordable Care Act (2010/2014)

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.



Medicaid Program Integrity

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)

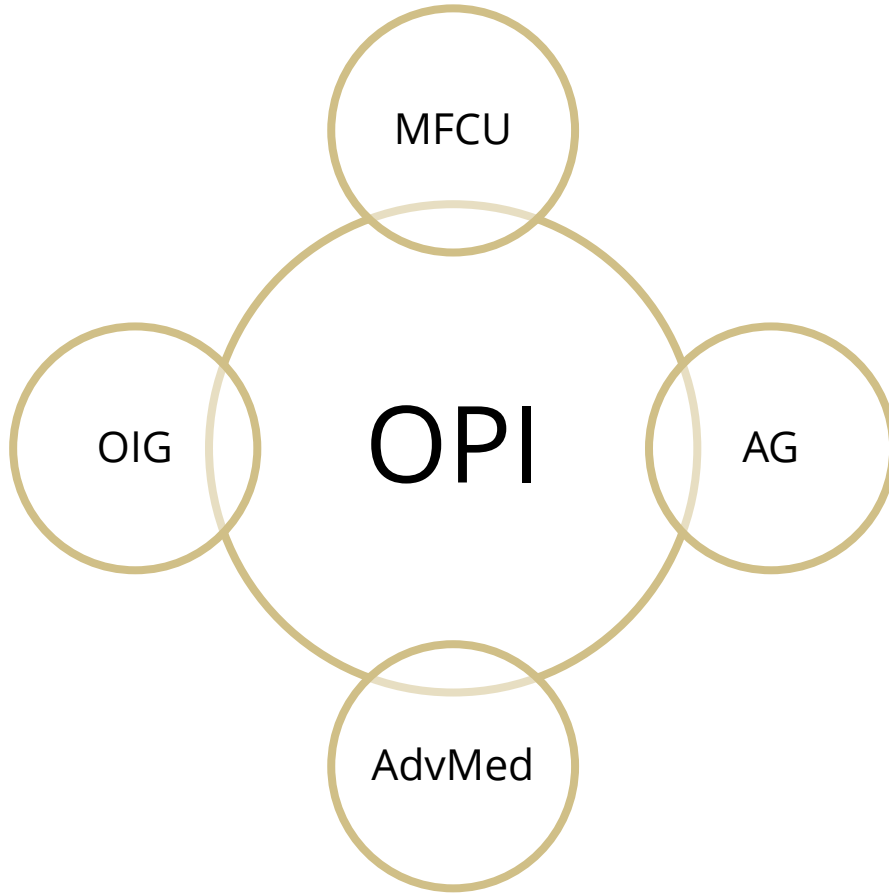
- OPI provides oversight of each MCO's PI division.
 - Investigation Audits
 - Quarterly and Annual Reporting/Meeting Requirements
 - Can re-categorize “billing errors” as FWA



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

Office of Program Integrity (OPI)



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