



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION  
**DIVISION OF TENNCARE**  
310 Great Circle Road  
NASHVILLE, TENNESSEE 37243

Bills Haslam  
Governor

Larry Martin  
Commissioner

**Date:** January 9, 2018

**To:** TennCare Managed Care Organizations  
Department of Intellectual and Developmental Disabilities

**From:** Nathan J. Stremming, Assistant Deputy Chief of LTSS Business Operations

**Re:** Revised Expenditure Caps and Institutional Cost Limit

The purpose of this memo is to establish the 2018 Expenditure Caps for persons enrolled in Employment and Community First CHOICES Group 6 determined by TennCare to have exceptional medical or behavioral needs, as well as the individually applied Institutional Cost Limit in the Section 1915(c) Statewide HCBS Waiver.

These cost neutrality caps/individual cost limit are effective **beginning January 1, 2018**.

**Average Cost of Services in a Private Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID):**

The average cost of services in a private ICF/IID is used to determine the Expenditure Cap for persons with an intellectual disability enrolled in Employment and Community First CHOICES Group 6 determined by TennCare to have exceptional medical or behavioral needs, as well as the individually applied Institutional Cost Limit in the Section 1915(c) Statewide HCBS Waiver. These are people who would qualify to receive services in a private ICF/IID, but who have instead elected to receive HCBS.

For calendar year 2018, the **new** average cost of services in a private ICF/IID is as follows: \$464.36 per day, \$13,930.80 per month, and \$167,169.60 per year. This will be rounded to **\$13,950 per month** and **\$167,200 per year**.

The average cost of services in a private ICF/IID are based on a weighted average (by distribution of bed days) of the per diem rates for each ICF/IID facility as determined by the Office of the Comptroller.

**Average Cost of Nursing Facility Reimbursement:**

The average cost of Nursing Facility reimbursement is used to determine the Expenditure Cap for persons with a developmental disability (DD) enrolled in Employment and Community First CHOICES Group 6 determined by TennCare to have exceptional medical or behavioral needs. These are people who would **not** qualify for services in an ICF/IID, but who would qualify to receive services in a Nursing Facility (subject to the provision of specialized services to address needs related to the developmental disability), but who have instead elected to receive HCBS.

For calendar year 2018, for purposes of Employment and Community First CHOICES Group 6, the **new** average cost of Nursing Facility reimbursement is as follows: \$203.63 per day, \$6,108.90 per month, and \$73,306.80 per year.

In the Employment and Community First CHOICES program, the average cost of Nursing Facility reimbursement is based on a blended weighted average (by distribution of bed days) of the per diem rates for each respective level of Nursing Facility care as determined by the Office of the Comptroller, taking into account retrospective acuity- and quality-based rate adjustments. The rates are not discounted for patient liability which would result in a lower average cost. These amounts will be adjusted annually after the start of the fiscal year in July upon submission and review cost reports and rate determinations for the most recent fiscal year for which submission and review of cost reports is complete (excluding adjustments that may be submitted for up to one year).

This is supplemented by an amount determined by TennCare to account for the average annualized cost of specialized services that would be provided to a person with DD receiving services in a Nursing Facility. This amount is \$37,813.73 per year.

This is added to each level of NF reimbursement to determine the annual Expenditure Cap for a person with DD enrolled in Employment and Community First CHOICES Group 6 determined by TennCare to have exceptional medical or behavioral needs who would qualify to receive that level of NF reimbursement (with rounding), as follows:

“Basic” Nursing Facility plus specialized services	\$111,150
Tracheal Suctioning plus specialized services	\$181,850
Chronic Ventilator Care plus specialized services	\$253,850

The annual Expenditure Cap for persons with a developmental disability (DD) enrolled in Employment and Community First CHOICES Group 6 determined by TennCare to have exceptional medical or behavioral needs, who do **not** qualify for Enhanced Respiratory Care reimbursement is increased by \$5,650 per year. The amounts for Tracheal Suctioning and Chronic Ventilator Care reimbursement remain unchanged.

CC: William Aaron, Chief Financial Officer  
Dr. Victor Wu