

## Tennessee

1. HMA Managed Medicaid Opportunity Assessment for Tennessee
2. Medicaid Plan Financials
  - a. Tennessee Medicaid Plan Financials, 2023
3. RFP Developments and Analysis
  - a. Medicaid RFP Calendar
4. Medicaid Plan Enrollment Update
  - a. Enrollment in Tennessee Managed Medicaid, 2020-23, July 2024
  - b. Enrollment in Tennessee Managed Medicaid by Plan, 2020-23, July 2024
  - c. Tennessee Medicaid Market Share by Total Enrollment, July 2024
5. Medicaid Fee for Service vs. Managed Care Penetration
  - a. Tennessee Expenditures and Enrollment for Total Medicaid vs. Medicaid Managed Care, Fiscal 2014-23
6. SNPs and Dual Eligibles
  - a. Tennessee SNP Enrollment by Plan, March 2024

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## 1. MANAGED CARE OPPORTUNITY ASSESSMENT (11-18-24)

Tennessee awarded Medicaid managed care contracts to incumbent plans Blue Cross Blue Shield of Tennessee/BlueCare Tennessee, Elevance/Wellpoint, and UnitedHealthcare following the state's 2021 procurement to cover 1.6 million Medicaid members. However, due to a lawsuit with Centene, which did not win a contract, Tennessee delayed implementation of the new contracts and extended existing contracts in November 2023. The contracts were renewed for one year and are set to expire December 31, 2024. The new contracts, which are on hold, are slated to run for three years with seven renewal options, not to exceed a total of 10 years.

To coordinate Medicare and Medicaid benefits for dual eligibles, contracted Medicaid plans are also required to offer statewide Dual Eligible Special Needs Plans (D-SNPs); separately, several other managed care organizations also compete in the SNP market in the state.

Tennessee's TennCare III Section 1115 demonstration replaced the state's previous Medicaid demonstration, in January 2021. In August 2023, CMS approved Tennessee's request to amend the demonstration and implement a per member per month spending cap, replacing a prior aggregate spending cap. In May 2024, CMS approved another TennCare III amendment that expanded eligibility for parents and caretaker relatives of dependent children, approved a new benefit to cover a supply of diapers for infants and young children (which began on August 7, 2024), and enhanced home and community-based services (HCBS) for beneficiaries with disabilities. The waiver expires on December 31, 2030.

### **Hot Topics:**

In August 2024, Tennessee submitted Amendment 6 to TennCare III, which proposes to establish a Work Incentives Group designed to offer coverage for working individuals with disabilities whose income or resources exceed the thresholds for current coverage categories. Under this new Work Incentives Group, individuals would pay monthly premiums equal to 5 percent of their countable earned and unearned income. Additionally, in October 2024, the state submitted Amendment 7, which proposes to cover the full continuum of care for individuals with serious mental illness (SMI) and serious emotional disturbance (SED); implement an access/quality improvement program for hospitals; and changes to HCBS authorized under the demonstration.

## HMA Medicaid Program Snapshot for Tennessee

### Managed Care Indicators

- Expansion status: Not Adopted
- Total Medicaid enrollment: More than 1.4 million in July 2024
- Fully Capitated Managed Care: Yes
- Number of Managed Care Plans: 3 plans
- Managed care procurement: Competitive
- Total Medicaid Spending: Nearly \$12.5 billion in 2023

### State Program Authorities

- Managed Care Delivered Statewide: Yes
- MCOs Operate Statewide
- MLTSS State: Yes
- IDD Under Managed Care: Yes
- Have Specialized MMC plans for Foster Care: No
- Bid Separate Foster Care Medicaid Contract: No
- Bid Separate MLTSS Contract: No
- Medicare Advantage Dual Eligible Special Needs Plan Type: FIDE-SNP

## Tennessee Medicaid Managed Care Programs

Program	Population	Carved In (Y/N)				
		Behavioral	LTSS	Pharmacy	SUD	Dental
TennCare III	Traditional Medicaid and expansion	Y	N	Y	Y	Y
TennCare CHOICES	Adults with a physical disability and seniors who require long term services and supports	N	Y	Y	N	Y

## 2. MANAGED MEDICAID PLAN FINANCIALS

Average medical loss ratio for three Tennessee Medicaid managed care plans was 81.5% in 2022. Per member per month premiums averaged \$354.

**(Note: Financial metrics and comparisons presented in this overview are based on health plan NAIC filings in the state. Measures like per member per month premiums and medical loss ratios may vary greatly by plan and by state depending on the mix of business (e.g., TANF, ABD, etc.), scope of the state’s Medicaid benefit package, geographic variations in the cost of care, and other factors.)**

Tennessee Medicaid Managed Care Plan Financials, 2022							
Plan	Publicly Traded	Enrollment	Member Months	PMPM	Premiums Earned (000)	Medical Costs (000)	MLR <sup>(1)</sup>
Anthem/Amerigroup	Y	516,788	6,012,432	\$353.33	\$2,124,379	\$1,706,787	80.3%
BCBS-TN/Volunteer State Health Plan	N	641,163	7,507,817	\$354.88	\$2,664,406	\$2,174,079	81.6%
United Health Group Inc.	Y	520,201	5,971,082	\$354.12	\$2,114,495	\$1,748,257	82.7%
<b>Total, TN Medicaid Plans</b>		<b>1,678,152</b>	<b>19,491,331</b>	<b>\$354.17</b>	<b>\$6,903,280</b>	<b>\$5,629,122</b>	<b>81.5%</b>

(1) After reinsurance recoveries.

Source: S&P Global Market Intelligence, NAIC, HMA

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### 3. RFP DEVELOPMENTS AND ANALYSIS

In November 2021, Tennessee awarded Medicaid managed care contracts to incumbents Anthem, Blue Cross Blue Shield of Tennessee, and UnitedHealthcare for the state’s Medicaid, Children’s Health Insurance Program, and dual eligible special needs plan programs. Tennessee has delayed implementation of the new contracts and extended existing contracts due to a lawsuit with Centene, which did not win a contract. The new contracts are worth approximately \$12 billion annually and will run for three years with seven one-year renewal options.

TennCare MCOs are responsible for coordinating all services for individuals with intellectual and developmental disabilities (I/DD) and all health care benefits for dual eligible beneficiaries in Tennessee, including those benefits covered under the TennCare CHOICES long-term supports and service (LTSS) and the home and community-based services (HCBS) program. To coordinate and integrate Medicaid and Medicare services for duals, the State requires its MCOs to also operate a DSNP in every county in the state.

Tennessee Medicaid RFP Calendar		
<u>Contract</u>	<u>Key Dates</u>	<u># of Beneficiaries</u>
TennCare	RFP Issued: June 11, 2021 Responses Due: August 31, 2021 Awards: November 8, 2021 Implementation: Date Pending	1.4 million

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*Source: TennCare, HMA*

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## 4. MANAGED CARE ENROLLMENT UPDATE

Medicaid managed care enrollment in Tennessee was down 12.2% to 1.4 million members in July 2024, compared to year-end 2023, after decreasing 5.7% in 2023, and increasing 5.8% in 2022.

### Enrollment in Tennessee Managed Medicaid, 2013-23, July 2024

Plan Name	2020	2021	2022	2023	Jul-24
<b>Total Tennessee</b>	<b>1,526,031</b>	<b>1,638,660</b>	<b>1,734,108</b>	<b>1,636,038</b>	<b>1,436,232</b>
<i>+/- between reporting periods</i>	112,491	112,629	95,448	(98,070)	(199,806)
<i>% chg. between reporting periods</i>	8.0%	7.4%	5.8%	-5.7%	-12.2%

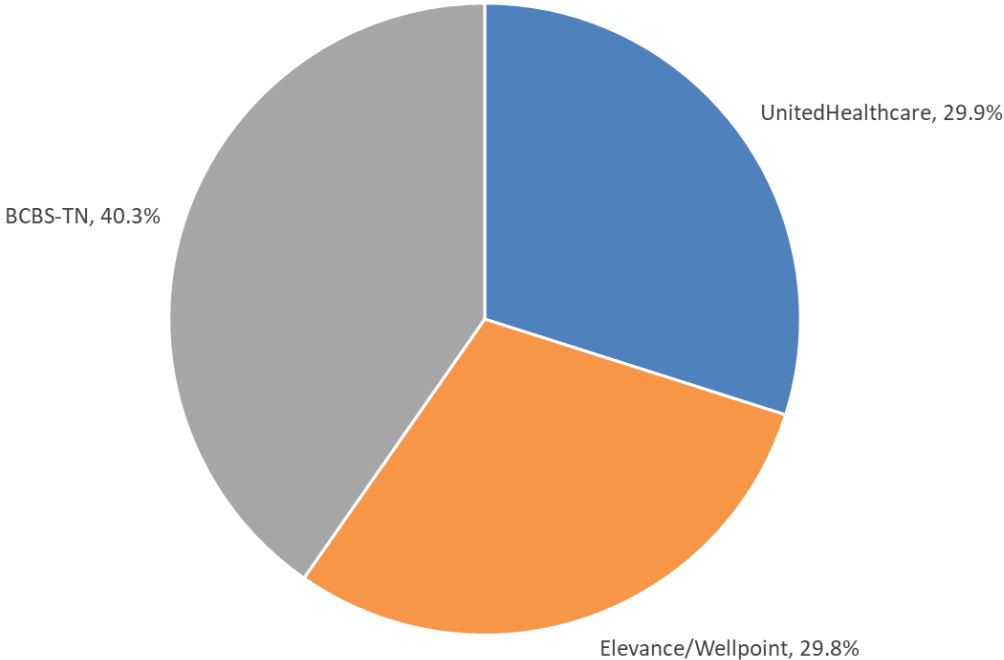
Source: TennCare, HMA

### Enrollment in Tennessee Managed Medicaid by Plan, 2013-23, July 2024

Plan	2020	2021	2022	2023	Jul-24
<b>UnitedHealthcare</b>	<b>455,309</b>	<b>488,999</b>	<b>518,967</b>	<b>490,312</b>	<b>429,375</b>
<i>+/- between reporting periods</i>	35,661	33,690	29,968	(28,655)	(60,937)
<i>% chg. between reporting periods</i>	8.5%	7.4%	6.1%	-5.5%	-12.4%
<i>% of total</i>	29.8%	29.8%	29.9%	30.0%	29.9%
<b>Elevance/Wellpoint</b>	<b>452,786</b>	<b>487,872</b>	<b>518,233</b>	<b>489,555</b>	<b>428,403</b>
<i>+/- between reporting periods</i>	44,112	35,086	30,361	(28,678)	(61,152)
<i>% chg. between reporting periods</i>	10.8%	7.7%	6.2%	-5.5%	-12.5%
<i>% of total</i>	29.7%	29.8%	29.9%	29.9%	29.8%
<b>BCBS-TN Total</b>	<b>617,936</b>	<b>661,789</b>	<b>696,908</b>	<b>656,171</b>	<b>578,454</b>
<i>+/- between reporting periods</i>	32,718	43,853	35,119	(40,737)	(77,717)
<i>% chg. between reporting periods</i>	5.6%	7.1%	5.3%	-5.8%	-11.8%
<i>% of total</i>	40.5%	40.4%	40.2%	40.1%	40.3%
<b>BlueCare/BCBS-TN</b>	<b>566,475</b>	<b>609,192</b>	<b>642,475</b>	<b>609,189</b>	<b>543,656</b>
<i>+/- between reporting periods</i>	45,428	42,717	33,283	(33,286)	(65,533)
<i>% chg. between reporting periods</i>	8.7%	7.5%	5.5%	-5.2%	-10.8%
<i>% of total</i>	37.1%	37.2%	37.0%	37.2%	37.9%
<b>TennCare Select/BCBS-TN</b>	<b>51,461</b>	<b>52,597</b>	<b>54,433</b>	<b>46,982</b>	<b>34,798</b>
<i>+/- between reporting periods</i>	(12,710)	1,136	1,836	(7,451)	(12,184)
<i>% chg. between reporting periods</i>	-19.8%	2.2%	3.5%	-13.7%	-25.9%
<i>% of total</i>	3.4%	3.2%	3.1%	2.9%	2.4%
<b>Total Tennessee</b>	<b>1,526,031</b>	<b>1,638,660</b>	<b>1,734,108</b>	<b>1,636,038</b>	<b>1,436,232</b>
<i>+/- between reporting periods</i>	112,491	112,629	95,448	(98,070)	(199,806)
<i>% chg. between reporting periods</i>	8.0%	7.4%	5.8%	-5.7%	-12.2%

Source: TennCare, HMA

# Tennessee Managed Medicaid Market Share by Total Enrollment, July 2024



Source: TennCare, HMA

## 5. MEDICAID FEE FOR SERVICE VS. MANAGED CARE PENETRATION

Total Medicaid enrollment in Tennessee was 1.6 million in 2023. Nearly all of Medicaid beneficiaries were enrolled in a managed care plan. Total Medicaid expenditures in Tennessee were \$12.5 billion in 2023, with about 65.1% through managed care and the rest through fee-for-service.

Tennessee Expenditures and Enrollment for Total Medicaid vs. Medicaid Managed Care, 2014-23

Year	Total Medicaid Expenditures	Medicaid Managed Care Expenditures <sup>(1)</sup>	Medicaid Managed Care Expenditures as % of Total	Total Medicaid/CHIP Enrollment	Medicaid MCO Enrollment	Medicaid MCO Enrollment as % of Total
2023	\$12,469,838,770	\$8,115,788,943	65.1%	1,640,064	1,636,038	99.8%
2022	\$11,264,609,657	\$7,970,191,084	70.8%	1,816,267	1,734,108	95.5%
2021	\$11,097,270,878	\$8,003,759,460	72.1%	1,688,148	1,638,660	97.1%
2020	\$11,538,272,557	\$8,353,616,960	72.4%	1,575,722	1,526,031	96.8%
2019	\$10,091,876,637	\$7,143,832,688	70.8%	1,442,760	1,413,540	98.0%
2018	\$9,680,798,504	\$6,747,249,238	69.7%	1,391,147	1,346,785	96.8%
2017	\$9,088,319,089	\$5,789,793,727	63.7%	1,539,743	1,462,940	95.0%
2016	\$9,463,742,287	\$6,119,439,351	64.7%	1,627,213	1,551,674	95.4%
2015	\$9,094,051,961	\$6,098,828,420	67.1%	1,540,536	1,480,974	96.1%
2014 <sup>(2)</sup>	\$9,205,069,609	\$6,152,027,798	66.8%	1,433,932	1,320,666	92.1%

(1) Includes evaluation and management, vaccine codes, Community First Choice, and preventive services Grade A or B, ACIP vaccines and their administration, Prepaid Ambulatory Health Plans, and Prepaid Inpatient Health Plans.

(2) MCO Enrollment as of December 31, 2014.

Sources: CMS64 for expenditures. CMS for total Medicaid/CHIP enrollment. States, NAIC for Medicaid managed care enrollment.



## 6. SNPs AND DUAL ELIGIBLES

Tennessee had 154,106 Special Needs Plan members as of March 2024. Plans that contract with the state for Medicaid are required to offer DSNPs to the dual eligible population on a statewide basis.

Tennessee SNP Enrollment by Plan, March 2024					
Plan	Total SNPs	DSNPs	CSNPs	ISNPs	Share
UnitedHealthcare	82,331	76,365	5,966		53.4%
BCBS TN	29,893	29,893			19.4%
Elevance/Wellpoint	21,846	21,846			14.2%
Humana	13,856	13,239	617		9.0%
Cigna	2,886	2,886			1.9%
Centene/WellCare	2,291	2,291			1.5%
American Health Plan	789			789	0.5%
Devoted Health Plan	214		214		0.1%
<b>Totals</b>	<b>154,106</b>	<b>146,520</b>	<b>6,797</b>	<b>789</b>	<b>100%</b>

Source: CMS, HMA