October 26, 2017

Senator Rusty Crowe
301 6th Avenue North
Suite 8 Legislative Plaza
Nashville, TN 37243

RE: Senate Health and Welfare Hearing on TennCare Episodes of Care on October 4, 2017

Dear Chairman Crowe:

On behalf of the Tennessee Medical Association (TMA), I would like to thank you and the members of the Senate Health and Welfare Committee for conducting the hearing on the TennCare episodes of care initiative on October 4, 2017. TMA is pleased to have been able to participate and provide its perspective.

The testimony that the Committee heard was consistent across all provider stakeholders. Physicians have been heavily engaged in providing feedback about the episodes of care initiative since its inception. TMA acknowledges and appreciates that the administration has made changes and improvements over the course of its implementation, however, four years later there are still serious flaws in its design and questions about its effectiveness.

Specifically, these concerns were highlighted in the testimony:

1. The need for a formal reliable data validation process for each episode prior to implementation.
2. Episode quarterback providers are penalized for costs that are out of their control.
3. Each MCO has a different risk adjustment methodology.
4. Provider reports do not reveal each risk adjustment factor/weight attributed to each patient.
5. Accessing provider reports is cumbersome.
6. There are challenges in the transfer of data.
7. Data is not shared between MCOs.
8. There is no mechanism for providers to share “best practices” within episodes of care.
9. Reports need to include more information at the patient encounter level, if requested.
10. The administration awarded a recent RFP to McKinsey and Company to evaluate the episode design on which it was the design consultant.

A full list of our concerns with more detail is provided in the accompanying document entitled Tennessee Health Care Innovations Initiative: TMA Position Statement and List of Concerns.

Testimony from the health care provider community as to remedies was also consistent across stakeholder organizations. TMA’s recommendations submitted to the Committee were:
1. That the General Assembly reiterate Deputy Governor Henry’s directive that administration stakeholders meet with TMA and other provider stakeholders during the remainder of the calendar year to fix the major concerns about the design of the TennCare episodes of care program listed in TMA’s Position Statement and List of Concerns document.

2. That legislation be supported to:

   a. Pause the implementation of any new retrospective episodes of care in the TennCare program and state employee health plan beyond the 20 that are currently in a performance period until a complete evaluation by a truly independent third party auditor of the current design, cost, and impact, has been conducted and appropriate changes have been instituted and tested. Such cost analysis should include an independent review of the savings claimed by the administration to have occurred as a result of the episodes program, determination of the cost to provider “quarterbacks” to access and analyze provider reports, the cost to MCOs to implement it, and a reliable process put in place to verify that the data is correct.

   b. Establish a legislative advisory committee tasked with reviewing and approving new episode designs prior to implementation, similar to the Arkansas Healthcare Quality and Payment Policy Advisory Committee established by Arkansas state law.

   c. Pause the TennCare and state employee plan episodes programs until a trustworthy data verification process is built into the program design.

   d. Pause the penalty assessment in the TennCare program until the underlying provider concerns have been addressed.

   e. Ensure that provider participation in episodes of care models for any type of model, including commercial health insurance products, is voluntary, never mandatory, and never tied to participation with any other network or line of business.

   f. Ensure that the episodes of care program for state employee benefits continues to be gain-sharing only, no penalties, and encourage it to be voluntary for participating providers contracted to treat state employees.

Once again, TMA thanks you, Chairman Crowe, as well as the Committee members, for the time, attention, thoughtful questions, and recommendations expressed during the hearing. Please feel free to reach out to our staff point person on episodes of care, Katie Dageforde Hartig, Katie.dageforde@tnmed.org with any questions or clarifications about TMA’s position.

Sincerely,

Matthew Mancini, MD
President-Elect

cc: Lieutenant Governor Randy McNally
    Speaker Beth Harwell
    Rep. Cameron Sexton
    Rep. Sabi Kumar, MD