



Tennessee Money Follows the Person Rebalancing Demonstration Summary Report

February 26, 2021

Tennessee's Money Follows the Person Rebalancing Demonstration grant award, totaling \$119,624,600, was approved effective April 1, 2011 with a goal of transitioning 2,225 individuals—mostly older adults (1,195) and adults with physical disabilities (980), as well as 50 individuals with intellectual or developmental disabilities (I/DD)—into community-based settings. The initial grant period was set to conclude in September 2016, but was subsequently extended.

More than 18 months *before* the MFP program's launch in October 2011, Tennessee had already begun reforming its Medicaid long-term care system as part of the launch of CHOICES in Long-Term Services and Supports (LTSS), a Medicaid managed LTSS program serving older adults and adults with physical disabilities. Like MFP, among the CHOICES program's key goals are to expand access to home and community-based services (HCBS) and rebalance enrollment and expenditures away from institutional care, and the program was specifically designed to achieve those outcomes.

- TennCare pays contracted Managed Care Organizations (MCOs) the same blended risk-based capitation rate for each older adult and adult with physical disabilities who meets Nursing Facility (NF) level of care, regardless of whether the person is receiving NF services or HCBS.¹ The MCO is incentivized to serve people in the community whenever possible (both delaying or preventing NF placement as well as transitioning from NF placement to the community when appropriate). MCOs are also incentivized to ensure that services in the community are sufficient to meet each person's community support needs since the MCO remains at financial risk for the higher cost of NF placement.
- MCOs are contractually obligated to develop and implement a nursing facility diversion program, targeting populations most at risk of NF placement in order to support and sustain community living.
- MCOs are also contractually obligated to develop and implement a nursing-facility to community transition program. This includes periodic assessment of individuals living in NFs to identify their interest and potential for transition to the community, transition planning and implementation within prescribed timeframes, and post-transition follow-up to ensure stability and sustainability once transitions have occurred. MCOs employ Housing Specialists to assist in the development and timely access of affordable housing supports to enable transition.
- In July 2012 (upon identifying a pathway to ensure compliance with maintenance of effort—MOE—provisions set forth in the American Recovery and Reinvestment Act and subsequently the Affordable Care Act that prohibited states from modifying institutional LOC criteria), TennCare raised its NF level of care standards, while continuing to offer HCBS to individuals “at risk” of NF placement, using a 1915(i)-“like” demonstration category authorized as part of its 1115 waiver. This had been part of the original CHOICES program design approved by CMS, but delayed due to MOE requirements.

Tennessee's MFP program was integrated into the state's existing LTSS programs, beginning with the CHOICES program for seniors and people with physical disabilities and three longstanding Section 1915(c) HCBS waivers for people intellectual disabilities. In 2016, programs operating in conjunction with MFP were expanded to include the newly implemented Employment and Community First CHOICES program, an MLTSS program for people with intellectual and other developmental disabilities. Individuals enrolled in MFP were simultaneously enrolled into the applicable LTSS program for receipt of HCBS, which assured continuity of services and sustainability of community living once their 365-day MFP participation period ended.

¹ This is accomplished by first developing actuarially sound rates for each service setting. The mix of individuals receiving services in each setting (NF vs. HCBS) is determined, and a target is established for how the percentages are expected to change during the rating period. The two cap rates are then blended according to those percentages, resulting in a single capitation payment for all persons who meet NF LOC, inclusive of physical and behavioral health and LTSS, including NF and HCBS. This is done separately for the dual eligible and the non-dual populations in each region.

The MFP demonstration brought significant enhancements to the State’s rebalancing efforts, by making available additional administrative and rebalancing funds which the State purposed toward achieving its program goals. This included a financial incentive structure for TennCare-contracted MCOs aligned with performance in each of the MFP benchmarks (see Table 1 below).

Table 1

MFP Program Benchmark	MCO Incentive Structure
Assist the projected number of eligible beneficiaries in successfully transitioning from institutions to qualified community residences.	<ul style="list-style-type: none"> • \$1,000 for each beneficiary transitioned from a NF to the community and enrolled in MFP, up to the annual benchmark target • \$2,000 for each beneficiary transitioned from a NF to the community and enrolled in MFP, in excess of the annual benchmark target • \$5,000 per beneficiary upon successful completion of 365 days of community living with HCBS without readmission to a NF (excluding Medicare-reimbursed short-term stays)
Increase the amount and percentage of Medicaid spending for qualified HCBS relative to institutional spending.	<ul style="list-style-type: none"> • \$10,000 one-time payment upon completion of one additional state benchmark for each calendar year of the demonstration
Increase the number and percentage of seniors and adults with disabilities receiving Medicaid LTSS in home and community-based (versus institutional).	<ul style="list-style-type: none"> • \$25,000 one-time payment upon completion of two additional state benchmarks for each calendar year of the demonstration
Increase the number of licensed Community Based Residential Alternatives (CBRA) ¹ contracted with Medicaid MCOs to provide HCBS.	<ul style="list-style-type: none"> • \$50,000 one-time payment upon completion of three additional state benchmarks for each calendar year of the demonstration
Increase the number of beneficiaries receiving Medicaid HCBS who self-direct their services.	<ul style="list-style-type: none"> • \$100,000 one-time payment upon completion of all four additional state benchmarks for each calendar year of the demonstration

Tennessee also leveraged MFP rebalancing funds to further MFP program and other aligned system goals, including the following investments:

- Consultation in the launch of a statewide *System Transformation Initiative* which seeks to transform the entire LTSS system to one that is person-centered, and that aligns policies, practices, and payments with system values and outcomes, including employment and full community citizenship and participation; and the convening and facilitation of a statewide *System Transformation Leadership Group*, comprised of self-advocates, family members, advocates, providers, health plan partners, and state leadership. TennCare, in partnership with the group, identified key drivers of transformation at the person or individual level, the provider or service delivery level, and the program or system level, recognizing that advancements—especially at the system level—will help to achieve a broader culture

transformation when people with disabilities are better supported to enjoy the rights, valued roles, and quality of life that other citizens are afforded.

- Conducting Person-Centered Thinking and Organization training and technical assistance for MCO leadership and staff coaches throughout the organization to embed person-centered practices in health plan operations;
- Training all MCO Support Coordinators in Person-Centered Thinking and Planning;
- Training and technical assistance to develop and implement best practices in employment supports for each of the targeted populations served in Tennessee’s HCBS programs;
- Training and technical assistance for HCBS providers in addressing workforce challenges by the University of Minnesota, Institute on Community Integration; and
- A housing development grant with five nonprofit developers that are members of the Neighborworks America Alliance to help increase the supply of affordable, accessible housing for persons transitioning from a nursing facility and receiving LTSS. The grant also functions as a feasibility model for housing development.

Benchmark 1: Assist the projected number of eligible beneficiaries in successfully transitioning from institutions to qualified community residences.

As of December 2018, Tennessee had exhausted its MFP funding, and halted all new transitions under the demonstration (we have continued MFP participation periods in process at that time). During the life of Tennessee’s MFP demonstration, the original transition target was exceeded by 16.8 percent, with 2,599 individuals transitioned. Importantly, this is a fraction of the total transitions completed during that timeframe, including those for which the person was institutionalized for less than 90 days, and thus, did not meet MFP participation criteria. Between July 1, 2012 and June 30, 2018, nearly 4,000 people were transitioned out of NFs to receive HCBS in the community, not including persons transitioned out of ICFs/IID.² Also important to note is that because the MFP program had been designed for sustainability, all of the HCBS benefits and program infrastructure remain, and transitions have seamlessly continued (outside the demonstration) since that time.

Benchmark 2: Increase the amount and percentage of Medicaid spending for qualified HCBS relative to institutional spending.

Since the base year measure used for Benchmark 2, Tennessee’s HCBS expenditures have increased every year except one, and by nearly 81% overall, from \$586 million to more than \$1 billion.

Year	HCBS Expenditures
Base Year	\$586,108,188
2010 Actuals	\$693,100,284
2011 Actuals	\$717,158,749
2012 Actuals	\$735,297,490
2013 Actuals	\$877,187,644
2014 Actuals	\$944,516,954
2015 Actuals	\$966,123,454
2016 Actuals	\$992,843,103
2017 Actuals	\$967,730,943
2018 Actuals	\$985,075,418
2019 Actuals	\$1,031,200,370
2020 Actuals	\$1,059,093,318

² Actual number is 3,977 total transitions from NF to HCBS—not limited to MFP—for applicable full demonstration years (740, 682, 594, 459, 485, 511, 506) from baseline reporting to CMS under the terms of Tennessee’s TennCare II demonstration.

Benchmark 3: *Increase the number and percentage of seniors and adults with disabilities receiving Medicaid LTSS in home and community-based (versus institutional).*

The number of older adults and adults with physical disabilities receiving HCBS in Tennessee increased by 71.5%—from 7,419 to 12,721 from the baseline period through the end of 2018. All waiting lists for HCBS were eliminated among these populations. There were also significant increases in the population of individuals with I/DD receiving HCBS—due in significant part to the launch of Employment and Community First CHOICES, an MLTSS program that currently serves nearly 3,500 individuals, many of whom did not qualify for LTSS prior to the program’s launch.

Benchmark 4: *Increase the number of licensed Community Based Residential Alternatives (CBRAs) contracted with Medicaid MCOs to provide HCBS.*

Throughout the course of its MFP Rebalancing Demonstration, Tennessee, consistently exceeded its goals for increasing community-based residential alternative capacity to deliver services to individuals transitioning from institutions or already living in the community, as measured by the number of licensed and contracted providers for these services. Between 2014 to 2018, the number of licensed and contracted CBRA providers increased by 70%—from 96 to 163. (Note that this is the number of licensed providers and not the specific number of settings in which such services were provided, which would be a much larger number). The largest contributor to success in meeting this goal was the design and implementation of the Community Living Supports and Community Living Supports – Family Model benefits, available in both CHOICES and Employment and Community First CHOICES.

Benchmark 5: *Increase the number of beneficiaries receiving Medicaid HCBS who self-direct their services.*

Participation in consumer direction also grew exponentially during Tennessee’s MFP demonstration, starting from 523 in the baseline period and increasing more than fivefold to 3,471 by the demonstration’s end. In the CHOICES and Employment and Community First CHOICES program, the State requires the MCO to discuss Consumer Directed options with members who are not currently consumer directing services and have embedded consumer direction within the person-centered support plan template that has been implemented across both programs. Participants who elect to consumer direct their services enjoy the choice and control of hiring their own workers, training their workers to meet their needs, and scheduling and managing their own services. In Employment and Community First CHOICES, participants have the same employer authority, along with modified budget authority over each of the services they elect to receive through Consumer Direction.

Summary:

Tennessee’s MFP rebalancing demonstration was a remarkable success, achieving its goals and positively impacting the lives of thousands of Tennesseans with disabilities and their families. In addition, both the demonstration itself and the additional dollars earned through the MFP rebalancing fund have further enhanced Tennessee’s efforts toward expanding access to HCBS, rebalancing its LTSS system, and improving individual and program outcomes. Key to these successes have been input from stakeholders, intentional program design, alignment of financial incentives, and key partnerships with MCOs and State agency partners. Even though Tennessee’s MFP rebalancing demonstration has concluded, transitions from institutions to the community and other program goals continue, aided by the lessons learned from the demonstration project.