

**STEVE COHEN**

9TH DISTRICT, TENNESSEE  
2104 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515

TELEPHONE: (202) 225-3265  
FAX: (202) 225-5663

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167 NORTH MAIN STREET  
SUITE 369  
MEMPHIS, TN 38103

TELEPHONE: (901) 544-4131  
FAX: (901) 544-4329

[WWW.COHEN.HOUSE.GOV](http://WWW.COHEN.HOUSE.GOV)

*Congress of the United States*  
*House of Representatives*  
*Washington, DC 20515-4209*

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July 9, 2021

Director Stephen Smith  
Deputy Commissioner and Director of TennCare  
Division of TennCare  
310 Great Circle Rd.  
Nashville, TN 37243

Dear Director Smith,

I write to express my grave concerns regarding the TennCare Demonstration. Proceeding with the implementation of a block grant waiver for Tennessee's Medicaid program would be a devastating blow to Tennesseans who rely on Medicaid to meet their most basic health needs.

As you know, the Medicaid program is designed to be jointly funded by the federal government and the states. For every dollar Tennessee spends on Medicaid, the federal government matches it with \$2.64. The section 1115 waiver that Tennessee is working to implement would enact an aggregate cap on federal funding for Tennessee's Medicaid program, which could mean the State gets less federal money and bears more financial risk in exchange for less oversight and more flexibility. Additionally, the program allows Tennessee to direct unused federal Medicaid funds toward other "policy priorities," which creates a perverse incentive for the State to cut health care for elderly, disabled and low-income Tennesseans as a means to divert the funds to their preferred projects rather than supporting Tennesseans with their most essential needs.

A shift in Medicaid implementation without oversight and with an incentive to shrink health care spending could mean a fundamental restructuring of who and what TennCare covers. The state could decide what prescription drugs are covered and cut benefits without consulting the Centers for Medicare and Medicaid Services (CMS). It could also change the scope and duration of the program without federal approval. The entire program could change based on the "policy

priorities” of the state’s administration rather than prioritizing the 1.4 million Tennesseans who already rely on this critical program. All of these components defy the fundamental purpose of Medicaid.

I am also alarmed that this waiver was approved for a ten-year demonstration. This would mean a decade during which Tennessee could completely restructure its Medicaid program without federal oversight, despite it being a federally funded program.

The block grant waiver may not be so concerning if the state did not already have an unfortunate history of wrongfully terminating coverage for TennCare recipients including children, seniors and adults with serious disabilities.<sup>1</sup> There is no evidence the state has an ability to responsibly allocate the federal funding it already receives. The state administration has repeatedly failed to be competent stewards or good-faith actors with the federal funding they already receive, especially considering it withheld over \$700 million dollars in TANF funding and failed to distribute school meal cards as the state’s residents faced one of the most dire economic circumstances in history.

The previous CMS Administrator Seema Verma referred to this approval as an “experiment.” To experiment with people’s lives and health care, especially amidst a public health crisis and economic recession, is unconscionable. To allow a state to direct these programs with no accountability or oversight is unacceptable.

We know what works to lower health care costs in states. I was proud to vote for the Affordable Care Act and I have repeatedly encouraged Tennessee to expand Medicaid under the program ever since. The decision not to expand Medicaid has become even more unreasonable following the passage of the American Rescue Plan, which further incentivizes Medicaid expansion by offering non-expansion states more than four times the cost of expanding Medicaid for two years. Expanding Medicaid lowers costs, expands access to care, and helps keep hospitals open. There is no quantitate evidence that a block grant would aid those that the Medicaid program was designed to support.<sup>2</sup>

Given the concerns outlined, I urge the state to undo this dangerous TennCare Demonstration.

As always, I remain,

Most sincerely,



Steve Cohen  
Member of Congress

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<sup>1</sup>Tennessee Justice Center Files Class Action Seeking Reinstatement of TennCare for Families Wrongfully Cut off by the State, Left Unprotected Against Pandemic. <https://www.tnjustice.org/tjc-files-class-action-pandemic-response/>.

<sup>2</sup> The Impact of Medicaid Expansion on States’ Budgets. <https://www.commonwealthfund.org/publications/issue-briefs/2020/may/impact-medicaid-expansion-states-budgets>.