



Date: December 8, 2025

To: CHOICES Assisted Care Living Facility (ACLF) Services Providers
TennCare Managed Care Organizations (MCOs)

From: Katie Evans, Director of Long-Term Services and Supports

Subject: ACLF Rate Change and 2026 Maximum Room and Board Charges for Persons Receiving Assisted Care Living Facility Services in the CHOICES Program

The purpose of this memo is to advise of the new maximum allowable charges for room and board for CHOICES members in an ACLF that are in effect as of January 1, 2026.

The scope of the defined ACLF Services benefit under the CHOICES program does **not** include room and board. Federal regulations at CFR 42 Section 441.310(a)(2) and the terms of the State's approved 1115 Waiver application prohibit the State from covering room and board as a component of HCBS.

Federal Financial Participation (FFP) is provided under the CHOICES program only for costs pertaining to actual "care," i.e., personal care services, homemaker services and medication oversight that is provided to the enrollee in the ACLF. The current rate of reimbursement for covered ACLF services under the CHOICES program shall not exceed \$1,497.77 per month (this rate was effective July 1, 2025). Such rate excludes all costs pertaining to room and board.

A CHOICES member who qualifies to receive ACLF services and for whom such services are identified in an approved Person-Centered Support Plan is obligated to use their own resources to pay the costs of room and board in the ACLF, or the costs may be supplemented by family or other outside resources up to the maximum allowable charges for room and board.

In an effort to help ensure that Medicaid-eligible CHOICES members can access the ACLF benefit, TennCare policy limits the maximum that ACLFs can charge for room and board when TennCare is paying for ACLF Services. This limit is set at 80% of the maximum Personal Needs Allowance (PNA). The PNA is the amount of money a CHOICES member is allowed to keep in order to meet community living expenses and is based on a percentage of the federal SSI benefit rate, which changes every year.

In the CHOICES program, the PNA is set at 300% of the SSI FBR or \$2,982 per month, as of January 1, 2026. Eighty percent (80%) of \$2,982.00 is \$2,385.60. Thus, for 2026, the maximum monthly room and board charges in an Assisted Living Care Facility for CHOICES members cannot exceed the lesser of \$2,385.60 per month or any lesser amount that would be charged to a resident not enrolled in the CHOICES program, provided that a resident or family may *voluntarily* elect to pay a higher monthly room and board charge for a private room. Paying the higher amount for a private room shall **not** be a condition of admission to the facility and **MUST** be solely the decision of the resident and/or family. The additional amount shall be limited to the difference between what the ACLF would charge a non-Medicaid resident for a private versus semi-private room and shall not be used to further offset the maximum allowable charges for room and board, except as it relates to the higher cost of the private room.

The maximum monthly room and board charges in an ACLF for CHOICES members will be adjusted each year in accordance with the federal SSI benefit rate. When combined with the cost of covered ACLF services paid by TennCare, the maximum total payment to the facility is \$3,883.37, unless the Individual or family **elects** to pay for a private room. For July 1, 2025 – December 31, 2025, the maximum total payment to a facility was \$3,789.20, unless the individual or family elected to pay for a private room. Again, option shall not be a condition of admission to the facility and **MUST** be the choice of the resident or family.

To be clear, the maximum allowable charge for room and board is not 80% of the room and board costs, but rather 80% of the maximum PNA (or \$2,385.60). If the costs of room and board are less than or equal to \$2,385.60 per month, the full costs of room and board may be billed to a CHOICES member. Further, this limitation applies only to CHOICES members, and not to other ACLF residents.

Any income which exceeds the member's PNA must be collected by the ACLF provider as patient liability and deducted from the amount billed to the MCO for covered services the member receives—in this case, ACLF services (not room and board). Such payments are in

addition to ACLF room and board costs which must also be paid to the ACLF provider by the member.

If the participant becomes delinquent in paying the room and board charge, the ACLF provider may, with proper notice, take appropriate steps to discharge the individual from its facility. At least 30 days advance notice of such discharge must be provided.

ACLFs that contract with one or more Managed Care Organizations (MCOs) as CHOICES providers must agree to accept the amount of reimbursement provided under the CHOICES for covered ACLF Services as “payment in full.” ACLFs that enroll as CHOICES providers may not bill CHOICES members (or their family) for any portion of the costs of covered ACLF Services. Nor may ACLF providers shift any portion of the costs of covered ACLF Services to non-covered room and board charges.

Examples of costs that are considered to be room and board which are **not covered** under the CHOICES program include:

- Rent, mortgage payments, title insurance, mortgage insurance;
- Property and casualty insurance;
- Property taxes;
- Utilities, resident phone, cable TV, etc.;
- Building and/or grounds maintenance;
- Residents’ “raw” food costs including individual special dietary needs (the cost of preparing, serving, and cleaning up after meals may be covered under the 1115 waiver);
- Household supplies and equipment necessary for the room and board of the individual; and
- Furnishings used by the individual (does not include office furnishings).

Examples of costs that are considered to be **covered** components of ACLF Services under the CHOICES program include:

- Salaries of personal care support employees, homemaker employees, other support staff and supervisors who provide oversight;
- The cost of preparing, serving, and cleaning up after meals (“raw” food costs are excluded);
- FICA, staff health insurance costs or other benefits, worker’s compensation, unemployment compensation (as apportioned to support and supervision).

- Staff travel;
- Resident travel (including vehicle depreciation);
- Administrative overhead costs of doing business, including office supplies and furnishings, percentage of administrative staff salaries, office telephone, recruitment, audit fees, operating fees/permits/licenses, percentage of office space costs, data processing costs, legal fees;
- Staff liability insurance/agency liability insurance; and
- Staff training/development/education.