DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

State Demonstrations Group

OCT 3 1 2016

Dr. Wendy Long
Director
Bureau of TennCare
Tennessee Department of Finance and Administration
310 Great Circle Road
Nashville, TN 37243

Dear Dr. Long:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) is granting a temporary extension of Tennessee's section 1115 demonstration, TennCare II (Project Number 11-W-00151/4). The temporary extension is effective through November 30, 2016.

The temporary extension period will give CMS and Tennessee the opportunity to finalize terms and conditions of a longer extension of the demonstration. We continue to make good progress toward finalizing the terms for an extension of uncompensated care funding under the demonstration that is consistent with the principles CMS articulated in its November 2015 letter: coverage is the best way to assure beneficiary access to health care for low income individuals and uncompensated care pool funding should not pay for costs that would otherwise be covered in a Medicaid expansion; Medicaid payments should support the provision of services to Medicaid and low income uninsured individuals; and provider payment rates must be sufficient to promote provider participation and access, and should support plans in managing and coordinating care.

During this extension period, CMS and Tennessee will work towards agreement on finalizing the terms of uncompensated care payments under the demonstration in the next demonstration period. The uncompensated care payments spending limit during the temporary extension is set consistent with the prior demonstration year's spending limit. Payments made toward provider costs that are incurred during the temporary extension period will count toward the spending limit in the following demonstration year (which may be subject to negotiation in a longer extension of the demonstration).

All other STCs, waiver and expenditure authorities remain in effect and the per-member-per-month (PMPM) costs approved for the most recent demonstration period will be used to determine budget neutrality for this temporary extension period. In the interim, this temporary extension includes continued federal funding available to Tennessee to make uncompensated care payments to providers.

Your project officer, Jessica Woodard, will contact you to facilitate these discussions. Ms. Woodard can be reached by phone at (410) 786-9249, or by e-mail at Jessica.Woodard@cms.hhs.gov, should you need to contact her. We look forward to continuing to work with you and your staff on your 1115 demonstration extension.

Sincerely,

Eliot Fishman
Director

cc: Jackie Glaze, Associate Regional Administrator, CMS Atlanta Regional Office