



# REPEATING HISTORY?: TENNESSEE'S POLICY PITFALLS

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# TENNCARE

- Started January 1994 ditching FFS Medicaid model
- 1115B “Demonstration” Waiver
  - Invoke managed care principles to control costs
  - Increase Medicaid Enrollment
  - Decrease Uninsured
  - Business REALLY LOVED it
  - Sounds like.....

# POLICY PITFALL # 1

- No Brakes on Enrollment.

Businesses Opted OUT of

Covering Certain High Cost Employees

- *The Golden Ticket*.....Pay \$25, divulge all, get an insurance denial letter

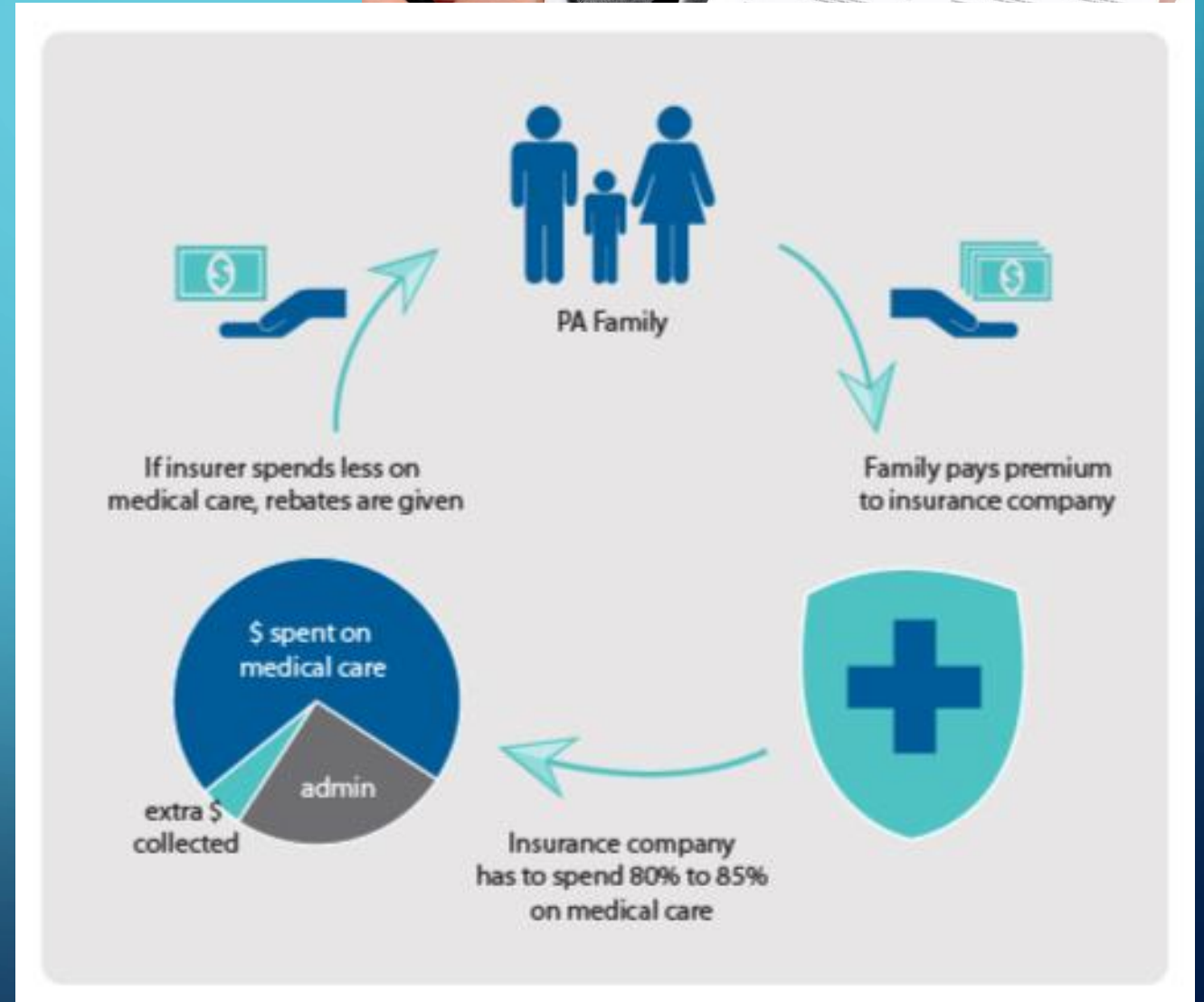


- Pitfall #1A - Overloads TennCare with sicker people who should have been covered by employer plans, driving costs up. DOUBLED expected enrollment increase
- Pitfall Note: Does to TennCare what failure to expand Medicaid under ACA does to the exchange. Added sicker, costlier enrollees to each system without controls

# POLICY PITFALL # 2

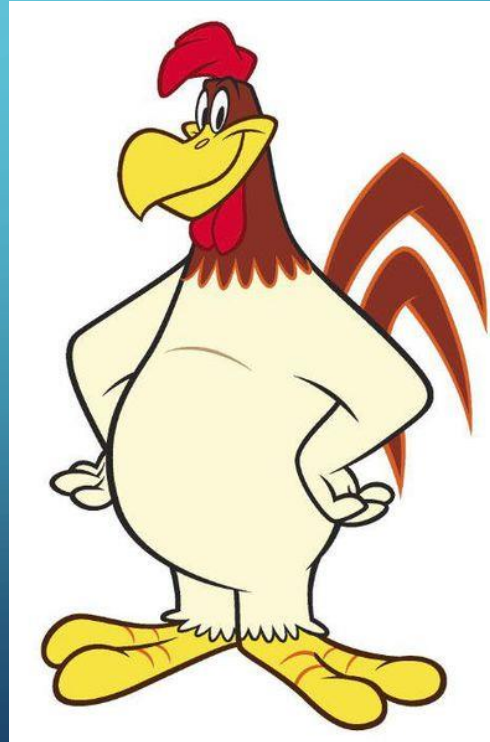


- Getting a Case of the Stupids!
- Put it in the contract
- Fix the contract



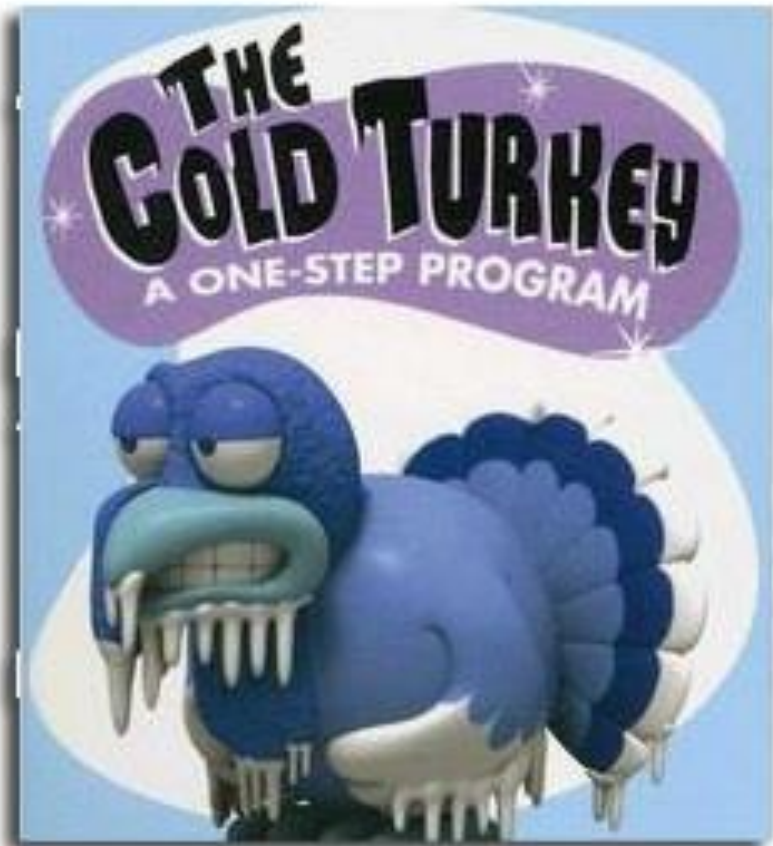
# IMD WAIVER WITHIN THE WAIVER -

- Policy Pitfall # 3 ??? – Allows Use of Federal Medicaid \$\$ for ALL IMD stays
- Sweetheart deal envied by other states
- Every STATE asked why TN and not us?
- Feds needed to sever that deal

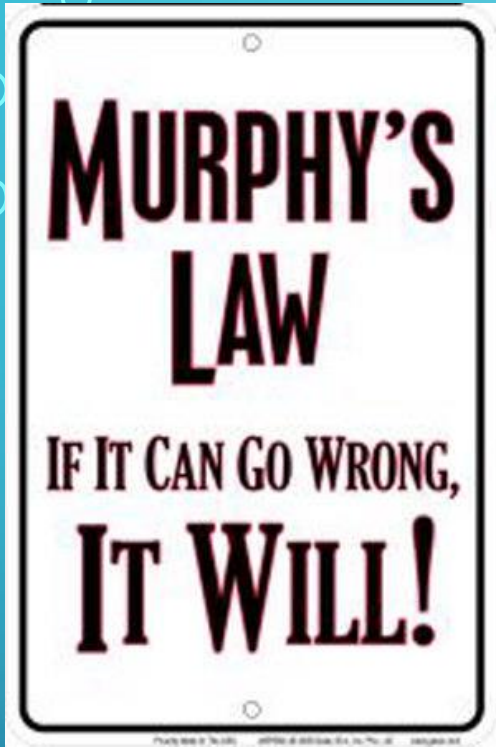




# AVOIDING THE COLD TURKEY – THE IMD DEAL FIX



- Feds wanted to cut Tennessee off
- Offered renewed Waiver but cut IMD \$ in 6 months
- 4 year deal
- Avoids Going Cold Turkey on the \$\$
- 25% reduction per year
- Policy Pitfall 3A. – “Hoping” State Budget can bear increased burden
- Sales Tax State



## 2005 BUDGET MESS + CUTS TO ALL STATE DEPARTMENTS

- Enrollees
- Services
- Reimbursement Rates
- ALL of the Above....200,000 / 35,000 SPMI



## PITFALL # 4: CAUSE & EFFECT



- Us – **“SPMI will be dead, in jail, or homeless”**
- TN Policy Makers – **“No they won’t”**

- 59% INCREASE in SPMI Corrections Population 2006-2010\*\* (1046 people)
- 29% INCREASE SA Corrections Population 2006-2010\*\* (222 people)
- TDOC daily rate \$106.30\*\*\*
- \$40.584M / year for SPMI
- \$8.613M / year for SA
- X 12 years = **\$590M**

• \*\*Source: TN Department of Corrections

• \*\*\*<https://www.tn.gov/correction/article/TDOC-Frequently-Asked-Questions>