



Advisory Task Force on State Reimbursement Rates Report

2026

Introduction

Public Chapter 144 of 2025 established the Advisory Task Force on State Reimbursement Rates as a result from and outgrowth of the Healthcare Task Force, which concluded in 2023. The task force established in 2025 was established to “make recommendations on annual adjustments to the reimbursement rates paid to agencies that perform healthcare functions and services in this state”, in an effort to ensure such reimbursement rates are adequate. The state recognizes the ongoing healthcare frontline workforce shortage coupled with the increased need of caring for the most vulnerable of Tennesseans.

The inaugural meeting of this task force occurred in May 2026 and eventually culminated in this report. This report serves to establish the bridge between the work of the 2023 Healthcare Task Force and the current Advisory Task Force on State Reimbursement Rates. As such, this initial report will focus on evaluating the recommendations of the Healthcare Task Force as to their progress and viability for continued study and implementation.

The Task Force was composed of the following members:

Kristie Hammonds - Chair

President and CEO, Frontier Health

Chelsea Williams - Vice Chair

*Corporate Compliance Officer,
At Home Healthcare*

Jennifer Enderson

President, Emory Valley Center

Brian Kidd

*Senior Vice President and CFO, National
HealthCare Corporation*

Margie Quin

The Commissioner of Children's Services

Brad Turner

The Commissioner of Disability and Aging

**The Commissioner of Labor and
Workforce Development**

*Designee - Director of Rural Initiatives,
Teresa Smith*

The Commissioner of Health

Designee - Deputy Commissioner, John Webb

**The Commissioner of Mental Health
and Substance Abuse Services**

Designee - Deputy Commissioner, Matt Yancey

The Director of TennCare

Designee - Chief of Staff, Jessica Hill

Tennessee Healthcare Task Force Recommendations, 2023

RECOMMENDATIONS
<i>Compensation:</i>
Raise wages to current market.
High school equivalency level positions – \$18-20/hour
Bachelor's level positions – \$25.50-28.00/hour
Private sector providers' wages will be improved commensurate with state employee annual raises.
Future wage improvement recommendations will take inflation under consideration.
<i>Best Practices and Workforce:</i>
Family Scholar House HealthCorps: Expand the Family Scholar House healthcare workforce program in Tennessee.
Matching Registries: Create a registry platform connecting healthcare workers with those in need of healthcare services.
Targeted Recruitment: Develop strategies on recruiting and retaining adults to meet the demand for direct care workers.
International Workforce: Expand visa work program opportunities.
Certification Programs: There is value in further development of career pathways to assist with workforce retention.
Marketing Campaign: Develop a statewide marketing campaign to attract frontline healthcare workers.
Explore Family-Working-Family Caregiving Model: Redefine the current rules under which individuals can provide care to family members in home services to empower these individuals while also taking care to prevent fraud.
Medication Aide Program: Review current practices and guidelines for opportunities to increase the number of medication aides in the state and enhance their ability to impact the overall delivery of healthcare in facility settings.
Clinical Resources for Children/Young Adults: Develop policies and strategies to attract resources to this area of need.
TennCare Program: Increase provider awareness of existing programs to support and grow the healthcare workforce.
Regulatory Updates: Leverage the regulatory process to assist in the mitigation of healthcare direct care provider workforce challenges through the implementation of additional regulatory action and amend previously enacted regulatory actions.
Tennessee's Workforce System: Support the state's workforce system plans regarding healthcare access, specifically high school pathways, bridge programs, and certified pre-apprenticeship and apprenticeship programs.
Continued Investment: Recognition of recent investments as examples of impact actions.
Creation of advisory council: Consider creating an advisory council to continue the Healthcare Task Force's work and assist with implementation of recommendations.

Advisory Task Force Updates 2026

Compensation and Workforce Benchmark

Base Salary Recommendation:

- High school equivalency positions: \$18 - \$20/hour (benchmark 2023)
- Bachelor's level positions: \$25.50 - \$28.00/hour (benchmark 2023)
- Incremental wage improvement methodology
 - Private providers' wages will be improved commensurate with state employee annual raise percentage.
 - The annual state wage improvement over the last ten years has averaged 1.85%.
 - To sustain the workforce going forward, wage improvement recommendations will take into consideration inflation.

Accomplishments Since Previous Report	
<i>DDA, CHOICES, ECF Choices</i>	Received rate increases in FY25 and FY26; None were received for FY27.
<i>DCS</i>	Completed market adjustments.
<i>Behavioral Health</i>	Moderate increases—mainly in selected programs.
<i>Nursing Home/ Assisted Living</i>	Received inflationary Medicaid rate increases for each of the last three years. Another small inflationary increase received on 7/1/26.
<i>Home Health</i>	Further information needed. Rates are negotiated with MCOs, at the MCO level—TennCare is not involved in these rate negotiations.
<i>State Wages</i>	Increased 4% in 2024, and another 4% in 2025. Note: Tennessee bases increases on performance, so not all employees received maximum (or any) increase.

Future Opportunities and Next Steps:

1. TAMHO, TNCO, TAADAS survey members on current wages, benefits, etc.
2. Consider an independent rate study or consultant review.
3. State versus private provider comparison.
4. Update comparative wages.

Areas Requiring Additional Study:

- TennCare to report/present on rate increases across all programs.
- Rate study.
- Review Workforce surveys from national advocacy programs.

Best Practice and Workforce

Family Scholar House HealthCorps:

Expand the Family Scholar House healthcare workforce program to Tennessee

Accomplishments since previous report:

Accomplishments for this program are still being researched. According to the website, states currently participating are: Arizona, Florida, Indiana, Kentucky, Michigan and Virginia. Tennessee has had Family Scholar grant recipients, but additional information was not currently available. Tennessee organizations interested in hosting members would likely need to work directly with Family Scholar House to establish new host-site partnerships. FSH HealthCorps is actively recruiting nonprofit healthcare host sites in states where it operates and encourages inquiries from potential partners.

Future Opportunities and Next Steps:

1. Current opportunities to partner with AmeriCorps.

Areas Requiring Additional Study:

Additional research is needed into the nature of Tennessee's involvement with the Family Scholar House and what impacts it has had on Tennessee's frontline healthcare workforce.

Matching Registries:

Create a registry platform connecting healthcare workers with those in need of services.

Update:

Procurement for registry through TennCare is currently ongoing. Direct Service Provider (DSP) Registries are utilized in several states, under several models. Tennessee's proposed registry would serve multiple purposes, including but not limited to:

- A direct care/support registry
- Reporting capabilities
- A limited job matching portal
- A learning management and resource library

Some state registries are used by families to find caregivers for private pay or other services, while other states' registries function for agencies to find DSPs available to work. Of these state registries, some are focused primarily on providing the agencies with DSPs who have already had background checks and confirmed employment eligibility. Other registries go further by providing job training and other pre-employment requirements, reducing agency burden and decreasing time between application and hire. DSPs are generally required to keep their registry files up-to-date, and agencies are required to ensure this is done regularly in order to continue DSP employment.

Future Opportunities and Next Steps:

Of all current recommendations, this seems to be the one with the least progress made in Tennessee, but one that could certainly help with recruitment and retention of DSPs in the state. Next steps may include implementation—but, more practically, would begin with research into the implementation and effectiveness of registries in other states.

Areas Requiring Additional Study:

Many states have seen success with such models; however, few such registries are known to exist in states in the Southern U.S. While there are other niche registry models, if any such models were to be implemented in Tennessee, additional study would need to be implemented on the registry types currently in-use, the states using them, their implementation success and/or ROI, as well as agency openness-to-use within the State of Tennessee and the cost of implementation and up-keep.

Targeted Recruitment:

Develop strategies for recruiting and retaining adults to meet the demand for direct care workers.

Accomplishments Since Previous Report:

The Tennessee Direct Support Professional Training and Apprenticeship Program is a competency-based, 12-course program that provides training to enhance the skills of direct support professionals (DSPs). The program's goals include advancing health equity in medically underserved communities by expanding the number of DSPs in these areas, enhancing the skills of current DSPs, and increasing the workforce by offering practical on-the-job training apprenticeships

The National Alliance for Direct Support Professionals (NADSP) has launched The NADSP E-Badge Academy, which offers Direct Support Professionals (DSPs) and Frontline Supervisors (FLSs) the ability to earn national certification through stackable electronic badges. These badges demonstrate the knowledge, skills, and values that direct care professionals in Tennessee utilize every day.

NADSP E-Badge Academy Partnership

TennCare partnered with the National Alliance for Direct Support Professionals (NADSP) to expand access to the NADSP E-Badge Academy, a national certification program for Direct Support Professionals (DSPs), Paid Caregivers, and Front-Line Supervisors (FLSs) beginning in 2024. This program provides participants the opportunity to earn national certification through electronic badges that showcase mastery of essential knowledge, skills, and values critical to their roles. To further encourage participation, TennCare has incentivized the completion of each E-Badge level for DSPs and the FLS certification for supervisors by providing monetary rewards to both the individuals and their providers. The program is available to all Home and Community-Based Services (HCBS) providers and Consumer Direct workers in Tennessee.

Program Participation and Performance

- Participation and outcomes continue to improve quarter over quarter.
- Incentive payouts increased by 38.9% from Q1 to Q2.
- Total certifications increased by approximately 41% from Q1 to Q2.
- FLS certifications nearly doubled, increasing from 27 to 50 in Q2.
- As of July 2026, total incentive payments reached \$1,159,950.

Impact on Workforce and Quality of Care

- Participants and providers report a clear link between professional development investment and improved quality of care.

- 99% of participants stated that the E-Badge Academy improved their ability to deliver quality care.
- Workforce confidence increased by 12%, demonstrating that staff feel more prepared and capable in their roles.
- Providers noted several positive impacts, including:
 - Improved retention
 - Enhanced service quality
 - Increased staff professionalism
 - Strengthened career identity among DSPs and supervisors
 - Funding for this program is expected to continue through 2030, with potential future funding based on the evaluation and efficacy of the program outcomes.

The Healthy Careers Program

The Healthy Careers Program is a partnership between BlueCare and East Tennessee State

Future Opportunities and Next Steps:

1. High school programs that lead to credentialed staff ready to go after graduation.
2. Work with TCAT on dual enrollment for HS students into healthcare professions.

Areas Requiring Additional Study:

1. DOL Workforce Development present on the WIOA program and how this could be used to create a career pathway.
2. MCO's present on Workforce Initiatives across the State; TennCare to assist in coordinating.

International Workforce:

Expand visa work program opportunities.

Accomplishments Since Previous Report:

None noted.

Future Opportunities and Next Steps:

1. International recruitment has limited applicability for many frontline healthcare positions.
2. Significant costs and administrative barriers exist.

Certification Programs:

There is value in further development of career pathways to assist with workforce retention.

Accomplishments Since Previous Report:

There have been some movements in developing certifications for DSP staff with colleges that implement a stair-step approach to incremental increases.

Future Opportunities and Next Steps:

1. Continue expanding certification programs.
2. Further career pathway development.
3. Explore opportunities for advancement and retention of existing staff.
4. Continue to support and provide updates to status highlighting successful practices.

Marketing Campaigns:

Develop a statewide marketing campaign to attract frontline healthcare workers.

Update:

Rural Health has a marketing program available to their grantees with commercials, rack cards, Spanish information, etc. Motto “Live Here, Learn Here, Work Here.” TennCare also maintains marketing materials for frontline workers within LTSS programs, including a realistic job preview and corresponding market materials.

Future Opportunities and Next Steps:

There exists an essentially untapped space for a statewide advertising and marketing campaign, pending funding and the outcome of the appropriate research to ensure targeted effectiveness.

Areas Requiring Additional Study:

Additional study should be focused on whether or not such advertising campaigns are effective within the state and separate industries, and/or within the same industry in different states. Special attention should be paid attention to the varied and new methods of advertising and the effective strategies and demographics of each one.

Explore Family-Working-Family Caregiving Model:

Redefine the current rules under which individuals can provide care to family members in home services to empower these individuals while also taking care to prevent fraud.

Update:

TennCare and DDA released a memo at the end of June 2025 clarifying the roles family members may play and the expectations thereof. Family members are allowed to provide paid care to other family members, as long as they are employed by an agency (consumer directed care is not permitted under this model). This delineated stipulation was specifically requested in the original Healthcare Task Force Report and seen as an appropriate compromise with much appreciation.

SB1178/HB712 was also passed during the 2025 legislative session, codifying the ability of family members to serve as paid caregivers. This practice was already widespread in many industries but did clarify that paid family caregivers could also live in the same home as their client family members and removed remaining restrictions on hiring family members within the home health and private duty nursing settings. This legislation was important, but practically changed very little with already existing agency practices.

Future Opportunities and Next Steps:

Additional opportunities exist within the training and education sphere, increasing the training and education both the paid family caregiver and the care recipient receive regarding the expectations and requirements that now exist. Recommendation that additional education be provided to clients, families and caregivers emphasizing that while providing paid care, family caregivers are agency employees first and must meet the same requirements and expectations of all other employees, including, but not limited to, clocking in/out rules, medication administration restrictions, transportation regulations, and other general quality assurance measurements. Additional agency oversight of those engaged in this caregiving model would also be an additional recommended future opportunity.

Areas Requiring Additional Study:

Additional study should focus on the effectiveness of the family-working family caregiving model, not just assuming this would improve the amount of staff coverage received. Client outcomes as well as such things as reportable incidents should be evaluated for those receiving care from a family member and compared to the general population receiving services.

Medication Aide Program:

Review current practices and guidelines for opportunities to increase medication aides in the state and enhance their impact on the overall delivery of healthcare in facility settings.

Update:

Unknown at this time.

Follow-Up and Next Steps:

The Task Force does not currently have a member that operates in this type of facility. Additional Task Force appointments or speaking invitations would assist in providing the needed background information to fully understand the impact of this recommendation.

Areas Requiring Additional Study:

Additional study is needed into the current number of medication aides, the additional need for medication aides, and the effectiveness of medication aides in facility settings. Inviting a member of this community or advocacy group could be informational.

Clinical Resources for Children and Youth:

Continue to look for ways to expand resources for children and youth, specifically for those with complex co-occurring conditions and co-morbidities.

Update and Progress:

- Continued challenges recruiting psychiatry and behavioral health professionals.
- Workforce shortages remain significant.
- Some progress has occurred through new behavioral health support initiatives.

Follow-Up and Next Steps:

- The recommendation will remain under consideration.
- Request presentation from behavioral health to speak more about DSP needs and initiatives to meet these needs.
- Department of Mental Health might be able to provide some additional feedback here as well.

TennCare Program:

Increase provider awareness of existing programs to support and grow the healthcare workforce.

Update:

TennCare works to support frontline worker workforce development through partnerships with the Department of Disability and Aging, MCOs, other state departments, and advocacy agencies. They host quarterly virtual provider workforce development workshops as well as have regional and statewide stakeholder committees to evaluate the current state of the direct support workforce.

TennCare has also implemented a QUILTSS (Quality Improvement in Long Term Services and Supports) that helps provide training to increase workforce competency and conducts annual surveys about the current state of the frontline workforce.

Follow-Up and Next Steps:

Future opportunities still seem to exist in increasing provider awareness of the existing and any new workforce improvement initiatives. Next steps may also involve expanding provider participation in existing programs, evaluating which programs are most effective, and educating providers on which programs make the most impact on workforce development.

Areas Requiring Additional Study:

Additional study should be conducted to determine the baseline extent of which current providers and/or clients are aware of other programs available to support healthcare workers and recruit additional applicants. Strategies to improve provider awareness should be undertaken after this initial step. Study should also be undertaken to determine the effectiveness of the existing efforts identified in the original Healthcare Task Force report.

Regulatory Updates:

Leverage the regulatory process to assist in the mitigation of workforce challenges through implementation of additional regulatory action and amend previously enacted regulatory actions.

Update: Substantial movement in some subsections, less so in others.

1. The Reportable Event Management program has been modified to reduce training requirements, reduce evidence gathering requirements, improve the submission process, and remove some of the reporting triggers (i.e. hospital admissions are no longer required to be reported).
2. The transition to an open EVV model in Tennessee occurred in 2025 and while there were expected transition hurdles, the transition has been made and has been extremely well received with providers. The providers acknowledge the extensive behind-the-scenes work and new process implementation that had to occur within and between TennCare, the MCOs, and the software companies; and continue to laud this as an incredible example of government/agency partnership, compromise, and process improvement. Agency operational efficiency has been increased in addition to being able to decrease the length of the process caregivers have to go through to document their time, their notes, their shift achievements, and any problems or concerns occurring within the home.

3. No changes have been made to reduce the audit burden in many healthcare sectors (see #4, below, for notable exception) who have achieved third party accreditations, and while combined MCO audits exist in theory, they do not in practice. The most improvement that has been able to be achieved with combined audit is the occasional situation where two of the three MCO auditors may be able to come to the agency on the same day, to reduce the number of audit days by the agency. No standardized audit tool exists (which results in a difference of interpretation of some standards by different MCOs and/or different auditors) and no audit frequency reductions for outstanding audits have been explored.
4. There have been some reductions in the audit burden for those agencies who provide services for the ECF Choices or DDA 1915c programs and are accredited through CQL, COA, or CARF. DDA providers who are accredited through CQL will be eligible to skip a survey cycle if their previous survey received an overall achievement level of met expectations or higher AND the provider is in good standing with DDA and CQL. DDA providers who are accredited through COA and CARF will be eligible for an abbreviated survey, exempt from Quality Topics 1 through 4, if their previous survey received an overall achievement level of met

Future Opportunities and Next Steps:

1. Reportable Event Management – future opportunities still exist with provider engagement, though this has certainly been increased and emphasized in recent years. An area for meaningful improvement could be increasing transparency with providers as to the results of gathering this data, any improvements initiated as a result of this data, any improved client outcomes achieved as a result of this data, and any quantified process improvements achieved as a result of this shift in provider requirements.
2. EVV – Any next steps would be to continue this model and continue supporting any providers that are still working to implement this change.
3. Reduce audit burden – Several opportunities still exist within this regulatory burden. A standardized audit tool can be explored, additional alignment of audit dates between all MCOs would at least reduce the number of audit days (with the understanding this would not reduce much of the administrative burden for the providers, as the providers would still have to meet the requirements for three separate audits and auditors), and a program could be

Areas Requiring Additional Study:

1. Reportable Event Management – additional study should be undertaken as to the effectiveness of this program. Have the intended outcomes been achieved? Have client outcomes improved? Understanding there are Federal requirements, we would like to note that gathering data merely for the sake of gathering data should never be the sole reason that programs are implemented. Also is there an opportunity to share when measurable improved outcomes are achieved with providers?
2. EVV – As this implementation has already occurred, additional study is not needed to determine implementation needs, but provider agency satisfaction surveys could be initiated to quantify the extent to which this implementation was effective.

3. Reduce audit burden – Additional study into the practices of similar states could prove enlightening. With provider regulatory and administrative burdens continually increasing, any reductions would be well received.

Tennessee's Workforce System

Support the state's workforce system plans regarding healthcare access, specifically high school pathways, bridge programs, and certified pre-apprenticeship and apprenticeship programs.

Update:

The Tennessee Department of Labor and Workforce Development (TDLWD) is addressing healthcare workforce shortages through the Rural Healthcare Initiatives Grant Program. Funded by the TennCare Shared Savings Fund, the program expands healthcare training, registered apprenticeships, pre-apprenticeships, work-based learning, and workforce development opportunities across Tennessee's rural communities.

The program provides financial support to organizations that offer healthcare education, training, certifications, licensure preparation, and apprenticeship opportunities. Funding also helps participants overcome barriers to training by covering costs such as tuition, transportation, childcare, examination fees, instructional supplies, and equipment.

TDLWD measures program success through enrollment, program completion, certifications, and licensure earned, employment outcomes, employer partnerships, and apprenticeship participation.

The program supports a variety of healthcare workforce pathways, including:

- Registered Apprenticeships
- Pre-Apprenticeships
- Workforce Development Initiatives including, Adult Education, Employer-based, and Postsecondary
- K-12 Healthcare Workforce Development Initiatives, including dual enrollment and work-based learning

During the FY 2025–2026 grant cycle, TDLWD awarded grants to 37 organizations serving rural counties. More than 2,500 participants received support while pursuing careers in 52 healthcare occupations through 9 pre-apprenticeship programs, 45 registered apprenticeship programs, and 43 workforce development initiatives. To date, participants earned more than 1,386 healthcare licenses and certifications with 1,489 participants still actively enrolled.

Building on the program's first-year success, the FY 2026–2027 grant cycle expanded to 50 grantees serving all rural counties and supporting training for 71 healthcare occupations. This continued investment strengthens Tennessee's rural healthcare workforce and helps meet the growing healthcare needs of rural communities.

A notable highlight of the Rural Healthcare Initiatives Grant Program is the Rural Healthcare Access Program (R.H.A.P.) led by Meharry Medical College. During the reporting period, a cohort of 63 participants successfully completed training and earned industry-recognized certifications as Medical Administrative Assistants, Medical Billing and Coding Specialists, and Pharmacy Technicians, preparing them to enter Tennessee's healthcare workforce.

of 63 participants successfully completed training and earned industry-recognized certifications as Medical Administrative Assistants, Medical Billing and Coding Specialists, and Pharmacy Technicians, preparing them to enter Tennessee's healthcare workforce.

Continued Investment:

Recognition of recent investments as examples of impact actions.

Update:

In 2025, TennCare initiated a program to invest \$10 million per year for five years into the Home and Community-Based Service (HCBS) provider network to aid providers in building capacity to increase the number of quality and quantity of vulnerable Tennesseans able to be served. The first grantees were awarded in the Spring of 2026 and submitted their first quarterly report in July.

Future Opportunities and Next Steps:

Future opportunities exist with the continued awarding of grants and the evaluation of the effectiveness of the capacity building efforts. Identifying best practices or best practice strategies for capacity building is also anticipated.

Areas Requiring Additional Study:

Additional research is needed into any additional investments being made into other frontline healthcare workers outside of the HCBS programs.

Creation of Advisory Council:

Consider creating an advisory council to continue the Healthcare Task Force's work and assist with implementation of recommendations.

Completed.