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TennCare must propose \$1 billion in cuts due to a budget gap resulting in the loss of non-recurring revenues for the upcoming fiscal year beginning July 1. The non-recurring revenue that will be eliminated June 30, 2011, is the hospital fee that was passed by the General Assembly last year. Because the fee expires June 30, TennCare cannot include those revenues in its upcoming budget proposal.

TennCare proposed to the Centers for Medicare and Medicaid Services (CMS) a limit of eight (8) office visits for each TennCare patient per year. The intention was to limit services, not providers. Under TennCare's initial proposal to CMS, the patient could see the provider of his/her choice (MD, NP, PA, etc.) for those eight visits.

Under federal law, CMS recognizes physicians and nurse practitioners (NP) as mandatory providers. PAs are considered optional providers. CMS notified TennCare that they oppose combining mandatory providers with optional providers under one benefit limit. In order to meet TennCare's budget target, including optional providers such as PAs would have required a more severe limit on physicians or a situation where only mandatory providers were covered. TennCare pushed back on this approach by CMS and has argued that services should be what is considered, not what type of provider delivers the service. However, the current TennCare proposal has accepted the CMS position, subject to further negotiations.

Negotiations continue between TennCare and CMS.

PAs are vital partners to physicians in rural areas. In some rural areas, a PA may be the only provider that serves the patient. This is also a case of prevention versus emergency. Preventing an emergency is always less expensive than treating a patient in an emergency department.

There is currently in effect a 30-day comment period required by law.

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