

Federal officials have approved Tennessee's proposal to block grant Medicaid.

Here's why it matters:

- 1. The block grant creates incentives to cut TennCare and use the resulting "savings" for other parts of the state budget.** The proposal hinges on the ability of the state to generate massive savings, but it's impossible to simultaneously achieve significant health savings and maintain or increase access to healthcare coverage, especially because they tout how lean our program already is. The state has an abysmal track record hoarding money intended for Tennesseans in need. This takes away accountability and gives them even more money to mismanage.
- 2. There is no commitment to cover any additional people or any additional benefits.** Any comments outside of the proposal that claim it will cover more people are not reflected in the proposal. The promise that no enrollees or benefits will be cut is empty because they can (and have) erected administrative barriers for enrollment, redetermination, and authorization of services. The proposal allows the state to arbitrarily deny access to some prescription drugs for serious and costly illnesses, like cancer and hepatitis. This proposal gives the state less oversight and accountability over billions of taxpayer dollars.
- 3. The block grant is a political gimmick, not a serious answer to Tennesseans' real health concerns.** The proposal makes no mention of the pandemic or rural health and hospital closures. TN's urgent healthcare needs deserve serious attention and real action from political leaders:
 - The state's handling of the COVID-19 pandemic has led to one of the [worst outbreaks](#) in the world;
 - [TN is losing rural hospitals](#) at a faster rate than any other state;
 - TN's [loss of health coverage for kids](#) is among the worst in the nation;
 - [Hundreds with addiction die](#) because they are uninsured and cannot afford treatment;
 - [One third of TN adults have pre-existing conditions](#) and face the loss of affordable coverage if the TN Attorney General succeeds in his [effort to strike down the Affordable Care Act](#).

4. **The block grant leaves money on the table that could be used to really improve our healthcare system.** There is a better way to really address Tennessee's urgent healthcare priorities without seeking a risky and damaging block grant that no other state is foolish enough to want. 37 other states (plus DC), led by governors and legislatures from both parties, have tapped federal funds to expand Medicaid to working families. Former Gov. Bill Haslam proposed his Insure Tennessee plan but was blocked by the legislature. Such a plan would [bring in \\$1.4 billion/year of new federal funds to address health priorities](#) and give 300,000 Tennesseans the health coverage they need.

5. **The “savings” aren't guaranteed.** The shared savings of the proposal depend on the state meeting 10 quality metrics that have yet to be selected or approved. No one has been able to beat medical inflation trends, and we are already starting from a very low base of per enrollee spending (the base CMS approved is much lower than what Tennessee submitted), so savings are contingent on drastic cuts. Compare this to the guaranteed \$1.4 billion a year that our state could unlock if they accepted federal dollars to provide coverage to 300,000 more Tennesseans. Expanding Medicaid would provide a lot more money and it's a tried-and-true program, compared to the block grant. As the proposal is now, there is a booby trap that could devastate the state budget later down the road when the base is recalculated.

Our state legislators have turned a blind eye to the serious threat it creates for our state by voting to approve the block grant waiver with little time for deliberation. There are still major questions about its impact and making such drastic changes on a multi-billion-dollar health insurance program that provides care to 1.4 million people during an unprecedented health pandemic is dangerous. It may even prevent us from ever expanding Medicaid at the 90% match. The outgoing administration created new procedures that could make it more difficult for the Biden administration to withdraw CMS approval.