



# **FY2019 BUDGET PRESENTATION**

Dr. Wendy Long

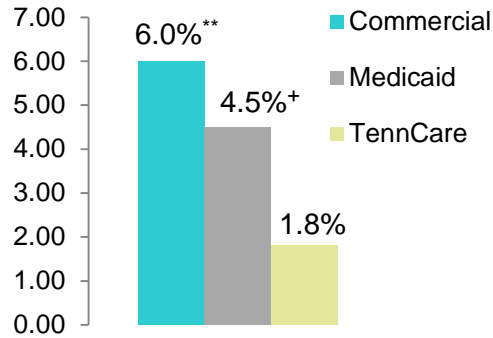
Gabe Roberts

Will Cromer

William Aaron

# TennCare Sustainability – Managing Trend

## TennCare Medical Trend 2017



\*\* PwC Health Research Institute  
 \* The Henry J. Kaiser Family Foundation

If TennCare's medical trends were **1% higher in FY19**, the additional cost in state dollars would be:

**\$24.1 M**

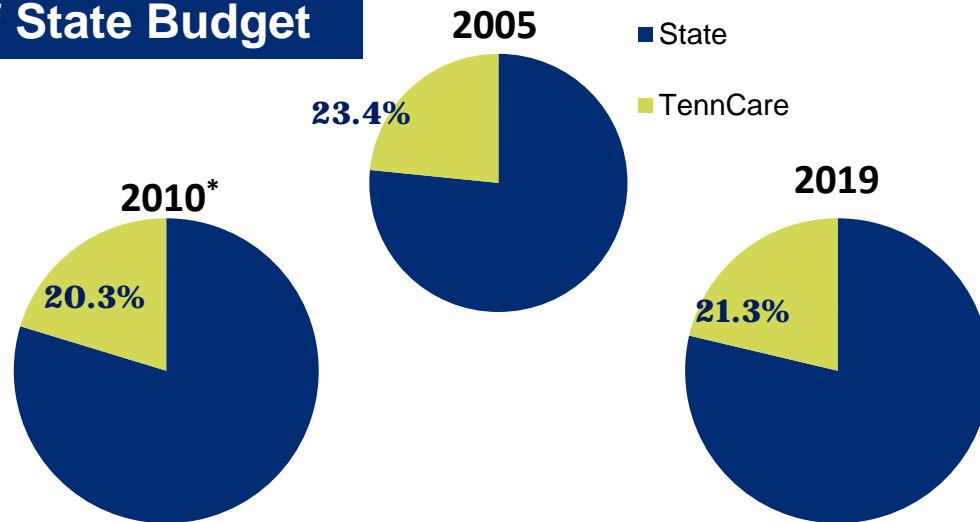
At the national **average Medicaid trend of 4.5%**, the additional state cost in FY19 would be:

**\$57.2 M**

If TennCare's medical trends were **1% higher each year since 2012** the additional state cost would be:

**\$890.1 M**

## Percent of State Budget



• So as not to under-report TennCare Appropriations, 2009, 2010 & 2011 were increased to account for ARRA. The increases for these years were taken from the 2011 Governor's Recommended Budget.



# Tennessee Cost Containment and Quality Improvement Strategies

## Managed Care

- Tennessee is a leading managed care state
- Nationally, states have moved from 56% of Medicaid beneficiaries in managed care in 2000 to 79.8% managed care in 2017
- Strategies include negotiated rates, network optimization, insurer care coordination, and prior authorization

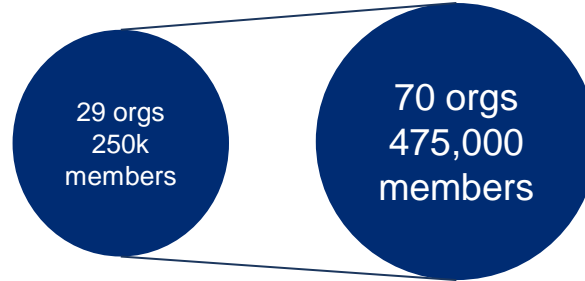
## Value-based Payment

- In recent years, TennCare, Benefits Administration, and Tennessee commercial insurers have increased their value-based payment strategies. Tennessee is now a leader in value-based payment as well.
- Nationally, 21% of commercial payments put providers at some financial risk as of 2014.

# TennCare Priorities – Payment Reform

## Patient-Centered Medical Homes

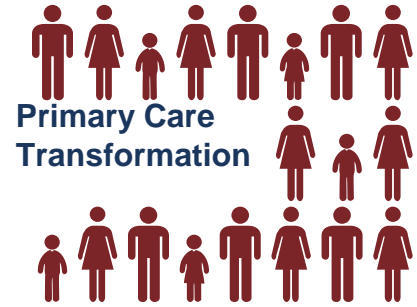
CY 2017 → CY 2018



Admission, Discharge & Transfer (ADT) alerts from 61% of hospitals and 66% of hospital beds.

## Tennessee Health Link

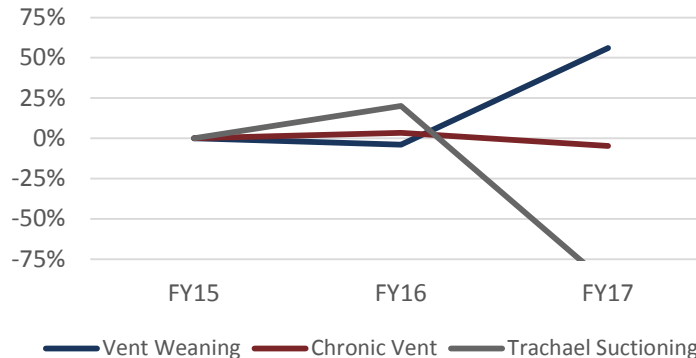
- Serving 64,000 members with significant mental health needs



- 18 episodes will be in a preview period in 2018
- 29 episodes will be in a performance period in 2018

- \$14.5 million estimated savings in most recent results (CY 2016) while quality was maintained or improved

## Enhanced Respiratory Care



**Number of Ventilator Weans:**  
 2015 – 2016 : 132  
 2016 – 2017 : 150

# Budget Reductions for Payment Reform

FY 15	FY 16	FY 17	FY 18	FY 19
\$1.5M	\$11.5M	\$21.5M	\$35M	\$42M

## Episodes Progress

CY 14	CY 15	CY 16	CY 17	CY 18	CY 19
8 episodes designed	20 episodes designed	34 episodes designed	53 episodes designed	64 episodes designed	75 episodes designed
3 episodes reporting	8 episodes reporting	20 episodes reporting	29 episodes reporting	48 episodes reporting	At least 59 episodes reporting
	3 episodes in a performance period	8 episodes in a performance period	19 episodes in a performance period	29 episodes in a performance period	At least 48 episodes in a performance period
	\$10.8M in estimated savings	\$14.5M in estimated savings			



# TennCare Priorities- Eligibility System Implementation

## Applicant Perspective

- Applicants will be able to establish an **online account** in TEDS allowing them to receive notices and monitor eligibility in **real-time**.
- **Mobile app** for smart phones will allow applicants to log into their account and provide needed information more efficiently.



## Member Perspective

- Members will also be able to **establish online accounts** in TEDS.
- TEDS will allow members to complete the annual redetermination process more seamlessly.
- **Less reliance** on postal service for sending and receiving notices or requested information.

## TennCare Perspective

- TEDS will make the process **more efficient** and **customer-oriented**.
- Less reliance on manual processes and old systems.
- Online applications will come **directly to the state** – not the federal government.



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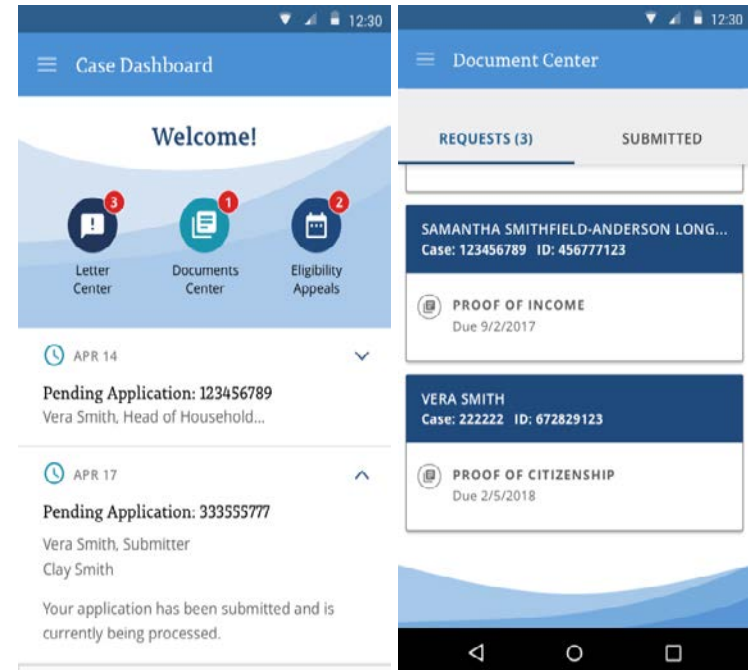
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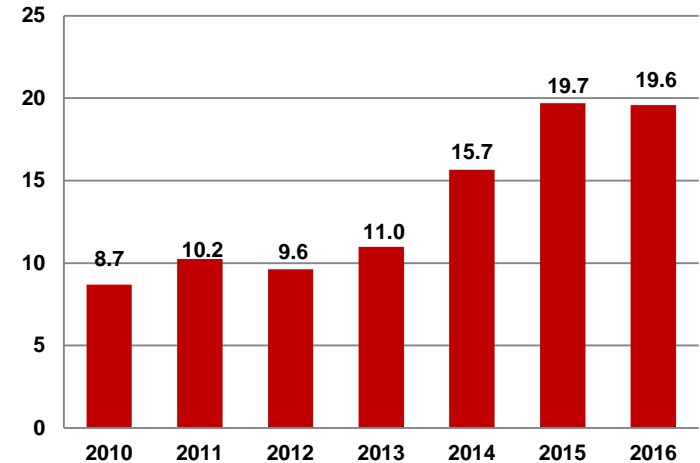
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# TennCare Priorities – Opioid Strategy

TennCare has been actively engaged in fighting the opioid epidemic

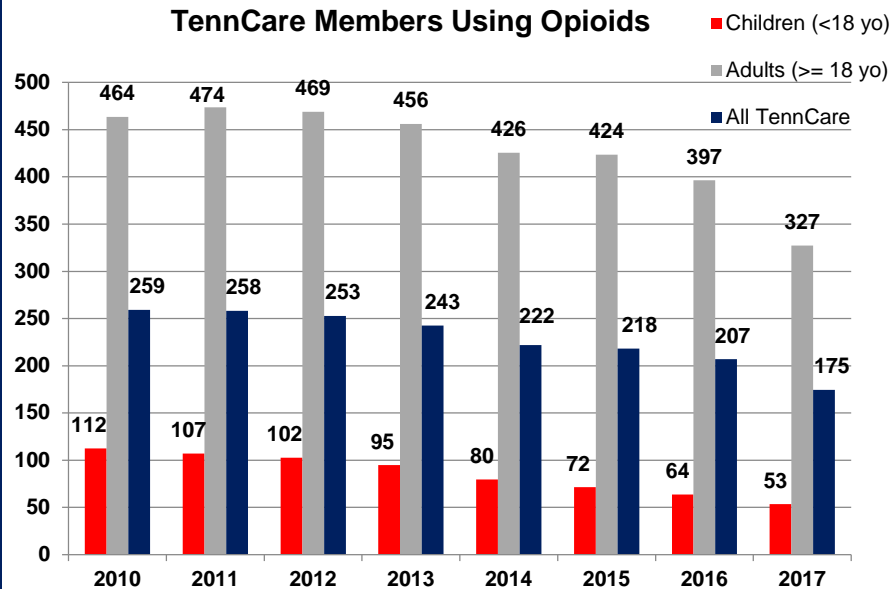
- Pharmacy lock-in program
- Opioid Preferred Drug List (PDL)
- Increased prior authorization and clinical criteria for controlled substances
- Implementation of State of TN/CDC chronic pain guidelines
- 7-day first fill requirement
- Top 100 Prescribers report card
- Statewide collaborative efforts including NAS subcabinet, Governor's Children's Cabinet, and buprenorphine treatment guidelines committee

### TennCare Members w Diagnosis of Opioid Use Disorder



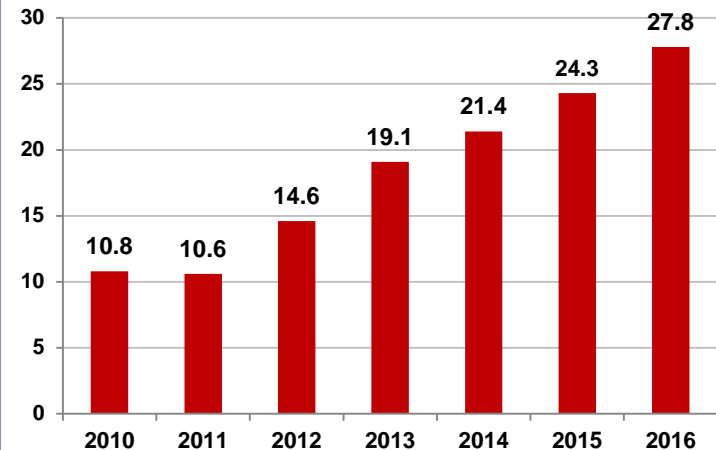
\* Rate of Opioid Use Disorder per Thousand Members by CY

### TennCare Members Using Opioids



\*TennCare Paid Opioid Users Per Thousand Members by SFY

### TennCare NAS Live Births



\* Rate of NAS births per Thousand Live Births by CY

# TennCare Priorities – Opioid Strategy

## Primary Prevention

limit opioid exposure to prevent progression to chronic opioid use

## Secondary Prevention

early detection and intervention to reduce impact of opioid misuse

## Tertiary Prevention

support active recovery for severe opioid dependence and addiction

### Non-Chronic and First Time Users of Opioids

- Improve access to non-opioid pain medication therapies
- Establish strict opioid day limits and dosage limits for non-chronic users
- Increased prior authorization requirements for all opioid refills

### Women of Child Bearing Age & Provider Education

- Increase outreach to women of child bearing age chronically using opioids to provide education and treatment options
- Further remove barriers to access for VRLAC (IUD's and implants) for women
- Focused provider education on appropriate prescribing habits and tapering of chronic opioid use

### Chronic Dependent and Addicted Users

- Define program standards to establish high-quality opioid use disorder treatment programs that includes both medication and behavioral health treatment
- Develop opioid use disorder treatment networks to ensure access for all members
- Lower TennCare-allowed maximum MED dosage for chronic opioid use
- Increase outreach to highest risk members to refer for treatment



# FY 2019 Recommended Cost Increases

Cost Increases	State	Total
Medical Inflation and Utilization	\$51,384,100	\$150,501,100
Pharmacy	\$17,071,000	\$50,000,000
Health Insurer Fee Increase	\$11,130,100	\$32,599,400
Employment and Community First CHOICES	\$7,269,300	\$21,291,300
Eligibility Systems & Processes (Recurring)	\$14,998,000	\$44,441,000
MMIS Contract	\$10,934,700	\$56,025,600
<b>TOTAL</b>	<b>\$112,787,200</b>	<b>\$354,858,400</b>

Non-recurring Increases	State	Total
Eligibility Systems & Processes	\$21,709,200	\$121,550,100
Medication Therapy Management (MTM) Pilot	\$1,724,500	\$5,094,000
<b>TOTAL</b>	<b>\$23,433,700</b>	<b>\$126,644,100</b>



# FY 2019 Recommended Reductions

Recurring Reductions	State	Total
Third Party Liability Recovery Process Changes	\$571,700	\$1,143,500
Waste Reduction in Growth Hormone Prescriptions	\$258,000	\$750,000
Enhanced Match for PBM IT Activities	\$4,450,000	\$0
Reduction of Medically Unnecessary Services at Pain Clinics	\$3,439,500	\$10,000,000
Payment and Delivery System Reform	\$2,407,600	\$7,000,000
Medicare Rates for Durable Medical Equipment	\$1,203,800	\$3,500,000
Medicare Part D Savings	\$10,000,000	\$10,000,000
Estate Recovery Recoupments	\$1,375,800	\$4,000,000
Elimination of Required Paper Handbooks for Enrollees	\$343,900	\$1,000,000

Recurring Reductions	State	Total
Opioid Limits	\$343,900	\$1,000,000
<b>TOTAL</b>	<b>\$24,394,200</b>	<b>\$38,393,500</b>

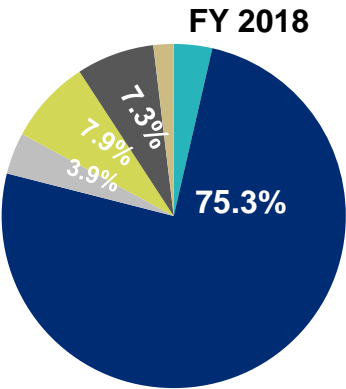
  

Non-recurring reductions	State	Total
CoverKids Federal Match	\$40,000,000	\$0
FMAP Rate Change	\$21,463,600	\$0
<b>TOTAL</b>	<b>\$61,463,600</b>	<b>\$0</b>

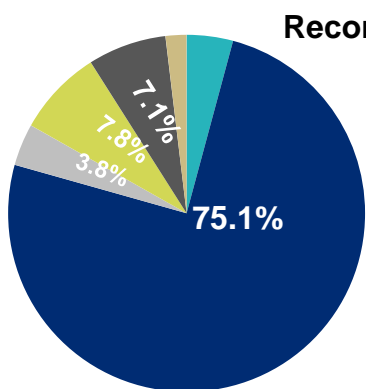
## TennCare Budgets:



**\$11.8 Billion**  
(federal and state)



- TennCare Administration
- TennCare Medical Services
- Supplemental Payments
- Intellectual Disabilities Services
- Medicare Services
- CoverKids/RX



## Recommended FY 2019\*

**\$12 Billion**  
(federal and state)

\*Figures include hospital enhanced coverage fee and nursing home assessment which total \$1.6 billion (\$546 million state) and proposed reductions and cost increases. Figures do not include cost increases or reductions from other state agencies funded by TennCare.



**THANK YOU**