

## TennCare Medicaid Supplemental Pools

Below are the eligibility requirements for Supplemental Pools. More information can be found in the [TennCare Waiver](#).

### Virtual DSH Pool

The State proposes to make the following payments within the Virtual DSH Pool in each SFY:

- Critical Access Hospital Sub-pool – \$15 million
- Statutory DSH Method Sub-pool – approximately \$81 million (fixed annual federal allocation of \$53.1 million, total varies with FMAP)
- Children’s Safety Net Sub-pool - \$28.6 million
- Other Essential Acute Sub-pool - \$60.7 million
- Safety Net Sub-pool - \$36.3 million
- Psychiatric Facilities Sub-pool - \$2,173,144
- Public Hospital Costs Sub-Pool (CPE) – up to \$240 million

### **Critical Access Hospital Sub-pool –\$15 million**

Qualifications -- To qualify for payment as a Critical Access Hospital, a hospital must meet the following criteria:

- The hospital is an acute care hospital located and licensed in the state of Tennessee,
- The hospital has been designated a Critical Access Hospital by the Tennessee Department of Health,
- The hospital contracts with a managed care organization participating in TennCare,
- The hospital contracts with TennCare Select,
- The hospital provides accurate and timely admission, discharge, and transfer data to TennCare, and
- The hospital participates in the State’s payment reform initiatives, including episodes of care, as appropriate.

### **Statutory DSH Method Sub-pool – \$53,100,000 divided by FMAP (approximately \$81 million)**

In addition to federal requirements for DSH participation, hospitals in Tennessee must meet the following eligibility criteria:

- The hospital must have at least one of the following:
  - i. at least 13.5% or more of their total adjusted days covered by TennCare; or
  - ii. 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days; or
  - iii. be a children’s hospital defined as a free-standing hospital that serves primarily children under 18 years of age and is identified to the public as a children’s hospital with a separate emergency department staffed and equipped to provide emergency services to pediatric patients.

- The hospital must have unreimbursed Medicaid cost, unreimbursed self-pay, and/or charity care cost.
- The hospital contracts with a managed care organization participating in TennCare.
- The hospital contracts with TennCare Select.
- The hospital provides accurate and timely admission, discharge, and transfer data to TennCare.
- The hospital participates in the State's payment reform initiatives, including episodes of care, as appropriate.

This sub-pool is the only sub-pool within the Virtual DSH pool for which all participating hospitals are required to meet the DSH requirements in Section 1923 of the Social Security Act including the requirement to provide OB services. Participation in all other Virtual DSH sub-pools is not contingent on meeting the requirement to provide OB services.

### **Children's Safety Net Sub-pool - \$28.6 million**

Hospitals eligible to participate in the Children's Safety Net Sub-pool must:

- be licensed by the Tennessee Department of Health as an independent or satellite facility with a primary function to serve children under the age of 21 in Tennessee and file a separate Joint Annual Report,
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program,
- have either of the following:
  - i. at least 13.5% or more of their total adjusted days covered by TennCare; or
  - ii. 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days.
- have unreimbursed Medicaid cost, unreimbursed self-pay, and/or charity care cost.,
- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, as appropriate.

### **Other Essential Acute Sub-pool - \$60.7 million**

Hospitals eligible to participate in the Other Essential Acute Sub-pool must:

- be an acute care hospital licensed by the Tennessee Department of Health to operate in the State of Tennessee that is not eligible for the Critical Access Hospital Sub-pool, the Children's Safety Net sub-pool or the Safety Net sub- pool,
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program,
- have at least one of the following:
  - i. at least 13.5% or more of their total adjusted days covered by TennCare; or
  - ii. 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days; or

- iii. be a children's hospital defined as a free-standing hospital that serves primarily children under 18 years of age and is identified to the public as a children's hospital with a separate emergency department staffed and equipped to provide emergency services to pediatric patients.
  - have unreimbursed Medicaid cost, unreimbursed self-pay, and/or charity care cost,
  - provide accurate and timely admission, discharge, and transfer data to TennCare, and
  - participate in the State's payment reform initiatives, including episodes of care, as appropriate.

This group of hospitals will be divided into three Tiers based on the size of their total expenses from the most recent reviewed Joint Annual Report. The Tiers are:

Tier 1: Hospitals under \$30 million total expenses

Tier 2: Hospitals at \$30 million total expenses up to \$100 million operating expenses

Tier 3: Hospitals at or above \$100 million total expenses

Based on the percentage of the total operating expenses for all eligible hospitals in each Tier, the maximum amount of the total \$60.7 million pool available to be distributed in each Tier will be:

Tier 1 - \$3.35 million

Tier 2 - \$13.35 million

Tier 3 - \$44 million

### **Safety Net Sub-pool - \$36.3 million**

Hospitals eligible to participate in the Safety Net Sub-pool must:

- be licensed to operate in the State of Tennessee
- be both a Level 1 Trauma Center and a Regional Perinatal Center, or any metropolitan public hospital that is contractually staffed and operated by a safety net hospital for the purpose of providing clinical education and access to care for the medically underserved,
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program,
- have either of the following:
  - i. at least 13.5% or more of their total adjusted days covered by TennCare; or
  - ii. 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days.
- have unreimbursed Medicaid cost, unreimbursed self-pay, and/or charity care cost,
- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, as appropriate.

### **Psychiatric Facilities Sub-pool - \$2,173,144**

Hospitals eligible to participate in the Psychiatric Facilities Sub-Pool must:

- be licensed by the Tennessee Department of Mental Health for the provision of psychiatric hospital services in Tennessee, excluding the state mental health institutes,
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program,
- have unreimbursed Medicaid cost, unreimbursed self-pay, and/or charity care cost,
- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, as appropriate.

## **Charity Care Pool**

The State proposes to make the following payments within the Charity Care Pool in each SFY:

- Public Hospital Sub-pool – \$100 million
- Safety Net Sub-pool - \$23 million
- Research and Rehabilitation Facilities Sub-Pool- \$3.0 million
- Meharry Medical College Sub-pool - \$10 million
- Uncompensated Charity and Self-Pay Sub Pool - \$116.8 million

### **Public Hospital Sub-pool – \$100 million**

The amount paid each year to each hospital in this sub-pool must equal the hospital's charity care cost as identified on the most recent reviewed Joint Annual Report. In the event total charity care cost for these three hospitals exceeds \$100 million in a given year the Sub-pool will be distributed proportionally. Each individual hospital's percent of the total charity care cost for the three hospitals will be multiplied by the total sub-pool amount of \$100 million to determine each hospital's share of the sub-pool. The maximum amount any hospital may receive from this sub- pool per year will be \$50 million. These sub-pool payments may be made to the following hospitals: Regional Medical Center at Memphis, Metro Nashville General Hospital, and Erlanger Medical Center at Chattanooga.

### **Other Safety Net Sub-pool - \$23 million**

The criteria used to establish the "Other Safety Net Hospital Tier" as part of the Virtual DSH Safety Net Sub-pool will be used to identify the hospitals to be included in this Sub-pool.

### **Research and Rehabilitation Facilities Sub-pool - \$3 million**

Hospitals eligible to participate in the Research and Rehabilitation Facilities Sub-Pool must:

- be licensed to operate in the State of Tennessee
- be a rehabilitation facility, long term acute care facility reimbursed by Medicare under the IRF or LTAC methodology, or a pediatric research hospital
- provide accurate and timely admission, discharge, and transfer data to TennCare if the facility is a rehabilitation facility or long-term acute care facility,
- be a contracted provider with at least one Managed Care Organization in the TennCare program, and
- have unreimbursed Medicaid cost, unreimbursed self-pay, and/or charity care cost.

### **Meharry Medical College Sub-pool - \$10 million**

Payments may be made based on the uncompensated uninsured charity care costs of the two Medicaid clinics operated by the Meharry Medical College for TennCare covered services provided to uninsured charity care patients.

### **Uncompensated Charity and Self-Pay Sub Pool - \$116.8 million**

Hospitals eligible to participate in the Uncompensated Charity and Self-Pay Sub Pool must:

- be a hospital licensed to operate in the State of Tennessee that is eligible to receive a payment from any sub-pool in the Virtual DSH or Charity Care pool
- not have received an allotment from the public hospital sub-pool of the charity care pool
- not be a children's research facility
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program
- have remaining uncompensated charity and/or self-pay costs after all other supplemental pool payments have been distributed, including the Public Hospital Costs Sub Pool
- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, as appropriate.

The Uncompensated Charity and Self-Pay Sub Pool will be divided into two tiers:

Public Hospitals: \$14,430,000

Non-Public Hospitals: \$102,415,886

- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program
- have remaining uncompensated charity and/or self-pay costs after all other supplemental pool payments have been distributed, including the Public Hospital Costs Sub Pool
- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, as appropriate.

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