

Statement from Allies for Independence on Approval of Tennessee Medicaid Block Grant

January 17, 2021

In the final days of this Administration, the Centers for Medicare and Medicaid Services (CMS) approved Tennessee's Medicaid Block Grant, the first of its kind in the country. The decision to approve this waiver will create confusion in the months ahead for beneficiaries regarding coverage and access to critical services, which will put increasing pressure on vulnerable populations like seniors and individuals with disabilities already at great risk due to the worsening pandemic.

For decades, proponents of Medicaid block grant proposals claimed that these proposals would help save money while maintaining or improving health outcomes. Proponents argue that is because the flexibility provided in a capitated environment would incentivize states to deliver more efficient health care services. Unfortunately, the flexibility contained in the Tennessee block grant does not require the state to maintain its current eligibility or benefits, creating the perverse incentive to reduce eligibility to achieve greater savings. Block grant proposals undermine the very purpose of the Medicaid program by altering the federal governments funding guarantee, a critical component of the health care safety net.

Dramatically altering the Medicaid funding share in Tennessee in the middle of a public health emergency and economic crisis will harm Tennessee's most vulnerable populations. The health care system is already stretched thin across Tennessee, especially in areas where reimbursement rates are low, making it difficult to ensure continued access to services in many underserved communities. This will lead to increased out-of-pocket costs and could greatly reduce access to services across the state. This block grant, and the reduced oversight by the federal government, will have far-reaching consequences for the state's seniors and individuals with disabilities.

We are also concerned by CMS' approval of a closed prescription drug formulary, providing the state with wide latitude to restrict access to certain prescription drugs. This will inevitably reduce access to specialty medications that greatly benefit individuals with disabilities or those with chronic conditions. A closed prescription drug formulary poses many challenges for beneficiaries, and providers, who depend on access to these medications to help manage complex conditions.

We join the chorus of stakeholders who have deep concerns about how this waiver will enhance care for Tennessee's most vulnerable populations. We call on the incoming Administration to rescind this approval and oppose all efforts by states to implement block grants that restrict access to medications and jeopardize coverage for vulnerable populations.