



June 27, 2014

Darin J. Gordon
Deputy Commissioner
Tennessee Department of Finance and Administration
310 Great Circle Road
Nashville, TN 37243

Dear Mr. Gordon:

As you know, as the Centers for Medicare & Medicaid Services (CMS) has worked with states on the implementation of changes to Medicaid and CHIP eligibility and enrollment rules and procedures, we identified seven key focus areas for close attention in fulfilling these requirements. Approaching the start of the first open enrollment period, we asked states that were anticipating not being in full compliance with the rules and procedures relating to these core areas, often due to delays in systems functionality, to develop mitigation plans. These were submitted to and approved by CMS. Over time, mitigations adopted by states have been retired as systems functionality and operational capabilities came on line, and some new mitigations have been needed to address newly identified issues (such as when a new systems functionality is not performing adequately or workload volume has necessitated workarounds).

As a reminder, the seven critical success factors are:

- Ability to accept a single, streamlined application;
- Ability to convert existing state income standards to modified adjusted gross income (MAGI);
- Ability to convey state-specific eligibility rules to the Federally-Facilitated Marketplace (FFM), as applicable;
- Ability to process applications based on MAGI rules;
- Ability to accept and send application files (accounts) to and from the FFM, as applicable;
- Ability to respond to inquiries from the Marketplace on current Medicaid or CHIP coverage;
- Ability to verify eligibility based upon electronic data sources (the Federal Data Services Hub or an approved alternative);

Tennessee is not meeting any of these critical success factors, except for the ability to receive and process application files (“accounts”) from the FFM through the flat file mitigation. In addition, as a mitigation to not being able to accept and process applications based on MAGI,

Tennessee is leveraging the FFM through “better door” messaging to facilitate residents’ ability to apply for coverage under the new MAGI rules.

Over the past nine months, CMS has engaged with Tennessee on multiple occasions to express concerns about the continued delays in implementing TEDS and the downstream impact those delays are having on the state’s ability to enroll eligible individuals into Medicaid. We know Tennessee shares these concerns. In light of these delays we have also repeatedly shared our concerns about the lack of an in-state mitigation plan that would allow people to apply for coverage based on MAGI rules directly to the Tennessee Medicaid agency. As you know, all states were required to begin processing applications based on MAGI rules effective October 1, 2013. The state has repeatedly expressed reluctance to deploy resources toward adopting mitigation solutions for in-state applications.

As noted, Tennessee currently has two mitigations in place. In November 2013, Tennessee provided a mitigation plan that reflected the state’s intent to leverage the FFM to accept applications on the state’s behalf until December 31, 2013. During this time period, individuals and families applying for Medicaid and CHIP in Tennessee were referred to the FFM website and call center for application and enrollment assistance. The state provided computer kiosks in some of their county offices for individuals who wanted to complete the FFM application on site, but the state is not providing any direct application assistance. Tennessee has also implemented a waiver under the authority of section 1902(e)(14) of the Social Security Act to effectuate some enrollment in Medicaid and CHIP using the FFM account transfer “flat file.” With this waiver, the state has been able to enroll MAGI applicants into Medicaid or CHIP coverage who have applied through the FFM. However, all other application channels remain unavailable to Tennessee residents and the TEDS implementation dates continue to slip. As of the date of this letter, the state has indicated to CMS staff that TEDS would be implemented in mid-September of 2014, nearly a year after the required effective date, and nine months after the date Tennessee initially anticipated implementation.

Given the pattern of delays that has occurred, further mitigation approaches are needed, and I am writing to formally request that the Tennessee Bureau of TennCare update its mitigation plan with a clearly detailed description of how and when the state will achieve compliance with the requirements of the streamlined eligibility and enrollment process as required by section 1943 of the Social Security Act, the implementing regulations at 42 Code of Federal Regulations sections 435.907, 435.949 and 435.1200 and Tennessee’s Medicaid state plan. We ask that you provide the updated mitigation plan, for CMS review and approval, within 10 business days of this letter. Please include a timeline for the implementation of TEDS and strategies to address the current lack of functionality as well as strategies that Tennessee will employ if the expected schedule for TEDS implementation continues to slip.

CMS has offered numerous examples of acceptable mitigation approaches used by other states that have faced delays in their systems builds, including manual MAGI processing (with tools that can facilitate this processing that can be readily adapted for Tennessee) and hiring additional staff to assist with application processing (for which enhanced Medicaid matching funds may be available). Furthermore, implementation of a hospital presumptive eligibility program, which was also required for January 1, 2014, but is not yet implemented in Tennessee, can also serve as

a mitigation strategy that would allow the state to facilitate enrollment, albeit with appropriate workarounds to accommodate the lack of systems functionality.

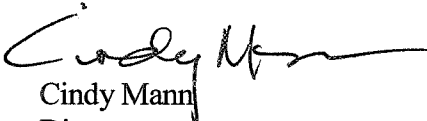
In light of the continued slippage in TEDS implementation and the state's ongoing responsibilities under the law, it is essential for Tennessee to move forward with workable mitigations. The Federal approval to leverage the FFM to receive and process applications on the state's behalf was approved as a short-term measure, not a long-term solution.

We remain available to work with you to answer any questions and to provide technical assistance on possible mitigations. When the updated plan is complete, your staff can upload the required documentation to the state's CALT folder and alert your CMS systems analyst via email that you have done so. We have created a specific Mitigation Plan folder in the Medicaid State Collaborative Community for each state, and previously submitted mitigation plans have been migrated to each state's folder. Please either update the original mitigation plan directly in CALT or upload an addendum to their state specific Mitigation Plan folder. Please find your state's Mitigation Plan folder using this link:

https://calt.cms.gov/sf/docman/do/listDocuments/projects.medicaid_state_collaborative_com/docman.root.mitigation_plans.

For further questions about this letter, please contact Jessica Kahn, Acting Director, Data and Systems Group, at (410) 786-9361.

Sincerely,



Cindy Mann
Director

cc: Jackie Glaze, Associate Regional Administrator, Region IV
Jess Kahn, Director, Data and Systems Group, CMCS
Jennifer Ryan, Director, Intergovernmental and External Affairs Group, CMCS
Eliot Fishman, Director, Children and Adults Health Programs Group, CMCS
Anne Marie Costello, Deputy Director, Children and Adults Health Programs Group, CMCS