

# **Exhibit N**

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



**Center for Medicaid and CHIP Services**

---

June 15, 2012

Mr. Darin Gordon  
Director  
Bureau of TennCare  
Tennessee Department of Finance and Administration  
310 Great Circle Road  
Nashville, TN 37243

Dear Mr. Gordon:

The Centers for Medicare and Medicaid Services (CMS) has approved Amendments #14 and #16 for Tennessee's section 1115 Medicaid demonstration, TennCare II (11-W-00151/4). Amendment #14 authorizes an increase to the enrollment targets for the CHOICES 2 program, which was formerly requested as Amendment #13, and approves the rebalancing of the CHOICES managed long-term care program and the creation of *Interim* CHOICES 3. Amendment #14 is effective as of July 1, 2012. Approval of Amendment #16 fully responds to the State's request to remove the DSH allotment from the existing hospital pool to implement Tennessee's DSH allotment authorized under the Affordable Care Act and to ensure that other obligations to hospitals can be fulfilled. Amendment #16 is effective as of the date of this letter. Furthermore, CMS is no longer considering Amendment #12, as modified by the State on May 5, 2011 to impose a \$2 copayment on non-emergency medical transportation, as under active review.

In addition to the above, the following technical changes are made to the STCs:

- Corrects a cross-reference in Table 2a of STC paragraph 30.
- Replaces a specific State statutory citation with a general reference to the annual legislation that authorizes allocations to the Unreimbursed Hospital (UHC) Pool in STC paragraph 57(k).
- Incorporates modifications to the service definitions for attendant care, homemaker services, and personal care visits in Attachment D as approved on May 8, 2012.
- Updates the list of waivers in "Table 1a – TennCare Eligibility Groups" to remove references to waivers that were eliminated in Amendment #11.

The approval is conditioned upon compliance with the enclosed STCs, and is subject to our receiving your acknowledgement of the award and the acceptance of the STCs, waiver list, and expenditure authorities within 30 days of the date of this letter.

Your project officer is Mr. Paul Boben. He is available to answer questions concerning this demonstration project and may be contacted as follows:

Page 2 – Mr. Darin Gordon

Mr. Paul Boben  
Centers for Medicare & Medicaid Services  
Center for Medicaid and CHIP Services  
Mailstop S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850  
Telephone: (410) 786-6629  
Facsimile: (410) 786-5882  
Email: Paul.Boben@cms.hhs.gov

Official communications regarding program matters should be submitted simultaneously to Ms. Kaufman, and to Ms. Jackie Glaze, Associate Regional Administrator in our Atlanta Regional Office. Ms. Glaze's address is:

Ms. Jackie Glaze  
Centers for Medicare and Medicaid Services  
Division of Medicaid and Children's Health  
Atlanta Federal Center, 4th Floor  
61 Forsyth Street, SW, Suite 4T20  
Atlanta, GA 30303-8909

If you have additional concerns regarding CMS oversight of this demonstration or questions, please contact Ms. Victoria Wachino, Director, Children and Adults Health Programs Group, Center for Medicaid and CHIP Services, at (410) 786-5647.

Sincerely,

  
Cindy Mann  
Director

Enclosures

cc: Jackie Glaze, Associate Regional Administrator, Atlanta Regional Office  
Kenni Howard, State Coordinator for Tennessee, Atlanta Regional Office  
Paul Boben, Technical Director, Center for Medicaid and CHIP Services

**CENTERS FOR MEDICARE & MEDICAID SERVICES  
WAIVER LIST**

**NUMBER:** No. 11-W-00151/4 Title XIX

**TITLE:** TennCare II Medicaid Section 1115 Demonstration

**AWARDEE:** Tennessee Department of Finance and Administration

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or specified as not applicable in the following list, shall apply to all TennCare II populations identified in paragraph 17 (*Eligibility*) of the Special Terms and Conditions.

The TennCare II Demonstration will operate under these waiver authorities and those provisions specified as “not applicable.” The waiver authorities and the provisions specified as “not applicable” will continue through June 30, 2016, unless otherwise stated.

The following waivers shall enable Tennessee to implement the TennCare II Medicaid Section 1115 demonstration.

**WAIVERS OF TITLE XIX REQUIREMENTS FOR TENNCARE MEDICAID TITLE XIX STATE PLAN GROUPS**

- 1. Statewideness/Uniformity** **Section 1902(a)(1)**  
**42 CFR § 431.50**

To the extent necessary to enable the state to provide managed care plans or certain types of managed care plans only in certain geographical areas of the state. Certain managed care plans or certain types of managed care plans (e.g., risk-based plans) are only available in certain areas of the state.
- 2. Proper and Efficient Administration** **Section 1902(a)(4)(A)**  
**42 CFR § 438.52**

To the extent necessary to permit the state to have only one pharmacy benefits manager and one dental benefits manager to provide services in a region of the state or statewide.
- 3. Proper and Efficient Administration** **Section 1902(a)(4)(A)**  
**42 CFR § 435.831**

To the extent necessary to enable Tennessee to use streamlined eligibility procedures that provide for coverage of optional Medically Needy children and pregnant women and the Standard Spend Down demonstration population for the remainder of a 12-month eligibility period after the 1-month budget period used for determining eligibility. In accordance with the Code of Federal Regulations, the “budget period” is the period of time used by the state to determine whether an individual has “spent down” enough to meet the Medically Needy Income Standard.

- 4. Reasonable Promptness** **Section 1902(a)(8)**  
To the extent necessary to enable the state to limit enrollment in CHOICES 2 and 3 to the enrollment target(s) established by the state, as authorized under 32.d. (*Enrollment Targets for TennCare CHOICES*) of the Special Terms and Conditions, and to allow the state to require applicants for long-term services and supports to complete a person-centered assessment and options counseling process.
- 5. Access to Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) Benefits** **Section 1902(a)(10)**  
**42 CFR §§ 440.210 and 440.220**  
To the extent necessary to enable the state to permit managed care contractors to limit coverage of FQHC and RHC services, so long as access to care is assured from other providers.
- 6. Amount, Duration, and Scope of Services** **Section 1902(a)(10)(B)**  
**42 CFR 440 Subpart B**  
To the extent necessary to enable the state to offer a reduced benefit package, a different benefit package, or cost-effective alternative benefit packages to different populations under the demonstration (except for individuals specified in Section 1902(l)(4) of the Act), to the extent authorized under Section V of the Special Terms and Conditions.
- 7. Comparability and Amount Duration and Scope** **Sections 1902(a)(17)**  
**and 1902(a)(10)(B)**  
Should the state change the level of care criteria for admission to nursing facilities, to the extent necessary to enable the state to determine whether an individual has a continuing need for nursing facility services, PACE services, or home and community-based services for the elderly and disabled, based on the criteria in use when the individual first was determined to need the service.
- 8. Freedom of Choice** **Section 1902(a)(23)(A)**  
**42 CFR § 431.51**  
To enable the state to restrict freedom of choice of provider, through the use of mandatory enrollment in managed care plans or TennCare Select for the receipt of TennCare II and TennCare CHOICES covered services, including for individuals specified at Section 1932(a)(2) of the Social Security Act (the Act). No waiver of freedom of choice is authorized for family planning providers.
- 9. Retroactive Eligibility** **Section 1902(a)(34)**  
**42 CFR § 435.914**  
To enable the state not to extend eligibility prior to the date that an application for assistance is made. This waiver authority will expire at the end of the extension period of the demonstration, June 30, 2016, unless otherwise approved based on the requirements of paragraph 8 (*Extension of the Demonstration*) of the STCs.
- 10. Payment for Outpatient Drugs** **Section 1902(a)(54)**

**42 CFR §§ 440.120,  
447.331-447.334,  
and 456 Subpart K**

To the extent necessary to enable the state to establish a drug formulary that does not comply with the requirements of Section 1927(d)(4) of the Act.