



December 26, 2019

Seema Verma
Administrator
Centers for Medicare and Medicaid Services
7500 Security Blvd.
Baltimore, MD 21244

Re: TennCare II Demonstration, Amendment 42 Block Grant

Dear Administrator Verma,

The American College of Physicians (ACP) appreciates the opportunity to provide comments on the TennCare II Demonstration, Amendment 42 proposal. The American College of Physicians is the largest medical specialty organization in the United States with members in more than 145 countries worldwide. ACP membership includes 159,000 internal medicine physicians (internists), related subspecialists, and medical students. Internal medicine physicians are specialists who apply scientific knowledge and clinical expertise to the diagnosis, treatment, and compassionate care of adults across the spectrum from health to complex illness.

The American College of Physicians has serious concerns about the proposed amendment to the TennCare II demonstration and urges CMS to reject the state's application. We are concerned that the state's proposed waiver prioritizes cost-containment over the health of vulnerable patients, including low-income families, pregnant women, and people with disabilities, and would severely undermine crucial federal oversight of the program.

Specific concerns

Concerns about block grant concept

ACP strongly opposes transforming Medicaid's existing financing structure into a block grant approach. Under a block grant, states receive a lump-sum amount from the federal government based on projected Medicaid costs, usually in exchange for permission to circumvent federal Medicaid rules and regulations. However, as economic circumstances change and demand for Medicaid coverage rises, states may be forced to take drastic measures, like bar new enrollment, restrict access to physicians and other health care professionals, or slash benefits.

Tennessee’s proposal attempts to address enrollment fluctuations by creating a per-capita cap for new enrollee spending, but such mechanisms are insufficient if the per-capita cost of health care grows above the inflation factor. Over the last 15 years, the state has disenrolled vulnerable enrollees during periods of fiscal hardship (1) and we are concerned that the state would again implement policies to directly or indirectly reduce enrollment.

Proposal would cut current and future coverage benefits

The state requests to develop a restrictive “commercial-style” closed formulary with at least one drug available per therapeutic class. The state argues that this would allow them to consider a drug’s clinical efficacy and affordability. However, since the primary intent of block grant financing is cost containment, it is likely that a drug’s cost will be the sole criterion for formulary inclusion. Further, ACP’s Tennessee chapter has described TennCare’s drug coverage as “already sparse” and expressed concern that the time-consuming prior approval process for uncovered medications would be maintained. ACP is also concerned that the state requests exemption from any future federal mandates, including eligibility and coverage requirements, which could make it difficult for the state to address patient needs during emerging health care challenges.

Proposal seeks exemptions from federal oversight and managed care regulations

ACP is concerned about the state’s proposal to waive managed care requirements under 42 CFR Part 438. These include requirements regarding enrollment processes, actuarial soundness, network adequacy standards, and others designed to ensure patients can access the care they need. Such regulations are not, as described in the proposal, “overly prescriptive and unnecessary,” but crucial to ensuring states and managed care organizations are meeting the objectives of the program. The proposal is vague on how the state expects to achieve cost savings. Without this information, we are concerned that spending may be contained by taking actions that will result in physician reimbursement rate cuts, narrowed networks, or delayed access to care. Federal managed care regulations and oversight can serve as a bulwark against policies that could harm patients.

Medicaid Expansion

The College is a strong supporter of Medicaid eligibility expansion, which is associated with greater access to care, better financial well-being, and improved chronic disease management. Emerging evidence connects Medicaid expansion to better self-reported health, acute and chronic disease outcomes, as well as reductions in mortality (2). ACP believes that the state should take the patient-centered approach and expand Medicaid eligibility, rather than pursue an unknown path that lacks accountability, prioritizes austerity over high-value patient care, and does not promote the objectives of the Medicaid program.

Thank you for considering ACP's comments. Please contact Ryan Crowley, Senior Associate, Health Policy at rcrowley@acponline.org if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. McLean". The signature is fluid and cursive, with the first name "Robert" being the most prominent.

Robert M. McLean, MD, FACP
President
American College of Physicians

¹ Buntin MB. Tennessee's Opening Bid for a Medicaid Block Grant. N Engl J Med. 2019;381(18):1701-1703.

² Allen H and Sommers BD. Medicaid Expansion and Health: Assessing the Evidence After 5 Years. JAMA. 2019;322:1253-1254.