

State Appropriations

The following amounts were provided by the Bureau of TennCare as the reconciliation of state appropriations for the first quarter (July 1 – September 30, 2006) of fiscal year 2007.

<u>Medical and Administrative</u>	
Expenditures	\$ 1,244,127,398
<i>less:</i> Federal Revenue	\$ 701,966,119
<i>less:</i> Other Revenue	<u>\$ 123,217,700</u>
State Appropriations Requirement	\$ 418,943,579
<u>Long Term Care</u>	
Expenditures	\$ 307,952,069
<i>less:</i> Federal Revenue	\$ 196,273,262
<i>less:</i> Other Revenue	<u>\$ -</u>
State Appropriations Requirement	\$ 111,678,807
Total State Appropriation Requirement	\$ 530,622,386
<u>Reconciliation of State Appropriations</u>	
State Appropriations	\$ 662,580,725
Balance Forward at 6/30/06	\$ 383,000,000
App. Transferred Through Revision	<u>\$ -</u>
Sub-total State Appropriations Available	\$ 662,580,725
State Dollars Required to Fund Qtr 1 FY2007	\$ 530,622,386
Balance Carried Forward to Next Quarter	\$ 131,958,339

*Other Revenue represents one-fourth of fiscal year 2007 budgeted drug rebates, premiums, current services, and certified public expenditures. The report for the fourth quarter of fiscal year 2007 will represent the net actual collections for fiscal year 2007.

First Quarter Fiscal Year 2007 Expenditures of Allotment Code 318.00

The following amounts were provided by the Bureau of TennCare as the actual expenditures to the Bureau for the first quarter of fiscal year 2007.

Administration

TennCare Administration establishes policy, provides oversight, and directs the TennCare Program and contracts with other agencies that provide administrative service components for the TennCare Program. Administration is divided into four areas:

- Program Administration
- Policy and Planning
- Quality Assurance
- Long Term Care

<u>First Quarter FY06-07</u>		
Total Allotment Code 318.65	\$	33,784,890

Long Term Care

Long Term Care provides funding for individuals that are in need of long term institutional care. This program provides funding for:

- General intermediate care facilities
- Skilled nursing facilities
- State mentally retarded intermediate care facilities
- Private mentally retarded intermediate care facilities.

<u>First Quarter FY06-07</u>		
I. ICF Long Term Care		
A. General	\$	213,977,052
B. Skilled	\$	37,893,565
C. Nursing Home Revenue Offsets	\$	(697,041)
D. Client Assessment Tool Grant	\$	29
II. ICF - MR Long Term Care		
A. State Facilities	\$	39,567,390
B. Private Facilities	\$	17,211,074
Total Allotment Code 318.68	\$	307,952,069

Services

TennCare Services provides funding for traditional basic health care and mental health services that were previously paid for by Medicaid. The program provides funding to:

- Managed Care Organizations that provide basic medical services
- Behavioral health organizations that provide mental health services
- Agencies that provide medical services.

			<u>First Quarter FY06-07</u>
I. Medical			
A. MCO Services	\$		577,349,077
B. MCO Administration	\$		56,844,954
C. Hospital Payments	\$		25,000,000
D. Pharmacy Services	\$		141,065,069
Clawback	\$		52,901,151
E. Dental - Medical	\$		30,642,863
F. Dental - Administration	\$		1,163,978
G. Federally Qualified Health Clinics	\$		6,068,104
H. Critical Access Hospitals	\$		3,693,945
I. Misc: Reductions in Exp.- TPL, Estate Reconciliation, etc.	\$		(28,743,847)
II. Behavioral Health			
A. TennCare Partners	\$		100,878,607
B. Non-TennCare Partners	\$		-
III. Children's Services			
	\$		15,577,557
IV. Dental Services - Local Health			
	\$		(588,927)
V. Graduate Medical Education			
	\$		-
VI. Meharry Medical College Grant			
	\$		3,249,999
Total Allotment Code 318.66		\$	985,102,530

Waiver and Crossover Services

Waiver and Crossover Services provide funding for Home and Community Based Services waivers, as well as co-payments and premiums for individuals eligible for TennCare and Medicare. The waivers serve the developmentally delayed population and people who require nursing services.

Funding for Medicare premiums and co-payments allows TennCare recipients, who are eligible for

Medicare, the ability to receive medical services that would otherwise be unavailable to recipients due to financial constraints.

	<u>First Quarter FY06-07</u>	
I. Statewide Elderly HCBS Waiver	\$	1,380,072
II. Pace Program	\$	2,760,361
III. MR Waiver		
A. Administration	\$	-
B. Services	\$	111,148,909
C. Arlington Waiver	\$	7,312,224
D. Self Determination Waiver	\$	2,286,004
IV. Senior/Adapt Waiver		
A. Senior Waiver	\$	803,256
B. ADAPT Waiver	\$	1,551,077
V. Medicare Crossover Services		
A. Buy-in Premiums	\$	70,403,755
B. Cost-Sharing (Crossover)	\$	27,594,319
Total Allotment Code 318.67	\$	225,239,977

Breakdown of Expenditures Among State, Federal and Other Funds

<u>Administration</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
Total Allotment Code 318.65	\$ 16,858,945	\$ 16,892,445	\$ 33,500

<u>Long Term Care</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. ICF Long Term Care			
A. General	\$ 77,598,778	\$ 136,378,274	\$ -
B. Skilled	\$ 13,742,101	\$ 24,151,464	\$ -
C. Nursing Home Revenue Offsets	\$ (252,782)	\$ (444,259)	\$ -
D. Client Assessment Tool Grant	\$ -	\$ 29	\$ -
II. ICF - MR Long Term Care			
A. State Facilities	\$ 14,349,114	\$ 25,218,276	\$ -
B. Private Facilities	\$ 6,241,596	\$ 10,969,478	\$ -
Total Allotment Code 318.68	\$ 111,678,807	\$ 196,273,262	\$ -

<u>Medical Services</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. Medical			
A. MCO Services	\$ 158,908,868	\$ 367,973,434	\$ 50,466,775
B. MCO Administration	\$ 28,422,477	\$ 28,422,477	\$ -
C. Hospital Payments	\$ 9,066,250	\$ 15,933,750	\$ -
D. Pharmacy Services	\$ 25,749,245	\$ 45,253,774	\$ 70,062,050
Clawback	\$ 52,901,151	\$ -	\$ -
E. Dental - Medical	\$ 11,112,634	\$ 19,530,229	\$ -
F. Dental - Administration	\$ 581,989	\$ 581,989	\$ -
G. Federally Qualified Health Clinics	\$ 2,200,598	\$ 3,867,506	\$ -
H. Critical Access Hospitals	\$ 1,339,609	\$ 2,354,336	\$ -
I. Misc: Reductions in Exp.-	\$ (10,423,956)	\$ (18,319,891)	\$ -
II. Behavioral Health			
A. TennCare Partners	\$ 33,928,252	\$ 64,294,980	\$ 2,655,375
B. Non-TennCare Partners	\$ -	\$ -	\$ -
III. Children's Services	\$ 5,649,201	\$ 9,928,356	\$ -
IV. Dental Services - Local Health	\$ (213,574)	\$ (375,353)	\$ -
V. Graduate Medical Education	\$ -	\$ -	\$ -
VI. Meharry Medical College Grant	\$ 1,178,612	\$ 2,071,387	\$ -
Total Allotment Code 318.66	\$ 320,401,356	\$ 541,516,974	\$ 123,184,200

Waiver and Crossover Services	State	Federal	Other
I. Statewide Elderly HCBS Waiver	\$ 500,483	\$ 879,589	\$ -
II. Pace Program	\$ 1,001,045	\$ 1,759,316	\$ -
III. MR Waiver			
A. Administration	\$ -	\$ -	\$ -
B. Services	\$ 40,308,152	\$ 70,840,757	\$ -
C. Arlington Waiver	\$ 2,651,778	\$ 4,660,446	\$ -
D. Self Determination Waiver	\$ 829,019	\$ 1,456,985	\$ -
IV. Senior/Adapt Waiver			
A. Senior Waiver	\$ 291,301	\$ 511,955	\$ -
B. ADAPT Waiver	\$ 562,498	\$ 988,579	\$ -
V. Medicare Crossover Services			
A. Buy-in Premiums	\$ 25,531,922	\$ 44,871,833	\$ -
B. Cost-Sharing (Crossover)	\$ 10,007,080	\$ 17,587,239	\$ -
Total Allotment Code 318.67	\$ 81,683,278	\$ 143,556,699	\$ -

Total TennCare Expenditures for FY06-07 as a Percentage of FY06-07 Budget

Total Qtr 1 Expenditures	\$ 1,552,079,467
Percentage of Total Budgeted	20.76%
Total FY06-07 Expenditures	\$ 1,552,079,467
Percentage of Total Budgeted	20.76%
FY06-07 Budget	\$ 7,475,181,300

TennCare Enrollees by County

<u>County</u>	<u>Enrollees</u>	<u>County</u>	<u>Enrollees</u>
Anderson	14,506	Lauderdale	7,810
Bedford	8,766	Lawrence	8,786
Benton	4,234	Lewis	3,043
Bledsoe	2,954	Lincoln	6,328
Blount	17,704	Loudon	6,669
Bradley	17,312	Macon	5,217
Campbell	13,487	Madison	21,685
Cannon	2,793	Marion	6,563
Carroll	7,082	Marshall	5,005
Carter	12,158	Maury	13,742
Cheatham	5,108	McMinn	10,438
Chester	3,248	McNairy	7,426
Claiborne	9,573	Meigs	3,053
Clay	2,197	Monroe	9,763
Cocke	10,763	Montgomery	22,491
Coffee	10,823	Moore	790
Crockett	3,461	Morgan	4,941
Cumberland	9,978	Obion	6,762
Davidson	110,701	Overton	4,764
Decatur	2,756	Perry	1,512
Dekalb	4,150	Pickett	1,237
Dickson	8,504	Polk	3,529
Dyer	10,068	Putnam	13,687
Fayette	5,999	Rhea	7,555
Fentress	6,183	Roane	10,424
Franklin	6,596	Robertson	9,445
Gibson	11,984	Rutherford	28,925
Giles	5,766	Scott	8,134
Grainger	5,053	Sequatchie	2,991
Greene	13,172	Sevier	14,292
Grundy	4,967	Shelby	236,841
Hamblen	12,440	Smith	3,496
Hamilton	55,015	Stewart	2,293
Hancock	2,461	Sullivan	28,121
Hardeman	7,286	Sumner	20,809
Hardin	7,189	Tipton	11,441
Hawkins	12,407	Trousdale	1,714
Haywood	5,856	Unicoi	4,037
Henderson	6,295	Union	4,788
Henry	7,351	Van Buren	1,242
Hickman	5,342	Warren	9,368
Houston	2,015	Washington	18,505
Humphreys	3,810	Wayne	3,404
Jackson	2,822	Weakley	6,297
Jefferson	10,218	White	5,669
Johnson	4,624	Williamson	7,375
Knox	62,304	Wilson	11,880
Lake	2,152	Other	6,338
Total			1,202,258

**Schedule Showing New Employees
July 1, 2006 through September 30, 2006**

<u>Name</u>	<u>Position</u>	<u>Salary</u>
Shirley Primeau	Public Health Nurse Consultant 1	\$ 47,472
Rachel Enriquez	Epidemiologist	\$ 65,004
Martin Dye	Auditor 3	\$ 49,380
Barbara Kidd	Public Health Nurse Consultant 2	\$ 52,548
Margaret Heaney	Personnel Director 1	\$ 45,996
Tenia Boyer	Public Health Nurse Consultant 1	\$ 41,604
Regina Shepherd	Legal Associate	\$ 36,000
Van Jones	Attorney 3	\$ 45,828
Lindsay Jubelt	Administrative Services Assistant 5	\$ 43,020
Emma Lipford	Administrative Secretary	\$ 23,712
Gail Thompson	Public Health Nurse Consultant Manager	\$ 68,844
William Hudson	Pharmacist 2	\$ 118,008
Casey Dungan	Fiscal Director	\$ 64,992
Tausha Walker	Clerk 2	\$ 16,752
Kim Barnes	Accounting Technician 1	\$ 24,696
Michelle Carter	Accountant/ Auditor 1	\$ 32,952
Joyce Finchum	Managed Care Tag Consultant	\$ 51,540
Sharon Jones	Administrative Services Assistant 4	\$ 46,500
James Guffey	Web Developer 1	\$ 41,712
Denise Elliott	Administrative Services Assistant 3	\$ 37,896



STATE OF TENNESSEE
BUREAU OF TENNCARE
310 GREAT CIRCLE ROAD
NASHVILLE, TENNESSEE 37243

October 11, 2006

RECEIVED
OCT 24 2006
FISCAL REVIEW

Mr. Jim White
Executive Director
Fiscal Review Committee
Rachel Jackson Bldg., 8th Floor
320 6th Avenue North
Nashville, TN 37219

Dear Mr. White:

This letter is to inform the Fiscal Review Committee of the policy changes in the Medicaid/TennCare program during the first quarter of Fiscal Year 2006-2007.

1. Eligibility – General Rules.

The Bureau of TennCare promulgated a rule to allow for a Presumptive Eligibility process that will provide short term temporary and limited eligibility to persons who are likely to qualify for regular institutional Medicaid eligibility.

2. Definitions; Eligibility – TennCare Medicaid.

The Bureau of TennCare promulgated rules to point out the provisions for recertifying the eligibility of persons currently enrolled in the TennCare program's Core Medicaid Population. The rules also provide a process for review before the eligibility of persons enrolled in the Core Medicaid Population may be terminated.

3. Covered Services – TennCare Medicaid.

The Bureau of TennCare promulgated a rule to point out that persons enrolled in the TennCare Medicaid Program who are determined to be Severely and/or Persistently Mentally ill are subject to lifetime limitations.

4. Covered Services – TennCare Standard.

Mr. Jim White
October 11, 2006
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The Bureau of TennCare promulgated a rule to point out that persons enrolled in the TennCare Standard Program who are determined to be Severely and/or Persistently Mentally Ill are subject to lifetime limitations.

5. General Provisions – State Governor's Review.

The Bureau of TennCare received approval of a State Plan Amendment from CMS effective July 7, 2006. This amendment points out to CMS the current Governor's designee to sign Tennessee Medicaid State Plan Amendments.

6. Methods and Standards for Establishing Payment Rates – Nursing Facilities.

The Bureau of TennCare received approval of a State Plan Amendment from CMS effective April 1, 2006. The amendment points out that the methodology Tennessee adopted on October 1, 2005 to certify public expenditures and institute supplemental payment will not be discontinued on June 30, 2006.

7. Methods and Standards for Establishing Payment Rates – Other Types of Care.

The Bureau of TennCare received approval of a State Plan Amendment from CMS effective January 1, 2006. The amendment provides Federally Qualified Health Centers and Rural Health Clinics with an alternative payment methodology for reimbursement.

Sincerely,

Handwritten signature of Darin J. Gordon in black ink, including a vertical line and the letters 'sep' at the end.

Darin J. Gordon
Deputy Commissioner

DJG/GW/D1016278

State Appropriations

The following amounts were provided by the Bureau of TennCare as the reconciliation of state appropriations for the second quarter (October 1 – December 31, 2006) of fiscal year 2007.

<u>Medical and Administrative</u>	
Expenditures	\$ 1,289,669,760
<i>less:</i> Federal Revenue	\$ 761,864,855
<i>less:</i> Other Revenue	<u>\$ 124,663,450</u>
State Appropriations Requirement	\$ 403,141,455
<u>Long Term Care</u>	
Expenditures	\$ 291,824,288
<i>less:</i> Federal Revenue	\$ 185,994,210
<i>less:</i> Other Revenue	<u>\$ 16,812,500</u>
State Appropriations Requirement	\$ 89,017,578
Total State Appropriation Requirement	\$ 492,159,033
<u>Reconciliation of State Appropriations</u>	
State Appropriations	\$ 662,580,725
Balance Forward at 9/30/06	\$ 131,958,339
App. Transferred Through Revision	<u>\$ -</u>
Sub-total State Appropriations Available	\$ 794,539,064
State Dollars Required to Fund Qtr 2 FY2007	\$ 492,159,033
Balance Carried Forward to Next Quarter	\$ 302,380,031

*Other Revenue represents one-fourth of fiscal year 2007 budgeted drug rebates, premiums, current services, and certified public expenditures. The report for the fourth quarter of fiscal year 2007 will represent the net actual collections for fiscal year 2007.

Second Quarter Fiscal Year 2007 Expenditures of Allotment Code 318.00

The following amounts were provided by the Bureau of TennCare as the actual expenditures to the Bureau for the second quarter of fiscal year 2007.

Administration

TennCare Administration establishes policy, provides oversight, and directs the TennCare Program and contracts with other agencies that provide administrative service components for the TennCare Program. Administration is divided into four areas:

- Program Administration
- Policy and Planning
- Quality Assurance
- Long Term Care

<u>Second Quarter FY06-07</u>	
Total Allotment Code 318.65	\$ 27,085,764

<u>Second Quarter FY06-07</u>	
Governor's Office of Child Care Coordination	
Total Allotment Code 318.80	\$ 2,180

Long Term Care

Long Term Care provides funding for individuals that are in need of long term institutional care. This program provides funding for:

- General intermediate care facilities
- Skilled nursing facilities
- State mentally retarded intermediate care facilities
- Private mentally retarded intermediate care facilities.

<u>Second Quarter FY06-07</u>	
I. ICF Long Term Care	
A. General	\$ 192,962,726
B. Skilled	\$ 25,317,347
C. Nursing Home Revenue Offsets	\$ (2,509,947)
II. ICF - MR Long Term Care	
A. State Facilities	\$ 38,967,655
B. Private Facilities	\$ 20,274,008
Total Allotment Code 318.68	\$ 275,011,789

Services

TennCare Services provides funding for traditional basic health care and mental health services that were previously paid for by Medicaid. The program provides funding to:

- Managed Care Organizations that provide basic medical services
- Behavioral health organizations that provide mental health services
- Agencies that provide medical services.

		<u>Second Quarter FY06-07</u>
I. Medical		
A. MCO Services	\$	633,094,758
B. MCO Administration	\$	58,675,428
C. Hospital Payments	\$	25,000,000
D. Pharmacy Services	\$	118,389,953
Clawback	\$	17,830,476
E. Dental - Medical	\$	36,942,525
F. Dental - Administration	\$	1,260,587
G. Federally Qualified Health Clinics	\$	3,801,370
H. Critical Access Hospitals	\$	2,142,216
I. Misc: Reductions in Exp.-	\$	2,168,407
II. Behavioral Health		
A. TennCare Partners	\$	109,944,952
B. Non-TennCare Partners	\$	482
III. Children's Services	\$	47,592,469
IV. Dental Services - Local Health	\$	-
V. Graduate Medical Education	\$	701,840
VI. Meharry Medical College Grant	\$	3,249,999
VII. School-Based Direct Medical Care		
Total Allotment Code 318.66	\$	1,061,371,329

Waiver and Crossover Services

Waiver and Crossover Services provide funding for Home and Community Based Services waivers, as well as co-payments and premiums for individuals eligible for TennCare and Medicare. The waivers serve the developmentally delayed population and people who require nursing services.

Funding for Medicare premiums and co-payments allows TennCare recipients, who are eligible for Medicare, the ability to receive medical services that would otherwise be unavailable to recipients due to financial constraints.

<u>Second Quarter FY06-07</u>		
I. Statewide Elderly HCBS Waiver	\$	1,547,583
II. Pace Program	\$	3,019,570
III. MR Waiver		
A. Administration	\$	-
B. Services	\$	87,158,403
C. Arlington Waiver	\$	6,369,694
D. Self Determination Waiver	\$	2,236,038
IV. Senior/Adapt Waiver		
A. Senior Waiver	\$	477,505
B. ADAPT Waiver	\$	124,942
V. Medicare Crossover Services		
A. Buy-in Premiums	\$	70,207,638
B. Cost-Sharing (Crossover)	\$	30,069,113
Total Allotment Code 318.67	\$	201,210,486

Breakdown of Expenditures Among State, Federal and Other Funds

<u>Administration</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
Total Allotment Code 318.65	\$ 13,509,382	\$ 13,542,882	\$ 33,500

	<u>State</u>	<u>Federal</u>	<u>Other</u>
Governor's Office of Child Care Coordination			
Total Allotment Code 318.80	\$ 1,090	\$ 1,090	-

<u>Long Term Care</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. ICF Long Term Care			
A. General	\$ 59,262,486	\$ 133,700,240	\$ -
B. Skilled	\$ 9,181,336	\$ 16,136,011	\$ -
C. Nursing Home Revenue Offsets	\$ (910,232)	\$ (1,599,715)	\$ -
II. ICF - MR Long Term Care			
A. State Facilities	\$ 14,131,620	\$ 24,836,035	\$ -
B. Private Facilities	\$ 7,352,369	\$ 12,921,639	\$ -
Total Allotment Code 318.68	\$ 89,017,579	\$ 185,994,210	\$ -

<u>Medical Services</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. Medical			
A. MCO Services	\$ 179,170,039	\$ 403,502,944	\$ 50,421,775
B. MCO Administration	\$ 21,278,644	\$ 37,396,784	\$ -
C. Hospital Payments	\$ 9,066,250	\$ 15,933,750	\$ -
D. Pharmacy Services	\$ 17,526,114	\$ 30,801,789	\$ 70,062,050
Clawback	\$ 17,830,476	\$ -	\$ -
E. Dental - Medical	\$ 13,397,207	\$ 23,545,318	\$ -
F. Dental - Administration	\$ 457,152	\$ 803,435	\$ -
G. Federally Qualified Health Clinics	\$ 1,378,567	\$ 2,422,803	\$ -
H. Critical Access Hospitals	\$ 776,875	\$ 1,365,341	\$ -
I. Misc: Reductions in Exp.-	\$ 786,373	\$ 1,382,034	\$ -
II. Behavioral Health			
A. TennCare Partners	\$ 37,216,162	\$ 70,073,415	\$ 2,655,375
B. Non-TennCare Partners	\$ (1,490,268)	\$ -	\$ 1,490,750
III. Children's Services	\$ 17,259,409	\$ 30,333,060	\$ -
IV. Dental Services - Local Health	\$ -	\$ -	\$ -
V. Graduate Medical Education	\$ 254,522	\$ 447,318	\$ -
VI. Meharry Medical College Grant	\$ 1,178,612	\$ 2,071,387	\$ -
VII. School-Based Direct Medical Care	\$ 575,867	\$ -	\$ -
Total Allotment Code 318.66	\$ 316,662,001	\$ 620,079,378	\$ 124,629,950

<u>Waiver and Crossover Services</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. Statewide Elderly HCBS Waiver	\$ 561,231	\$ 986,352	\$ -
II. Pace Program	\$ 1,095,047	\$ 1,924,523	\$ -
III. MR Waiver			
A. Administration	\$ -	\$ -	\$ -
B. Services	\$ 31,607,995	\$ 55,550,408	\$ -
C. Arlington Waiver	\$ 2,309,970	\$ 4,059,724	\$ -
D. Self Determination Waiver	\$ 810,899	\$ 1,425,139	\$ -
IV. Senior/Adapt Waiver			
A. Senior Waiver	\$ 173,167	\$ 304,338	\$ -
B. ADAPT Waiver	\$ 45,310	\$ 79,632	\$ -
V. Medicare Crossover Services			
A. Buy-in Premiums	\$ 25,460,800	\$ 44,746,838	\$ -
B. Cost-Sharing (Crossover)	\$ 10,904,564	\$ 19,164,549	\$ -
Total Allotment Code 318.67	\$ 72,968,983	\$ 128,241,503	\$ -

Total TennCare Expenditures for FY06-07 as a Percentage of FY06-07 Budget

Total Qtr 2 Expenditures	\$	1,581,494,048
Percentage of Total Budgeted		21.16%
Total Qtr 1 Expenditures	\$	1,552,079,467
Percentage of Total Budgeted		20.76%
Total FY06-07 Expenditures	\$	3,133,573,515
Percentage of Total Budgeted		41.92%
FY06-07 Budget	\$	7,475,181,300

TennCare Enrollees by County

<u>County</u>	<u>Enrollees</u>	<u>County</u>	<u>Enrollees</u>
Anderson	14,080	Lauderdale	7,589
Bedford	8,821	Lawrence	8,565
Benton	4,059	Lewis	2,974
Bledsoe	2,925	Lincoln	6,175
Blount	17,057	Loudon	6,474
Bradley	16,881	Macon	5,114
Campbell	13,125	Madison	21,135
Cannon	2,684	Marion	6,411
Carroll	6,930	Marshall	4,905
Carter	11,803	Maury	13,531
Cheatham	4,980	McMinn	10,095
Chester	3,222	McNairy	7,241
Claiborne	9,407	Meigs	2,977
Clay	2,145	Monroe	9,600
Cocke	10,501	Montgomery	21,651
Coffee	10,550	Moore	798
Crockett	3,394	Morgan	4,817
Cumberland	9,794	Obion	6,631
Davidson	109,127	Overton	4,673
Decatur	2,753	Perry	1,457
Dekalb	4,057	Pickett	1,193
Dickson	8,336	Polk	3,490
Dyer	9,771	Putnam	13,547
Fayette	5,810	Rhea	7,459
Fentress	6,141	Roane	10,125
Franklin	6,439	Robertson	9,340
Gibson	11,773	Rutherford	28,510
Giles	5,620	Scott	7,989
Grainger	4,886	Sequatchie	2,985
Greene	12,918	Sevier	13,896
Grundy	4,964	Shelby	231,149
Hamblen	12,146	Smith	3,504
Hamilton	53,720	Stewart	2,276
Hancock	2,406	Sullivan	27,448
Hardeman	7,124	Sumner	20,411
Hardin	6,956	Tipton	11,138
Hawkins	12,260	Trousdale	1,651
Haywood	5,722	Unicoi	3,911
Henderson	6,113	Union	4,676
Henry	7,202	Van Buren	1,231
Hickman	5,172	Warren	9,216
Houston	2,015	Washington	18,019
Humphreys	3,640	Wayne	3,318
Jackson	2,738	Weakley	6,101
Jefferson	9,995	White	5,532
Johnson	4,497	Williamson	7,116
Knox	60,456	Wilson	11,737
Lake	2,084	Other	6,891
Total			1,175,871

**Schedule Showing New Employees
October 1, 2006 through December 31, 2006**

<u>Name</u>	<u>Position</u>	<u>Salary</u>
Sharon Younger	Public Health Nurse Consultant 2	\$ 48,912
Sandra Curtis	Public Health Nurse Consultant 2	\$ 54,936
Verginia Laws	Administrative Services Assistant 2	\$ 33,576
Clayton Clark	Statistical Research Specialist	\$ 36,000
Ashley Reed	Executive Administrative Assitant 1	\$ 35,004
Tonya Marsh	Managed Care Specialist 1	\$ 23,580
Susanne Roy	Managed Care Specialist 3	\$ 47,664
Jamison Woods	Managed Care Program Manager 2	\$ 45,000
Douglas Garrett	Information Officer	\$ 57,996
Debra Matlock	Managed Care Specialist 3	\$ 32,904
Melinda Glasgow	Accountant/ Auditor 1	\$ 32,952
Janis Cali	Administrative Secretary	\$ 30,000
Jackie Holcomb	Mental Retardation Program Specialist 3	\$ 34,164
Marquita West	Clerk 2	\$ 16,752
Heidi Chilton	Administrative Services Assistant 4	\$ 33,996
Lori Ann Thrower	Managed Care Operator	\$ 21,708
Jack Li	Accountant Auditor 1	\$ 32,952
Ruby D. Baker	Account Tech 1	\$ 23,640
Pam Hughes	Accountant 3	\$ 49,812
Jason Wingar	Public Health Nurse Consultant 1	\$ 36,444
Judy Collins	Administrative Services Assistant 4	\$ 43,992
Lori A. Hoenig	TennCare Project Manager	\$ 65,004
Barbara Renee Hill	Public Health Nurse Consultant 1	\$ 38,088
Kimberly Williams	Managed Care Specialist 3	\$ 36,180

State Appropriations

The following amounts were provided by the Bureau of TennCare as the reconciliation of state appropriations for the third quarter (January 1 – March 31, 2007) of fiscal year 2007.

<u>Medical and Administrative</u>	
Expenditures	\$ 1,467,228,507
<i>less:</i> Federal Revenue	\$ 845,590,035
<i>less:</i> Other Revenue	<u>\$ 124,663,450</u>
State Appropriations Requirement	\$ 496,975,022
<u>Long Term Care</u>	
Expenditures	\$ 275,733,864
<i>less:</i> Federal Revenue	\$ 175,738,978
<i>less:</i> Other Revenue	<u>\$ 16,812,500</u>
State Appropriations Requirement	\$ 83,182,386
Total State Appropriation Requirement	\$ 580,157,408
<u>Reconciliation of State Appropriations</u>	
State Appropriations	\$ 662,580,725
Balance Forward at 12/31/06	\$ 302,380,031
App. Transferred Through Revision	<u>\$ -</u>
Sub-total State Appropriations Available	\$ 964,960,756
State Dollars Required to Fund Qtr 3 FY2007	\$ 580,157,408
Balance Carried Forward to Next Quarter	\$ 384,803,348

*Other Revenue represents one-fourth of fiscal year 2007 budgeted drug rebates, premiums, current services, and certified public expenditures. The report for the fourth quarter of fiscal year 2007 will represent the net actual collections for fiscal year 2007.

Third Quarter Fiscal Year 2007 Expenditures of Allotment Code 318.00

The following amounts were provided by the Bureau of TennCare as the actual expenditures to the Bureau for the third quarter of fiscal year 2007.

Administration

TennCare Administration establishes policy, provides oversight, and directs the TennCare Program and contracts with other agencies that provide administrative service components for the TennCare Program. Administration is divided into four areas:

- Program Administration
- Policy and Planning
- Quality Assurance
- Long Term Care

	<u>Third Quarter FY06-07</u>
Total Allotment Code 318.65	\$ 75,603,910

	<u>Third Quarter FY06-07</u>
Governor's Office of Child Care Coordination	
Total Allotment Code 318.80	\$ 290,030

Long Term Care

Long Term Care provides funding for individuals that are in need of long term institutional care. This program provides funding for:

- General intermediate care facilities
- Skilled nursing facilities
- State mentally retarded intermediate care facilities
- Private mentally retarded intermediate care facilities.

	<u>Third Quarter FY06-07</u>
I. ICF Long Term Care	
A. General	\$ 206,261,117
B. Skilled	\$ 17,943,075
C. Nursing Home Revenue Offsets	\$ (3,869,464)
II. ICF - MR Long Term Care	
A. State Facilities	\$ 37,439,117
B. Private Facilities	\$ 17,960,019
Total Allotment Code 318.68	\$ 275,733,864

Services

TennCare Services provides funding for traditional basic health care and mental health services that were previously paid for by Medicaid. The program provides funding to:

- Managed Care Organizations that provide basic medical services
- Behavioral health organizations that provide mental health services
- Agencies that provide medical services.

			<u>Third Quarter FY06-07</u>
I. Medical			
A. MCO Services	\$		665,270,663
B. MCO Administration	\$		53,601,699
C. Hospital Payments	\$		61,593,336
D. Pharmacy Services	\$		172,637,393
Clawback	\$		54,083,272
E. Dental - Medical	\$		34,805,018
F. Dental - Administration	\$		1,172,081
G. Federally Qualified Health Clinics	\$		6,582,782
H. Critical Access Hospitals	\$		2,121,280
I. Misc: Reductions in Exp.- TPL, Estate Reconciliation, etc.	\$		1,394,019
II. Behavioral Health			
A. TennCare Partners	\$		107,212,116
B. Non-TennCare Partners	\$		-
III. Children's Services	\$		59,517,989
IV. Dental Services - Local Health	\$		3,153,379
V. Graduate Medical Education	\$		24,091,250
VI. Meharry Medical College Grant	\$		3,249,999
VII. School-Based Direct Medical Care			
Total Allotment Code 318.66	\$		1,250,486,276

Waiver and Crossover Services

Waiver and Crossover Services provide funding for Home and Community Based Services waivers, as well as co-payments and premiums for individuals eligible for TennCare and Medicare. The waivers serve the developmentally delayed population and people who require nursing services.

Funding for Medicare premiums and co-payments allows TennCare recipients, who are eligible for Medicare, the ability to receive medical services that would otherwise be unavailable to recipients due to financial constraints.

	<u>Third Quarter FY06-07</u>	
I. Statewide Elderly HCBS Waiver	\$	3,218,133
II. Pace Program	\$	2,838,720
III. MR Waiver		
A. Administration	\$	-
B. Services	\$	21,628,918
C. Arlington Waiver	\$	1,144,504
D. Self Determination Waiver	\$	591,270
IV. Senior/Adapt Waiver		
A. Senior Waiver	\$	1,438,952
B. ADAPT Waiver	\$	66,827
V. Medicare Crossover Services		
A. Buy-in Premiums	\$	73,328,045
B. Cost-Sharing (Crossover)	\$	36,592,924
Total Allotment Code 318.67	\$	140,848,293

Breakdown of Expenditures Among State, Federal and Other Funds

<u>Administration</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
Total Allotment Code 318.65	\$ 37,768,455	\$ 37,801,955	\$ 33,500

	<u>State</u>	<u>Federal</u>	<u>Other</u>
Governor's Office of Child Care Coordination			
Total Allotment Code 318.80	\$ 145,015	\$ 145,015	\$ -

<u>Long Term Care</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. ICF Long Term Care			
A. General	\$ 57,988,094	\$ 131,460,523	\$ 16,812,500
B. Skilled	\$ 6,507,056	\$ 11,436,019	\$ -
C. Nursing Home Revenue Offsets	\$ (1,403,261)	\$ (2,466,203)	\$ -
II. ICF - MR Long Term Care			
A. State Facilities	\$ 13,577,296	\$ 23,861,821	\$ -
B. Private Facilities	\$ 6,513,201	\$ 11,446,818	\$ -
Total Allotment Code 318.68	\$ 83,182,386	\$ 175,738,978	\$ 16,812,500

<u>Medical Services</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. Medical			
A. MCO Services	\$ 190,838,631	\$ 424,010,257	\$ 50,421,775
B. MCO Administration	\$ 19,438,656	\$ 34,163,043	\$ -
C. Hospital Payments	\$ 22,336,823	\$ 39,256,513	\$ -
D. Pharmacy Services	\$ 37,198,948	\$ 65,376,395	\$ 70,062,050
Clawback	\$ 54,083,272	\$ -	\$ -
E. Dental - Medical	\$ 12,622,040	\$ 22,182,978	\$ -
F. Dental - Administration	\$ 425,055	\$ 747,026	\$ -
G. Federally Qualified Health Clinics	\$ 2,387,246	\$ 4,195,536	\$ -
H. Critical Access Hospitals	\$ 769,282	\$ 1,351,998	\$ -
I. Misc: Reductions in Exp.-	\$ 505,541	\$ 888,478	\$ -
II. Behavioral Health			
A. TennCare Partners	\$ 36,225,099	\$ 68,331,642	\$ 2,655,375
B. Non-TennCare Partners	\$ (1,490,750)	\$ -	\$ 1,490,750
III. Children's Services	\$ 21,584,199	\$ 37,933,790	\$ -
IV. Dental Services - Local Health	\$ 1,143,573	\$ 2,009,806	\$ -
V. Graduate Medical Education	\$ 8,736,692	\$ 15,354,558	\$ -
VI. Meharry Medical College Grant	\$ 1,178,612	\$ 2,071,387	\$ -
VII. School-Based Direct Medical Care	\$ -	\$ -	\$ -
Total Allotment Code 318.66	\$ 407,982,919	\$ 717,873,407	\$ 124,629,950

Waiver and Crossover Services		State	Federal	Other
I. Statewide Elderly HCBS Waiver	\$	1,167,056	\$ 2,051,077	\$ -
II. Pace Program	\$	1,029,462	\$ 1,809,258	\$ -
III. MR Waiver				
A. Administration	\$	-	\$ -	\$ -
B. Services	\$	7,843,727	\$ 13,785,191	\$ -
C. Arlington Waiver	\$	415,054	\$ 729,450	\$ -
D. Self Determination Waiver	\$	214,424	\$ 376,846	\$ -
IV. Senior/Adapt Waiver				
A. Senior Waiver	\$	521,836	\$ 917,116	\$ -
B. ADAPT Waiver	\$	24,235	\$ 42,592	\$ -
V. Medicare Crossover Services				
A. Buy-in Premiums	\$	26,592,416	\$ 46,735,629	\$ -
B. Cost-Sharing (Crossover)	\$	13,270,424	\$ 23,322,500	\$ -
Total Allotment Code 318.67	\$	51,078,634	\$ 89,769,659	\$ -

Total TennCare Expenditures for FY06-07 as a Percentage of FY06-07 Budget

Total Qtr 3 Expenditures	\$	1,742,962,371
Percentage of Total Budgeted		23.32%
Total Qtr 2 Expenditures	\$	1,581,494,048
Percentage of Total Budgeted		21.16%
Total Qtr 1 Expenditures	\$	1,552,079,467
Percentage of Total Budgeted		20.76%
Total FY06-07 Expenditures	\$	4,876,535,886
Percentage of Total Budgeted		65.24%
FY06-07 Budget	\$	7,475,181,300

TennCare Enrollees by County

<u>County</u>	<u>Enrollees</u>	<u>County</u>	<u>Enrollees</u>
Anderson	14,073	Lauderdale	7,517
Bedford	8,953	Lawrence	8,607
Benton	4,010	Lewis	3,003
Bledsoe	2,915	Lincoln	6,234
Blount	17,165	Loudon	6,582
Bradley	16,835	Macon	5,306
Campbell	13,120	Madison	21,284
Cannon	2,654	Marion	6,506
Carroll	6,833	Marshall	5,041
Carter	11,879	Maury	13,675
Cheatham	5,071	McMinn	10,291
Chester	3,274	McNairy	7,243
Claiborne	9,414	Meigs	2,964
Clay	2,040	Monroe	9,718
Cocke	10,389	Montgomery	21,646
Coffee	10,609	Moore	812
Crockett	3,460	Morgan	4,769
Cumberland	9,891	Obion	6,692
Davidson	110,011	Overton	5,041
Decatur	2,738	Perry	1,472
Dekalb	4,132	Pickett	1,100
Dickson	8,422	Polk	3,403
Dyer	9,751	Putnam	13,117
Fayette	5,687	Rhea	7,812
Fentress	6,275	Roane	10,107
Franklin	6,460	Robertson	9,608
Gibson	11,768	Rutherford	29,086
Giles	5,652	Scott	8,007
Grainger	4,898	Sequatchie	3,107
Greene	12,923	Sevier	14,169
Grundy	5,054	Shelby	229,616
Hamblen	12,186	Smith	3,549
Hamilton	53,501	Stewart	2,335
Hancock	2,433	Sullivan	27,312
Hardeman	7,177	Sumner	20,671
Hardin	6,920	Tipton	11,193
Hawkins	12,399	Trousdale	1,664
Haywood	5,688	Unicoi	3,922
Henderson	6,109	Union	4,623
Henry	7,278	Van Buren	1,258
Hickman	5,137	Warren	9,216
Houston	2,000	Washington	18,205
Humphreys	3,662	Wayne	3,268
Jackson	2,601	Weakley	6,126
Jefferson	10,095	White	5,550
Johnson	4,460	Williamson	7,301
Knox	60,627	Wilson	11,868
Lake	2,080	Other	8,803
Total			1,181,108

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MAY 04 2007

FISCAL REVIEW



STATE OF TENNESSEE
BUREAU OF TENNCARE
310 GREAT CIRCLE ROAD
NASHVILLE, TENNESSEE 37243

April 17, 2007

Mr. Jim White
Executive Director
Fiscal Review Committee
Rachel Jackson Bldg., 8th Floor
320 6th Avenue North
Nashville, TN 37219

Dear Mr. White:

This letter is to inform the Fiscal Review Committee of the policy changes in the Medicaid/TennCare program during the third quarter of Fiscal Year 2006-2007.

1. Definitions; Covered Services – TennCare Medicaid.

The Bureau of TennCare promulgated public necessity rules to assure that the TennCare Medicaid rules conform to the TennCare Medical Necessity rules.

2. Covered Services; Exclusions – TennCare Medicaid.

The Bureau of TennCare promulgated public necessity rules to discontinue coverage of convalescent care services and sitter services for persons under age 21 effective February 1, 2007. Convalescent care services and sitter services for persons age 21 and older are already not covered. These services are not Medicaid services and were included in the original waiver only because they were covered in the State Employees Plan. TennCare has received permission from the Center for Medicare and Medicaid Services to remove these services from the TennCare benefit package.

3. Covered Services – TennCare Medicaid.

The Bureau of TennCare promulgated a public necessity rule to allow the Bureau of TennCare to implement special exemption "soft limits" process for prescription drugs. The Bureau of TennCare shall maintain special exemption drugs that may be approved for enrollees who have already met an applicable benefit limit.

4. Definitions; Covered Services – TennCare Standard.

The Bureau of TennCare promulgated public necessity rules to assure that the TennCare Standard rules conform to the TennCare Medical Necessity rules.

5. Definitions; Enrollee Cost Sharing – TennCare Standard.

The Bureau of TennCare promulgated public necessity rules to update the rules and assure that the Enrollee Cost Sharing rules of TennCare Standard conform to the Terms of the Demonstration Waiver approved by CMS.

6. Covered Services; Exclusions – TennCare Standard.

The Bureau of TennCare promulgated public necessity rules to discontinue coverage of convalescent care services and sitter services for persons under age 21 effective February 1, 2007. Convalescent care services and sitter services for persons age 21 and older are already not covered. These services are not Medicaid services and were included in the original waiver only because they were covered in the State Employees Plan. TennCare has received permission from the Center for Medicare and Medicaid Services to remove these services from the TennCare benefit package.

7. Single State Agency Organization – Organization for Administration.

The Bureau of TennCare received approval of a State plan Amendment from CMS effective October 1, 2006. This amendment updates the Organization for Administration section of the State Plan.

8. Limitation on Amount, Duration and Scope of Medical Care and Services Provided – Prescribed Drugs.

The Bureau of TennCare received approval of a State Plan Amendment from CMS effective February 1, 2007. The plan amendment allows the state to implement a special exemption "soft limits" process for prescription drugs.

9. Methods and Standards for Establishing Payment Rates for Inpatient Hospital Services – Supplemental Pool Payments.

Mr. Jim White
April 16, 2007
Page 3

The Bureau of TennCare received approval of a State Plan Amendment from CMS effective January 1, 2007. This plan amendment, in accordance with the Tax Relief and Health Care Act of 2006, allows the State to implement a one-year disproportionate share hospital payment distribution to select Tennessee hospitals.

Sincerely,



Darin J. Gordon
Deputy Commissioner

DJG/GW/SB/D1017102

State Appropriations

The following amounts were provided by the Bureau of TennCare as the reconciliation of state appropriations for the fourth quarter (April 1 – June 30, 2007) of fiscal year 2007.

<u>Medical and Administrative</u>	
Expenditures	\$ 1,923,182,964
<i>less: Federal Revenue</i>	\$ 1,083,171,454
<i>less: Other Revenue</i>	\$ 124,663,450
State Appropriations Requirement	\$ 715,348,060
<u>Long Term Care</u>	
Expenditures	\$ 293,068,108
<i>less: Federal Revenue</i>	\$ 186,786,959
<i>less: Other Revenue</i>	\$ 16,812,500
State Appropriations Requirement	\$ 89,468,649
Total State Appropriation Requirement	\$ 804,816,709
<u>Reconciliation of State Appropriations</u>	
State Appropriations	\$ 662,580,725
Balance Forward at 3/31/07	\$ 384,803,348
App. Transferred Through Revision	\$ -
Sub-total State Appropriations Available	\$ 1,047,384,073
State Dollars Required to Fund Qtr 4 FY2007	\$ 804,816,709
Balance Carried Forward to Next Quarter	\$ 242,567,364

*Other Revenue represents the net actual collections of drug rebates, premiums, current services, and certified public expenditures for fiscal year 2007.

Fourth Quarter Fiscal Year 2007 Expenditures of Allotment Code 318.00

The following amounts were provided by the Bureau of TennCare as the actual expenditures to the Bureau for the fourth quarter of fiscal year 2007.

Administration

TennCare Administration establishes policy, provides oversight, and directs the TennCare Program and contracts with other agencies that provide administrative service components for the TennCare Program. Administration is divided into four areas:

- Program Administration
- Policy and Planning
- Quality Assurance
- Long Term Care

<u>Fourth Quarter FY06-07</u>		
Total Allotment Code 318.65	\$	118,000,648

<u>Fourth Quarter FY06-07</u>		
Governor's Office of Child Care Coordination		
Total Allotment Code 318.80	\$	4,232,458

Long Term Care

Long Term Care provides funding for individuals that are in need of long term institutional care. This program provides funding for:

- General intermediate care facilities
- Skilled nursing facilities
- State mentally retarded intermediate care facilities
- Private mentally retarded intermediate care facilities.

<u>Fourth Quarter FY06-07</u>		
I. ICF Long Term Care		
A. General	\$	177,079,418
B. Skilled	\$	19,557,970
C. Nursing Home Revenue Offsets	\$	(4,317,738)
II. ICF - MR Long Term Care		
A. State Facilities	\$	61,529,984
B. Private Facilities	\$	39,218,473
Total Allotment Code 318.68	\$	293,068,107

Services

TennCare Services provides funding for traditional basic health care and mental health services that were previously paid for by Medicaid. The program provides funding to:

- Managed Care Organizations that provide basic medical services
- Behavioral health organizations that provide mental health services
- Agencies that provide medical services.

<u>Fourth Quarter FY06-07</u>		
I. Medical		
A. MCO Services	\$	687,130,103
B. MCO Administration	\$	47,830,947
C. Hospital Payments	\$	35,378,374
D. Pharmacy Services	\$	215,824,385
Clawback	\$	96,402,319
E. Dental - Medical	\$	20,050,624
F. Dental - Administration	\$	1,284,437
G. Federally Qualified Health Clinics	\$	3,572,269
H. Critical Access Hospitals	\$	3,253,639
I. Misc: Reductions in Exp.-	\$	37,604,119
II. Behavioral Health		
A. TennCare Partners	\$	83,624,349
B. Non-TennCare Partners	\$	30,884,797
III. Children's Services	\$	73,454,402
IV. Dental Services - Local Health	\$	3,988,253
V. Graduate Medical Education	\$	25,176,646
VI. Meharry Medical College Grant	\$	3,250,001
VII. School-Based Direct Medical Care		
Total Allotment Code 318.66	\$	1,368,709,664

Waiver and Crossover Services

Waiver and Crossover Services provide funding for Home and Community Based Services waivers, as well as co-payments and premiums for individuals eligible for TennCare and Medicare. The waivers serve the developmentally delayed population and people who require nursing services.

Funding for Medicare premiums and co-payments allows TennCare recipients, who are eligible for Medicare, the ability to receive medical services that would otherwise be unavailable to recipients due to financial constraints.

<u>Fourth Quarter FY06-07</u>		
I. Statewide Elderly HCBS Waiver	\$	7,174,372
II. Pace Program	\$	3,443,152
III. MR Waiver		
A. Administration	\$	51,430,572
B. Services	\$	231,174,352
C. Arlington Waiver	\$	28,087,076
D. Self Determination Waiver	\$	8,567,724
IV. Senior/Adapt Waiver		
A. Senior Waiver	\$	2,602,462
B. ADAPT Waiver	\$	(942,999)
V. Medicare Crossover Services		
A. Buy-in Premiums	\$	74,094,375
B. Cost-Sharing (Crossover)	\$	26,609,110
Total Allotment Code 318.67	\$	432,240,196

Breakdown of Expenditures Among State, Federal and Other Funds

<u>Administration</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
Total Allotment Code 318.65	\$ 58,966,824	\$ 59,000,324	\$ 33,500

	<u>State</u>	<u>Federal</u>	<u>Other</u>
Governor's Office of Child Care Coordination			
Total Allotment Code 318.80	\$ 2,116,229	\$ 2,116,229	\$ -

<u>Long Term Care</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. ICF Long Term Care			
A. General	\$ 47,405,351	\$ 112,861,567	\$ 16,812,500
B. Skilled	\$ 7,092,698	\$ 12,465,272	\$ -
C. Nursing Home Revenue Offsets	\$ (1,565,828)	\$ (2,751,910)	\$ -
II. ICF - MR Long Term Care			
A. State Facilities	\$ 22,313,849	\$ 39,216,135	\$ -
B. Private Facilities	\$ 14,222,579	\$ 24,995,894	\$ -
Total Allotment Code 318.68	\$ 89,468,649	\$ 186,786,958	\$ 16,812,500

<u>Medical Services</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>
I. Medical			
A. MCO Services	\$ 198,765,957	\$ 437,942,371	\$ 50,421,775
B. MCO Administration	\$ 17,345,893	\$ 30,485,054	\$ -
C. Hospital Payments	\$ 12,829,967	\$ 22,548,407	\$ -
D. Pharmacy Services	\$ 52,860,711	\$ 92,901,624	\$ 70,062,050
Clawback	\$ 96,402,319	\$ -	\$ -
E. Dental - Medical	\$ 7,271,359	\$ 12,779,265	\$ -
F. Dental - Administration	\$ 465,801	\$ 818,636	\$ -
G. Federally Qualified Health Clinics	\$ 1,295,483	\$ 2,276,786	\$ -
H. Critical Access Hospitals	\$ 1,179,932	\$ 2,073,707	\$ -
I. Misc: Reductions in Exp.-	\$ 13,637,134	\$ 23,966,985	\$ -
II. Behavioral Health			
A. TennCare Partners	\$ 27,670,995	\$ 53,297,979	\$ 2,655,375
B. Non-TennCare Partners	\$ 29,394,047	\$ -	\$ 1,490,750
III. Children's Services	\$ 26,638,239	\$ 46,816,163	\$ -
IV. Dental Services - Local Health	\$ 1,446,340	\$ 2,541,913	\$ -
V. Graduate Medical Education	\$ 9,130,311	\$ 16,046,335	\$ -
VI. Meharry Medical College Grant	\$ 1,178,613	\$ 2,071,388	\$ -
VII. School-Based Direct Medical Care	\$ -	\$ -	\$ -
Total Allotment Code 318.66	\$ 497,513,101	\$ 746,566,613	\$ 124,629,950

Waiver and Crossover Services		State	Federal	Other
I. Statewide Elderly HCBS Waiver	\$	2,601,786	\$ 4,572,586	\$ -
II. Pace Program	\$	1,248,659	\$ 2,194,493	\$ -
III. MR Waiver				
A. Administration	\$	18,651,297	\$ 32,779,275	\$ -
B. Services	\$	83,835,379	\$ 147,338,973	\$ -
C. Arlington Waiver	\$	10,185,778	\$ 17,901,298	\$ -
D. Self Determination Waiver	\$	3,107,085	\$ 5,460,639	\$ -
IV. Senior/Adapt Waiver				
A. Senior Waiver	\$	943,783	\$ 1,658,679	\$ -
B. ADAPT Waiver	\$	(341,979)	\$ (601,020)	\$ -
V. Medicare Crossover Services				
A. Buy-in Premiums	\$	26,870,325	\$ 47,224,050	\$ -
B. Cost-Sharing (Crossover)	\$	9,649,794	\$ 16,959,316	\$ -
Total Allotment Code 318.67	\$	156,751,907	\$ 275,488,289	\$ -

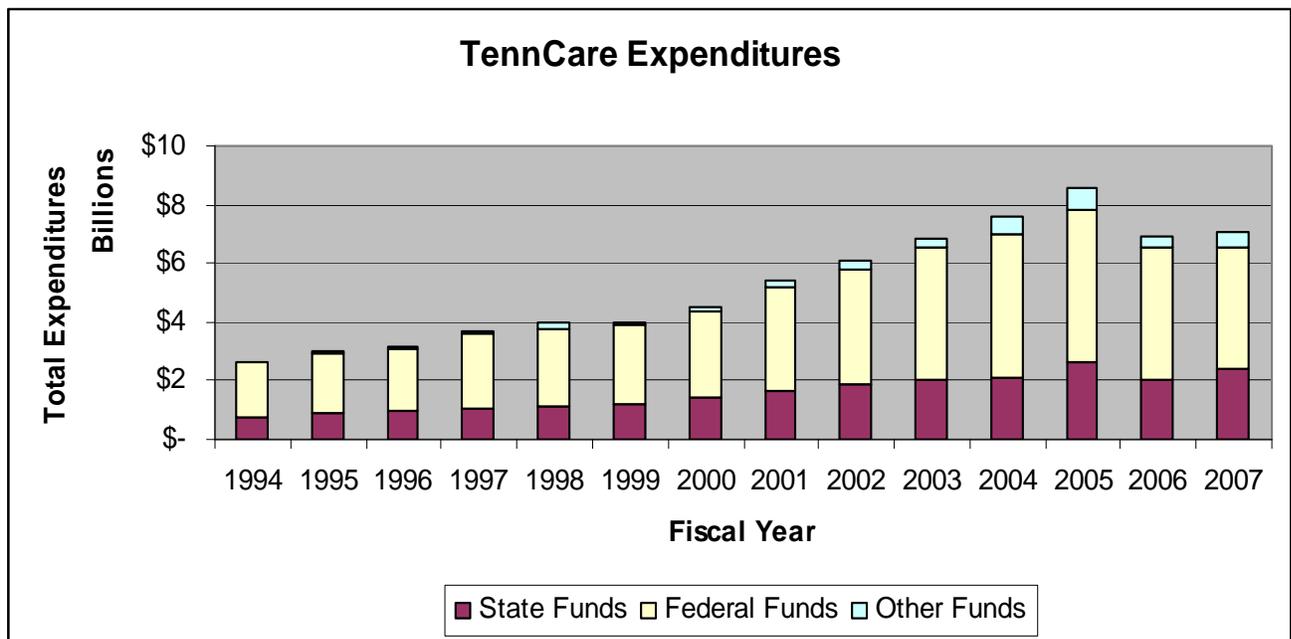
Total TennCare Expenditures for FY06-07 as a Percentage of FY06-07 Budget

Total Qtr 4 Expenditures	\$	2,216,251,072
Percentage of Total Budgeted		29.65%
Total Qtr 3 Expenditures	\$	1,742,962,371
Percentage of Total Budgeted		23.32%
Total Qtr 2 Expenditures	\$	1,581,494,048
Percentage of Total Budgeted		21.16%
Total Qtr 1 Expenditures	\$	1,552,079,467
Percentage of Total Budgeted		20.76%
Total FY06-07 Expenditures	\$	7,092,786,958
Percentage of Total Budgeted		94.88%
FY06-07 Budget	\$	7,475,181,300

Expenditure Trends

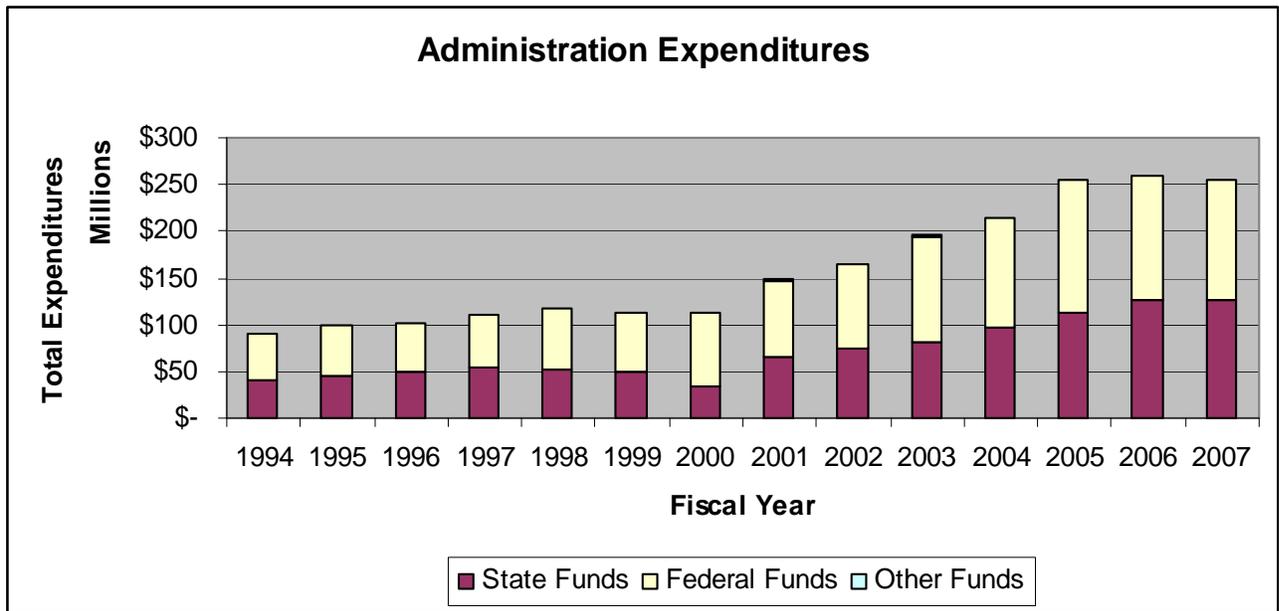
Total Expenditures – Allotment Code 318.00

Year	State Funds	Federal Funds	Other Funds	Total	Rate of Growth
1994	\$ 784,681,700	\$ 1,826,958,300	\$ 32,402,500	\$ 2,644,042,500	
1995	\$ 865,126,500	\$ 2,043,905,400	\$ 81,742,000	\$ 2,990,773,900	13.11%
1996	\$ 943,486,700	\$ 2,175,983,200	\$ 71,746,200	\$ 3,191,216,100	6.70%
1997	\$ 1,063,578,200	\$ 2,536,128,900	\$ 107,617,600	\$ 3,707,324,700	16.17%
1998	\$ 1,133,653,700	\$ 2,643,128,200	\$ 171,753,300	\$ 3,948,535,200	6.51%
1999	\$ 1,189,086,000	\$ 2,717,460,900	\$ 70,850,100	\$ 3,977,397,000	0.73%
2000	\$ 1,413,307,900	\$ 2,982,229,700	\$ 140,871,600	\$ 4,536,409,200	14.05%
2001	\$ 1,624,129,300	\$ 3,529,575,000	\$ 277,102,300	\$ 5,430,806,600	19.72%
2002	\$ 1,902,098,600	\$ 3,864,678,200	\$ 338,873,700	\$ 6,105,650,500	12.43%
2003	\$ 2,057,203,600	\$ 4,483,557,600	\$ 323,723,900	\$ 6,864,485,100	12.43%
2004	\$ 2,107,760,800	\$ 4,857,137,900	\$ 666,367,400	\$ 7,631,266,100	11.17%
2005	\$ 2,627,055,200	\$ 5,195,853,100	\$ 746,383,900	\$ 8,569,292,200	12.29%
2006	\$ 2,059,241,900	\$ 4,459,687,000	\$ 399,787,900	\$ 6,918,716,800	-19.26%
2007	\$ 2,407,755,536	\$ 4,137,385,872	\$ 547,645,550	\$ 7,092,786,958	2.52%



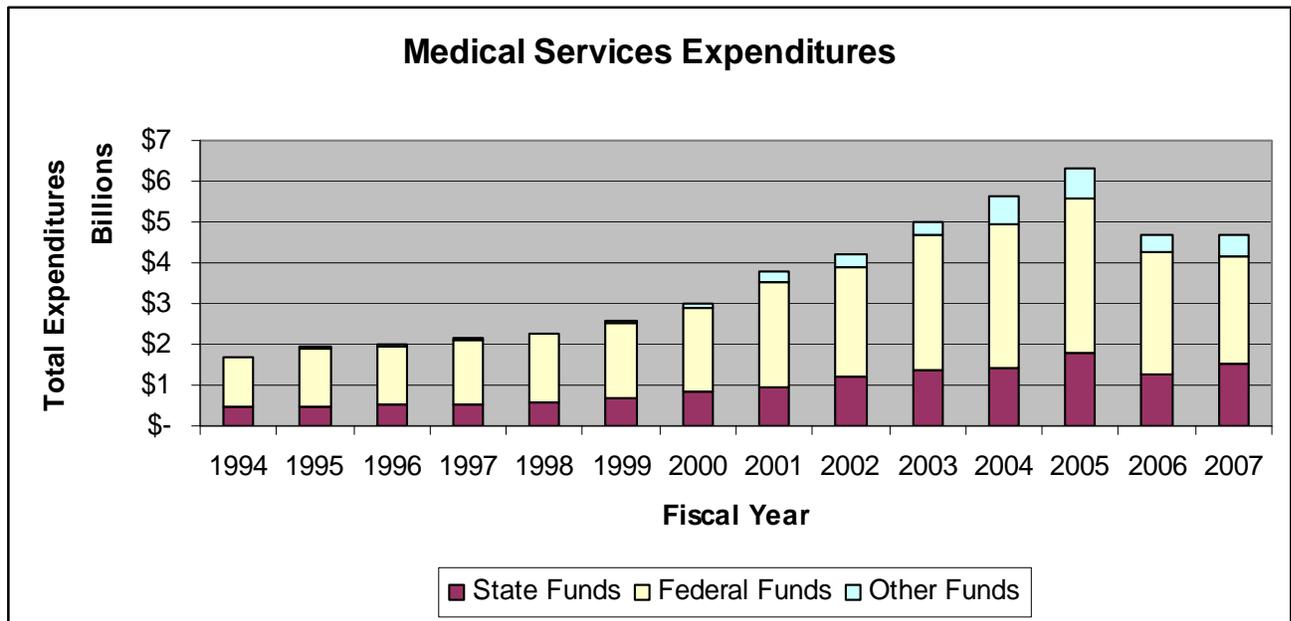
Administration – Allotment Code 318.65

Year	State Funds	Federal Funds	Other Funds	Total	Rate of Growth
1994	\$ 39,886,100	\$ 49,316,000	\$ 154,300	\$ 89,356,400	
1995	\$ 44,390,000	\$ 55,463,700	\$ 18,300	\$ 99,872,000	11.77%
1996	\$ 50,368,900	\$ 51,463,200	\$ -	\$ 101,832,100	1.96%
1997	\$ 55,065,500	\$ 55,845,800	\$ 150,800	\$ 111,062,100	9.06%
1998	\$ 52,230,900	\$ 63,948,700	\$ 99,800	\$ 116,279,400	4.70%
1999	\$ 48,879,200	\$ 63,607,500	\$ 363,400	\$ 112,850,100	-2.95%
2000	\$ 33,674,500	\$ 79,306,300	\$ 150,600	\$ 113,131,400	0.25%
2001	\$ 64,955,600	\$ 82,054,300	\$ 765,500	\$ 147,775,400	30.62%
2002	\$ 74,382,100	\$ 90,056,800	\$ 1,324,300	\$ 165,763,200	12.17%
2003	\$ 81,205,800	\$ 113,513,500	\$ 422,600	\$ 195,141,900	17.72%
2004	\$ 95,929,000	\$ 118,436,200	\$ 478,700	\$ 214,843,900	10.10%
2005	\$ 112,730,900	\$ 142,808,700	\$ 49,700	\$ 255,589,300	18.97%
2006	\$ 126,846,700	\$ 131,827,100	\$ 271,600	\$ 258,945,400	1.31%
2007	\$ 127,103,606	\$ 127,237,606	\$ 134,000	\$ 254,475,212	-1.73%



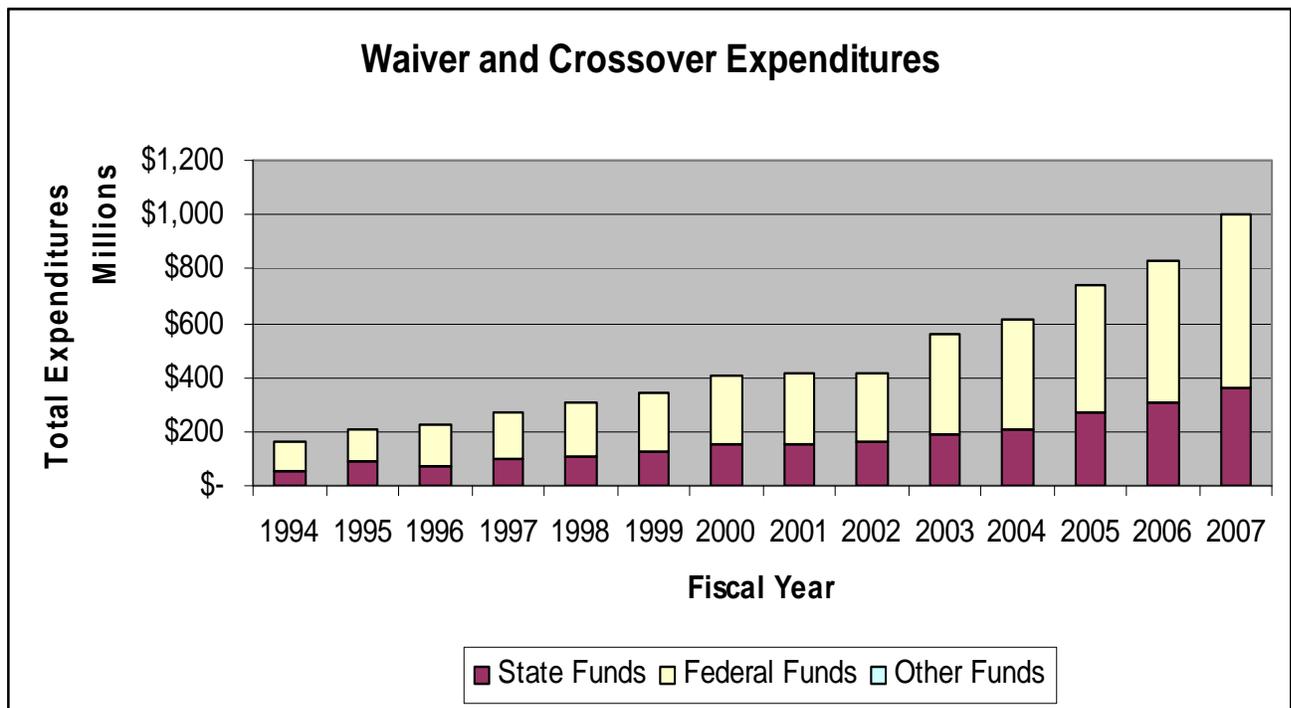
Medical Services – Allotment Code 318.66

Year	State Funds	Federal Funds	Other Funds	Total	Rate of Growth
1994	\$ 466,699,800	\$ 1,208,897,700	\$ 31,754,800	\$ 1,707,352,300	
1995	\$ 484,929,000	\$ 1,392,252,700	\$ 81,723,700	\$ 1,958,905,400	14.73%
1996	\$ 529,749,700	\$ 1,421,112,400	\$ 71,746,200	\$ 2,022,608,300	3.25%
1997	\$ 519,069,300	\$ 1,605,938,000	\$ 29,013,300	\$ 2,154,020,600	6.50%
1998	\$ 567,710,600	\$ 1,669,623,200	\$ 36,376,600	\$ 2,273,710,400	5.56%
1999	\$ 667,119,500	\$ 1,844,474,200	\$ 70,486,700	\$ 2,582,080,400	13.56%
2000	\$ 862,894,500	\$ 2,019,597,800	\$ 140,721,000	\$ 3,023,213,300	17.08%
2001	\$ 969,509,600	\$ 2,551,920,400	\$ 276,336,800	\$ 3,797,766,800	25.62%
2002	\$ 1,222,248,700	\$ 2,663,225,200	\$ 337,549,400	\$ 4,223,023,300	11.20%
2003	\$ 1,376,527,600	\$ 3,287,075,600	\$ 323,301,300	\$ 4,986,904,500	18.09%
2004	\$ 1,421,708,200	\$ 3,537,810,300	\$ 665,888,000	\$ 5,625,406,500	12.80%
2005	\$ 1,795,948,600	\$ 3,766,176,400	\$ 746,334,200	\$ 6,308,459,200	12.14%
2006	\$ 1,242,391,100	\$ 3,021,453,200	\$ 399,516,300	\$ 4,663,360,600	-26.08%
2007	\$ 1,542,559,376	\$ 2,626,036,374	\$ 497,074,050	\$ 4,665,669,800	0.05%



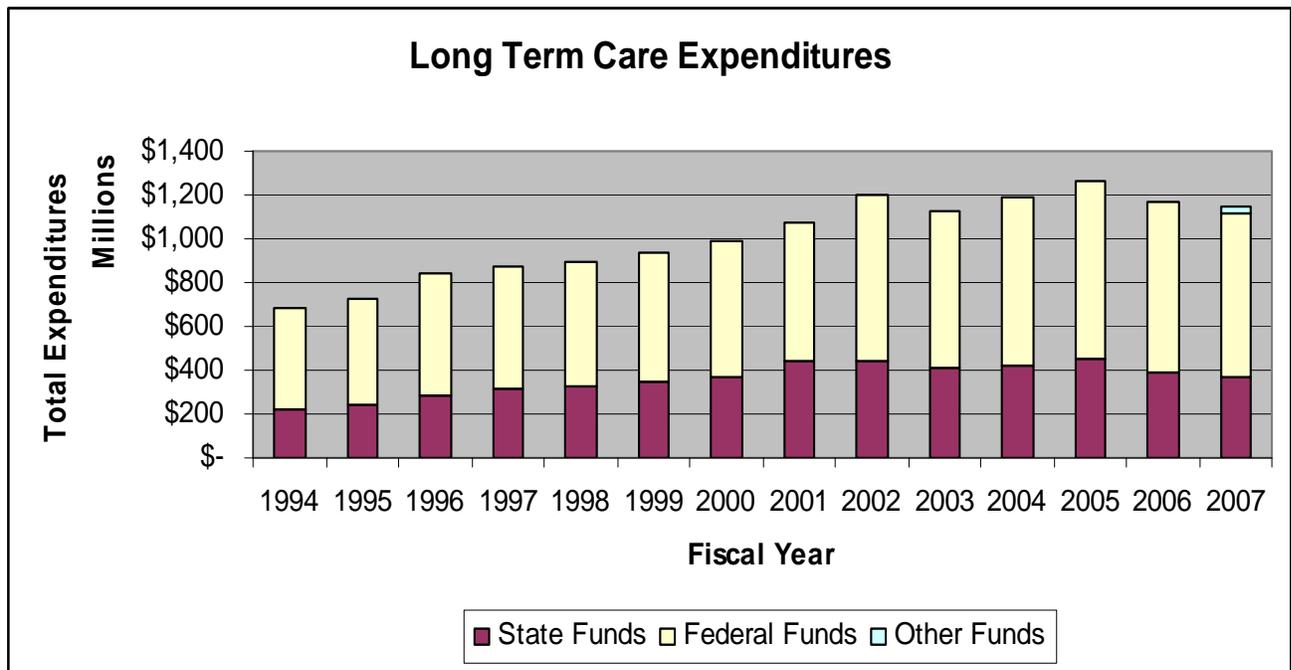
Waiver and Crossover – Allotment Code 318.67

Year	State Funds	Federal Funds	Other Funds	Total	Rate of Growth
1994	\$ 54,250,800	\$ 111,169,500	\$ -	\$ 165,420,300	
1995	\$ 90,209,400	\$ 113,449,800	\$ -	\$ 203,659,200	23.12%
1996	\$ 75,666,900	\$ 146,810,900	\$ -	\$ 222,477,800	9.24%
1997	\$ 100,456,200	\$ 167,395,300	\$ -	\$ 267,851,500	20.39%
1998	\$ 110,310,800	\$ 192,093,200	\$ 300	\$ 302,404,300	12.90%
1999	\$ 125,768,900	\$ 215,197,100	\$ -	\$ 340,966,000	12.75%
2000	\$ 150,400,000	\$ 257,200,600	\$ -	\$ 407,600,600	19.54%
2001	\$ 149,515,400	\$ 261,438,600	\$ -	\$ 410,954,000	0.82%
2002	\$ 161,489,200	\$ 252,800,500	\$ -	\$ 414,289,700	0.81%
2003	\$ 193,780,100	\$ 363,857,900	\$ -	\$ 557,638,000	34.60%
2004	\$ 205,802,300	\$ 407,547,800	\$ -	\$ 613,350,100	9.99%
2005	\$ 270,730,300	\$ 468,203,600	\$ -	\$ 738,933,900	20.48%
2006	\$ 304,492,200	\$ 525,183,800	\$ -	\$ 829,676,000	12.28%
2007	\$ 362,482,800	\$ 637,056,150	\$ -	\$ 999,538,950	20.47%



Long Term Care – Allotment Code 318.68

Year	State Funds	Federal Funds	Other Funds	Total	Rate of Growth
1994	\$ 223,845,000	\$ 457,575,100	\$ 493,400	\$ 681,913,500	
1995	\$ 245,598,100	\$ 482,739,200	\$ -	\$ 728,337,300	6.81%
1996	\$ 287,701,200	\$ 556,596,700	\$ -	\$ 844,297,900	15.92%
1997	\$ 311,210,100	\$ 561,245,000	\$ -	\$ 872,455,100	3.33%
1998	\$ 327,203,100	\$ 571,338,200	\$ 941,100	\$ 899,482,400	3.10%
1999	\$ 347,318,400	\$ 594,182,100	\$ -	\$ 941,500,500	4.67%
2000	\$ 366,338,900	\$ 626,125,000	\$ -	\$ 992,463,900	5.41%
2001	\$ 440,148,700	\$ 634,161,700	\$ -	\$ 1,074,310,400	8.25%
2002	\$ 443,978,600	\$ 758,593,700	\$ -	\$ 1,202,572,300	11.94%
2003	\$ 405,690,100	\$ 719,110,600	\$ -	\$ 1,124,800,700	-6.47%
2004	\$ 425,043,900	\$ 765,036,717	\$ -	\$ 1,190,080,617	5.80%
2005	\$ 447,645,400	\$ 818,664,400	\$ -	\$ 1,266,309,800	6.41%
2006	\$ 385,511,900	\$ 781,222,900	\$ -	\$ 1,166,734,800	-7.86%
2007	\$ 373,347,420	\$ 744,793,409	\$ 33,625,000	\$ 1,151,765,829	-1.28%



TennCare Enrollees by County

<u>County</u>	<u>Enrollees</u>	<u>County</u>	<u>Enrollees</u>
Anderson	14,073	Lauderdale	7,517
Bedford	8,953	Lawrence	8,607
Benton	4,010	Lewis	3,003
Bledsoe	2,915	Lincoln	6,234
Blount	17,165	Loudon	6,582
Bradley	16,835	Macon	5,306
Campbell	13,120	Madison	21,284
Cannon	2,654	Marion	6,506
Carroll	6,833	Marshall	5,041
Carter	11,879	Maury	13,675
Cheatham	5,071	McMinn	10,291
Chester	3,274	McNairy	7,243
Claiborne	9,414	Meigs	2,964
Clay	2,040	Monroe	9,718
Cocke	10,389	Montgomery	21,646
Coffee	10,609	Moore	812
Crockett	3,460	Morgan	4,769
Cumberland	9,891	Obion	6,692
Davidson	110,011	Overton	5,041
Decatur	2,738	Perry	1,472
Dekalb	4,132	Pickett	1,100
Dickson	8,422	Polk	3,403
Dyer	9,751	Putnam	13,117
Fayette	5,687	Rhea	7,812
Fentress	6,275	Roane	10,107
Franklin	6,460	Robertson	9,608
Gibson	11,768	Rutherford	29,086
Giles	5,652	Scott	8,007
Grainger	4,898	Sequatchie	3,107
Greene	12,923	Sevier	14,169
Grundy	5,054	Shelby	229,616
Hamblen	12,186	Smith	3,549
Hamilton	53,501	Stewart	2,335
Hancock	2,433	Sullivan	27,312
Hardeman	7,177	Sumner	20,671
Hardin	6,920	Tipton	11,193
Hawkins	12,399	Trousdale	1,664
Haywood	5,688	Unicoi	3,922
Henderson	6,109	Union	4,623
Henry	7,278	Van Buren	1,258
Hickman	5,137	Warren	9,216
Houston	2,000	Washington	18,205
Humphreys	3,662	Wayne	3,268
Jackson	2,601	Weakley	6,126
Jefferson	10,095	White	5,550
Johnson	4,460	Williamson	7,301
Knox	60,627	Wilson	11,868
Lake	2,080	Other	8,803
Total			1,181,108

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JUL 25 2007

FISCAL REVIEW



STATE OF TENNESSEE
BUREAU OF TENNCARE
310 GREAT CIRCLE ROAD
NASHVILLE, TENNESSEE 37243

July 18, 2007

Mr. Jim White
Executive Director
Fiscal Review Committee
Rachel Jackson Bldg., 8th Floor
320 6th Avenue North
Nashville, TN 37219

Dear Mr. White:

This letter is to inform the Fiscal Review Committee of the policy changes in the Medicaid/TennCare program during the fourth quarter of Fiscal Year 2006-2007.

1. Eligibility.

The Bureau of TennCare promulgated rules to delete obsolete language from the Medicaid General Eligibility rules. The most significant deletion was the paragraph that incorrectly indicated that the Bureau of TennCare allows three months retroactivity for people applying for Medicaid.

2. Medicaid Exclusions; Medicaid Dental Program; Medicaid Assurance of Transportation; Communication Aid Device.

The Bureau of TennCare promulgated rules to delete obsolete General Medicaid rules.

3. Bureau of TennCare.

The Bureau of TennCare promulgated a rule to delete the obsolete Bureau of TennCare Rule Chapter which has been replaced by the TennCare Medicaid and TennCare Standard Rule Chapters.

4. Definitions – TennCare Medicaid.

The Bureau of TennCare promulgated rules to remove reference to Medically Eligible application fee which is no longer applicable, update the information about how medical

eligibility is determined, and delete reference to pharmacy only program that was not instituted.

5. Covered Services – TennCare Medicaid.

The Bureau of TennCare promulgated rules to take out duplicate information. The rules clarify "EPSDT Services" as pointed out in the *John B. Consent Decree*. The rules add a qualifier to "Cost Effective Alternative Services" to point out that the services are available at the sole discretion of the MCC. The rules point out that the counting of lifetime limitations for substance abuse services for enrollees will not start until they reach their 21st birthday.

6. Exclusions – TennCare Medicaid.

The Bureau of TennCare promulgated a rule to point out that Transcutaneous Electrical Nerve Stimulation (TENS) units are covered when medically necessary.

7. Appeal of Adverse Actions Affecting TennCare Services or Benefits – TennCare Medicaid.

The Bureau of TennCare promulgated rules to assure that the TennCare Medicaid rules conform to the TennCare Medical Necessity rules and comply with all new Grier orders.

8. Definitions; Eligibility; Enrollment, Disenrollment, Re-enrollment and Reassignment – TennCare Standard.

The Bureau of TennCare promulgated rules to remove reference to Medically Eligible application fee which is no longer applicable, update the information about how medical eligibility is determined, and delete reference to pharmacy only program that was not instituted.

9. Covered Services – TennCare Standard.

The Bureau of TennCare promulgated rules to take out duplicate information. The rules clarify "EPSDT Services" as pointed out in the *John B. Consent Decree*. The rules add a qualifier to "Cost Effective Alternative Services" to point out that services are available at the sole discretion of the MCC. The rules point out that the counting of lifetime limitations for substance abuse services for enrollees will not start until they reach their 21st birthday.

10. Covered Services – TennCare Standard.

Mr. Jim White
July 18, 2007
Page 3

The Bureau of TennCare promulgated a rule to point out that TennCare Standard covers medically necessary outpatient drugs for children under age 21 who are Medicare beneficiaries when the drug is covered by TennCare but not by Medicare Part D.

11. Exclusions – TennCare Standard.

The Bureau of TennCare promulgated a rule to point out that Transcutaneous Electrical Nerve Stimulation (TENS) units are covered when medically necessary.

12. Appeal of Adverse Actions Affecting TennCare Services or Benefits – TennCare Standard.

The Bureau of TennCare promulgated rules to assure that the TennCare Standard rules conform to the TennCare Medical Necessity rules and comply with all new Grier orders.

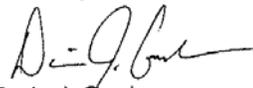
13. Medical Necessity.

The Bureau of TennCare promulgated a rule Chapter to provide the Bureau of TennCare with rules for Medical Necessity.

14. Section 4 General Program Administration – Employee Education about False Claims Recoveries.

The Bureau of TennCare received approval of a State Plan Amendment from CMS effective January 1, 2007. This plan amendment brings the Tennessee Medicaid State Plan into compliance with the provisions of section 6032 of the Deficit Reduction Act as it relates to Employee Education about False Claims Recoveries.

Sincerely,



Darin J. Gordon
Deputy Commissioner

DJG/GW/D1017194