



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

January 29, 2016

The Honorable Ron Ramsey
Lt. Governor and Speaker of the Senate
Suite 1 Legislative Plaza
Nashville, TN 37243-0219

The Honorable Beth Harwell
Speaker of the House of Representatives
Suite 19 Legislative Plaza
Nashville, TN 37243-0219

Dear Speaker Ramsey and Speaker Harwell:

Pursuant to TCA 71-5-1402(g), please find below long-term care expenditures for nursing facility services and home and community-based services made under the CHOICES program during Fiscal Year 2015, and the updated projected expenditures for Fiscal Year 2016. FY 2015 expenditures reflect payments made by MCOs to nursing home and HCBS providers for long-term services and supports. FY 2016 expenditures are projected based on expenditure history to date.

| <u>Expenditures</u> | SFY15 | SFY16 (projected) |
|---------------------|------------------|--------------------------|
| Nursing Home | \$927,967,550 | \$936,839,500 |
| HCBS | \$ 230,518,300 | \$236,213,050 |
| Total | \$ 1,158,485,850 | \$1,173,052,550 |

FY 2015 Nursing Home expenditures increased 5.5% over FY 2014 expenditures (from \$879,205,500 to \$927,967,550) even though the number of NF bed days continued to decline. As previously advised, this is the result of increased funding provided to Nursing Homes pursuant to legislation (SB 1872, HB 1783) passed by the General Assembly and codified in Public Chapter 859. The law converted the previous nursing home bed tax to an assessment fee. The additional funds generated by the assessment fee provided funding for the

implementation of acuity- and quality-based rate adjustments for FY 2015 and FY 2016, pending full implementation of a new acuity- and quality-based reimbursement system for Nursing Home services.

Expenditures for HCBS decreased by 1.1% during the same time period.

Projected Fiscal Year 2017 expenditures and the percentage of nursing facility services and home and community-based services relative to total expenditures for CHOICES long-term health care program will be provided by June 30, 2016.

Sincerely,

A handwritten signature in black ink that reads "Darin J. Gordon" followed by a stylized monogram "DJK".

Darin J. Gordon
Director

CC: Honorable Members of the General Assembly