



SPEECH

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Press Remarks

Governor Phil Bredesen

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Effective immediately, TennCare reform is moving forward under a plan that involves significant enrollment reductions but stops short of return to a basic Medicaid program. The main difference is in preserving health insurance for the most vulnerable and innocent of our citizens – our children. Under this improved approach, we will preserve coverage for all 612,000 children on TennCare, whether they are eligible for Medicaid or not.

Let me briefly recap where we have been.

In mid-November, I stood before you and said that before we made substantial cuts in the TennCare program, I wanted to try one more time to reach some compromise with the Tennessee Justice Center and their consent decrees that would enable us to implement the reforms that had been worked out over the past year.

In a final attempt to find a compromise, during the first half of December, I met with Mr. Bonnyman a total of six times, with most of these meetings lasting well over two hours. Four of these meetings were just between the two of us, in my private office, and two of them involved other attorneys and other state executives. During this process I proposed two separate compromise plans, one of which would have preserved health insurance for everyone now in the TennCare program. These compromise proposals would have required some specific changes in the consent decrees, but stopped far short of any broad standing down by the Tennessee Justice Center. They also removed from the state's reform plan several items that the advocates had claimed were particularly objectionable.

Mr. Bonnyman received the proposals politely, but never engaged in any negotiation and never put any alternatives on the table except to exhort us to go get additional money from the federal

government. When we met on December 15, he told us that in regard to our compromise proposals that there was nothing further to talk about. We have not met or talked except to exchange a couple of letters since then.

While the process that we have engaged in over the past 60 days has not succeeded in reaching compromise with the lawyers, it has had one very positive outcome which in my mind has made it all worthwhile. As a result of the work which has been done on compromise proposals and the "tightening down" of our analysis of the finances, we found a strategy that would take all of the children currently on TennCare – 612,000 of them – maintain them on the program with a broad set of benefits, and still live within in the money that we have available.

This is a huge victory, this is a huge victory on behalf of Tennessee's children, it is of fundamental importance to me and to Andrea as well. I feel like I can hold my head up as we move through the other unpleasant changes that we have to make.

We are now embarking on a road that I have tried very hard to avoid, and will begin the process of disenrolling approximately 323,000 adult TennCare members over the course of the next 12 months. We will also institute some limitations on prescriptions and other services as we have discussed. At the same time, we will begin the reestablishment of the requirement for MCOs to provide managed care, including being at financial risk for their performance, and we will set in place upgraded standards for fiscal and management soundness. We remain committed to developing a model disease management program.

The bottom line of all this is that we will end up over the next 12 months with a TennCare program whose costs are under control, with children absolutely protected, and about 75 percent of the size of the program today.

While these changes are painful, to put this in perspective, we are today first in the nation in terms of the percentage of our population on TennCare, or its equivalent in other states. When we complete the reform process, we estimate we will be seventh. Even with these reductions, and despite the dire predictions of advocates in the past and no doubt yet to come, TennCare will still be a comprehensive and generous health insurance program for the poor. That Tennessee can make changes of this magnitude and have a program whose comprehensiveness is still in the top ten in the nation just shows how far out of the mainstream we have gotten.

There is a second part to our strategy as well. We also intend to go to court immediately and aggressively seek court approval of modifications to these consent decrees. If significant movement back to a standard of meeting federal law and CMS regulations rather than going way beyond them can

be achieved, it may be possible in the future to avert some of the disenrollments or benefit limitations that we are now planning.

I want to speak directly for a moment to the TennCare enrollees who will be affected by this.

In November, I set up a "cooling-down" period and said I wanted to try again. I said to you then that before taking actions that would affect you, I had to be able to look you in the eye and say that I had left no stone unturned to find a solution, and that I could not yet do that.

Today I can. I say to you with a clear heart that I have tried everything. There is no big lump of federal money that will make the problem go away – it just isn't there. Our state is already number one in the nation in the proportion of its budget it spends on Medicaid and we don't remotely have the money to continue on the current path. The lawyers who have purported to represent you over the years are living in a fairyland and will not engage in finding some solutions through effective management of the program.

There is no question that these changes represent a huge problem for many of you, and I want you to know that I have asked our departments who have the capability to help with health-related issues – health, mental health, mental retardation – to do everything in their power to provide a backstop and to use the resources of their departments to help those of you who most need it.

This is not the approach I envisioned. But given where we are, given the constraints – both legal and financial – under which we are operating, this is the best and most responsible approach.

I am deeply sorry, but I want you to know that I have done my best, and am totally committed to continuing to fight for you and the TennCare program in the months and years ahead.

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