

Date: December 28, 2020
To: TennCare Managed Care Organizations
Area Agencies on Aging and Disability
From: **Dallas Dowell, Assistant Deputy of LTSS Business Operations**
Re: Revised Cost Neutrality Caps

The purpose of this memo is to revise the Cost Neutrality Cap (as specified below) for calendar year 2021 in the CHOICES program.

The revised cost neutrality cap is effective **beginning January 1, 2021**.

Average Cost of Medicaid Nursing Facility Reimbursement:

The average cost of Medicaid Nursing Facility reimbursement is used to determine the Individual Cost Neutrality Cap **in the CHOICES Program** for persons enrolled in CHOICES Group 2 who would qualify to receive Nursing Facility Care, but who have instead elected to receive HCBS.

Effective January 1, 2021, the **new** average cost of Nursing Facility reimbursement is as follows: \$219.36 per day, \$6,580.80 per month, and \$78,969.60 per year. This will be rounded to **\$78,975 per year**. This represents an increase of \$650 per year.

As a reminder, MCOs are not required to notify members of the higher cost neutrality cap. However, Care Coordinators should be mindful of CHOICES Group 2 members who may need covered benefits that have not been available based on the previous cost cap, and should prioritize contacts with those individuals to assess whether changes to the Person-Centered Support Plan are needed.

The average cost of Nursing Facility reimbursement is based on a weighted average (by distribution of bed days) of the blended per diem rates for Nursing Facility care as determined by the Office of the Comptroller. The rates are not discounted for patient liability which would result in a lower average cost. These amounts will be adjusted annually once the rate setting process is completed, and effective beginning January 1 of the following calendar year.

CHOICES Individual Cost Neutrality Cap amounts and 5th prong applications for persons who would qualify for either the Chronic Ventilator or Tracheal Suctioning Enhanced Respiratory Care Nursing Facility rates continue to be applied as follows:

- **\$144,000 per year (\$12,000 per month)** for persons who would qualify for the **Tracheal Suctioning** rate of reimbursement for Nursing Facility services; and
- **\$216,000 per year (\$18,000 per month)** for persons who would qualify for the **Chronic Ventilator** rate of reimbursement for Nursing Facility services.

As a reminder, there is **not** a Cost Neutrality Cap amount or 5th prong comparison based on the short-term Ventilator Weaning rate, as short-term Vent Weaning services would be provided only in an institutional (hospital or NF) setting.

Note that the above amounts are applicable *only* to CHOICES and not to Expenditure Caps in the Employment and Community First CHOICES program.

CC: Patti Killingsworth, Chief of LTSS
William Aaron, Deputy Director and Chief Operating Officer
Zane Seals, Chief Financial Officer
Dr. Victor Wu, Chief Medical Officer
Kristeena Wilson, Assistant Deputy Chief, LTSS Operations
Jamie O'Neal, Assistant Deputy Chief, LTSS Policy, Programs, Contracts & Compliance