



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, 2015

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 2014, and the projected expenditures for Fiscal Year 2015. These reflect payments made by MCOs to nursing home and HCBS providers.

<b>Expenditures</b>	<b>SFY14</b>	<b>SFY15 (projected)</b>
Nursing Home	\$879,205,500	\$962,014,900
HCBS	\$233,166,700	\$240,161,700
Total	\$1,112,372,200	\$1,202,176,600

We would expect there to be some additional completion, but the bulk of the expenditures are reflected above.

You will note that the projected increase in Nursing Home expenditures for SFY15 is significantly higher (9.4%), than the projected increase in HCBS expenditures (3%). This is primarily the result of increased funding that will be provided to Nursing Homes pursuant to legislation (SB 1872, HB 1783) passed by the General Assembly and codified in Public Chapter 859. The new law converted the previous nursing home bed tax to an assessment fee of 4.5% of net patient service revenue based on a per-resident day basis, excluding Medicare resident days.

The additional funds generated by the assessment fee will be used to off-set a 1% rate reduction that would have otherwise been effective for Nursing Home services on July 1, 2014, and also provides funding for the implementation of acuity- and quality-based rate adjustments for FY 2015, pending full implementation of a new acuity- and quality-based reimbursement system for Nursing Home services. Projected expenditures for SFY15 thus reflect these additional expenditures for acuity- and quality-based rate adjustments that will be made to Nursing Homes during the year.

Projected Fiscal Year 2016 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, 2015.

Sincerely,

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

Darin J. Gordon  
Director

CC: Honorable Members of the General Assembly