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TN COALITION FOR BETTER AGING

Stakeholder Comments on and Recommendations re: the Progress of the TennCare III Waiver

As members of the Tennessee Coalition for Better Aging (TCBA), we offer these comments on and recommendations relative to the progress of the TennCare III Waiver. TCBA exists to promote the general welfare of older Tennesseans and those with disabilities and their families through partnerships that mobilize resources to educate and advocate for important policies and programs.

The stated primary goals of the TennCare III Waiver include providing high-quality care to members, improving health outcomes for members, and providing members with access to safe and appropriate home- and community-based services (HCBS). To advance those goals, through this waiver, TennCare plans to authorize a number of programmatic flexibilities.

During the past six months, TCBA has hosted virtual statewide meetings with a diverse array of stakeholders to address the serious shortcomings in long-term care highlighted by the pandemic and to reimagine long-term services and supports in Tennessee. During these conversations, public and private service providers, organizations advocating for seniors and people with disabilities, and families caring for loved ones with disabilities met to reimagine a better, more resilient system of long-term services and supports.

Informed by these meetings, TCBA sent a list of priority recommendations to TennCare to strengthen home- and community-based services. As the older population grows across our nation and here in Tennessee, it's vital that TennCare pursue strategies that will strengthen our long-term services and supports systems by addressing the root causes of challenges (i.e., direct care workforce shortage and low reimbursement rates) while at the same time increasing support for family caregivers and restoring eligibility for CHOICES 3 as a cost-effective step to prevent/delay costlier long-term care expenses. For these reasons, TCBA has serious concerns with the TennCare III Waiver block grant. We respectfully urge the state and federal governments to pause implementation and go back to the drawing board.

From a 2017 Kaiser Family Foundation issue brief on the implications of a block grant or a per capita cap <https://www.kff.org/medicaid/issue-brief/5-key-questions-medicare-block-grants-per-capita-caps/> :

- **Limiting federal financing could save federal dollars but would be less responsive to state decisions and changing program needs.** Under the current financing structure federal funds are tied to actual costs, program needs and state policy decisions. If medical costs rise, more individuals enroll due to an economic downturn or there is an epidemic (such as HIV/AIDS) or a natural disaster (like Hurricane Katrina), or new treatments (like drugs for hepatitis C), Medicaid can rapidly respond and federal payments automatically adjust to reflect the added costs of the program.
- **Capping and reducing federal financing for Medicaid could shift costs to states, beneficiaries, and providers.** To respond to reductions in federal funding states could increase state spending to maintain current programs, which would put pressure on other state spending like education. States could also look for program efficiencies, but most Medicaid programs have few options for easy ways to trim spending. Many efficiencies were adopted by states during the

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last two major recessions when revenues dropped and budgets were constrained. Medicaid already grows at slower rates compared to private health insurance premiums. Most states currently operate programs with low administrative costs and provider reimbursement levels below other payers. Facing federal reductions, states would likely turn to Medicaid program cuts to eligibility, benefits, and reimbursement to providers. These cuts would put populations and providers that disproportionately rely on Medicaid at risk including poor children, the elderly and individuals with disabilities, nursing home- and community-based long-term care providers and safety-net hospitals and clinics.

Additionally, The Center on Budget and Policy Priorities publication “The Problems with Block-Granting Entitlement Programs” <https://www.cbpp.org/the-problems-with-block-granting-entitlement-programs> states:

- When people or communities are most vulnerable economically, block grants don’t respond to increased need.
- Block grants’ funding levels tend to fall short of meeting need, requiring benefit cuts, eligibility restrictions, or waiting lists. Funding levels are often inadequate initially and typically erode over time.
- States can shift the federal funds to other purposes or to replace state funding, or they can make program cuts that federal law doesn't permit now.

Tennessee officials envision the waiver will be a boon for the state budget; they insist that concerns about the waiver’s federal funding cap are conjectural and that the cap is high enough that it is unlikely to ever become a limiting factor. Whether or not that proves to be the case, it is certain that the waiver’s Special Terms and Conditions incentivize the state to pursue a federal funding windfall by constraining spending for health services.

As providers and advocates, we know that individuals with poor or no health insurance always do worse, delaying care, and with limited ability to obtain medication and follow-up care. Tennessee ranks 47th in overall health and 49th in caregiver support in the nation. Findings from ThinkTennessee’s recently-published State of Our State 2021 dashboard shows that [Tennessee ranks 39th in its uninsured rate and 48th in seniors who avoid care due to cost.](#)

TennCare is Tennessee's Medicaid program for the low income and disabled. The program provides critical healthcare coverage to 1.3 million Tennessee residents including the majority of our frail nursing home residents, over half of all Tennessee children, and most Tennesseans with severe disabilities. The program is the largest funder of services for the prevention and treatment of mental illness and addiction. It is the principal source of coverage of Tennessee families and children in our rural communities.

Given the program’s importance and the state’s obligation to be a responsible steward of the \$7.5 billion in federal funds that TennCare receives, it is imperative that any significant changes to the program be thoughtfully designed and carefully vetted. Even a small misstep can cause harm to thousands of our most vulnerable neighbors.

TennCare spends approximately 75% compared to the average of other states. This is due to reduced benefits, not efficiency as claimed by state officials. [Tennessee ranks 43rd in per enrollee Medicaid spending for the aged and individuals with disabilities.](#) The waiver will incentivize the state to trim

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money from TennCare as part of the agreement, diverting healthcare dollars from an already tight budget. We have among the lowest costs of any Medicaid program in the nation, and we cannot afford to cut the program further.

As you know, under Section 1115 of the Social Security Act, states can apply to change provisions of federal Medicaid law for demonstration projects that are likely to *promote the objectives of the Medicaid program*, such as testing new delivery and payment models or improving behavioral health services. States, including Tennessee, have utilized Section 1115 to implement important changes to their Medicaid programs. We support those changes that improve health care for enrollees and that make more effective use of taxpayer dollars.

Our organizations are deeply concerned, however, by the TennCare III Waiver Project because by design, it aims to cut costs so the state reaps financial reward. As supported by independent analysis, we believe the demonstration project will lead to changes that will adversely impact Tennesseans with low income and those with disabilities. This would lead to cutting the safety net for some of the most vulnerable families, children and seniors in Tennessee. For these reasons, we respectfully oppose the TennCare III Waiver Project “block grant.”

TCBA Members providing these comments:

AgeWell Middle TN
Mental Health America of the Mid-South
TN Association of Adult Day Services
TN Chapter of NASW
TN Disability Coalition
TN Justice Center