



**Weathering the Storm: The Impact of the Great
Recession on Long-Term Services and Supports**
State Profile: **TENNESSEE**

Jenna Walls
Kathleen Gifford
Catherine Rudd
Health Management Associates

Rex O'Rourke
Martha Roherty
Lindsey Copeland
National Association of States
United for Aging and Disabilities

Wendy Fox-Grage
AARP Public Policy Institute

INTRODUCTION

Weathering the Storm: The Impact of the Great Recession on Long-Term Services and Supports is the most comprehensive analysis to date on the budget cuts to both Medicaid and non-Medicaid funded long-term services and supports (LTSS) in each state. It also illustrates state-by-state how LTSS are financed. In addition, this study provides a very early snapshot of the likelihood of states pursuing some of the LTSS provisions within the Affordable Care Act (ACA).

Weathering the Storm contains several components:

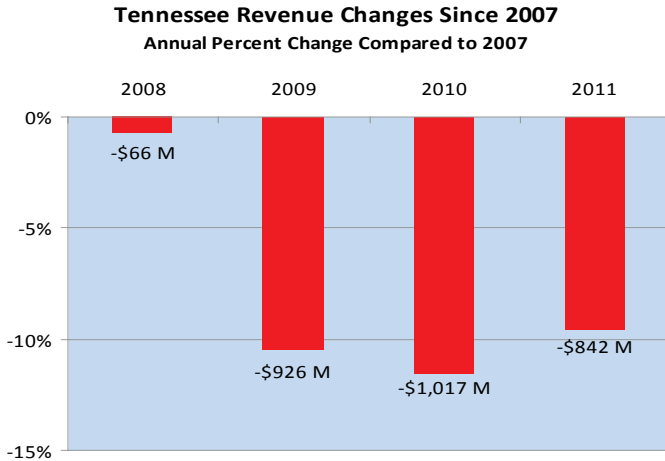
- The full report with an overview of findings and state-by-state tables;
- State profiles, which are 4 to 5 pages in length, for each state that participated in the study;
- An In Brief, which is a short synopsis; and
- A videotaped interview about the key findings.

Hard copies of *Weathering the Storm* are available free of charge. To order, please call the AARP Public Policy Institute at (202) 434-3890 or email jgasaway@aarp.org.

All of the components of *Weathering the Storm* are also available on the web and can be found at www.aarp.org/ppi, www.nasuad.org, and www.healthmanagement.com.

TENNESSEE

TAX COLLECTIONS



Source: HMA analysis of state tax collection data from the National Association of State Budget Officers (NASBO), Spring Fiscal Survey of States, 2008 (for baseline 2007 data); Spring Fiscal Survey of States, 2009 (for 2008 data) and Spring Fiscal Survey of States, 2010 (for 2009 actual, 2010 estimated, and 2011 projected). Revenue represents the following taxes if collected by the state: **Personal Income, Corporate, and Sales**. Percent change and change in amount collected (in millions) represents the divergence between the state fiscal year noted and baseline SFY 2007.

ARRA FUNDING

IMPACT OF ARRA ENHANCED MEDICAID FMAP EXPIRATION

- The Enhanced FMAP represents approximately 10 percent of long-term services and supports (LTSS) funding in Tennessee (state estimate). The state will re-evaluate during the next budget cycle to determine the impact of its expiration.

PREDICTED IMPACT OF THE EXPIRATION OF THE ARRA NUTRITION FUNDING

- Waiting lists will increase.

STATE UNIT ON AGING AND DISABILITY (NON-MEDICAID) SERVICES

STATE UNIT ON AGING NUMBER SERVED (UNDUPLICATED)

SFY 2009 (actual)	SFY 2010 (projected)	SFY 2011 (projected)	% Change SFY 2009–2011
159,023	159,000	159,000	0%

STATE UNIT ON AGING TOTAL EXPENDITURE REDUCTIONS – ACTION TAKEN

SFY 2009–2010	SFY 2010–2011
None	None

TENNESSEE

STATE UNIT ON AGING SERVICE DEMAND AND EXPENDITURE CHANGES

Program	Change in Expenditures		Change in Service Requests
	SFY 2009–2010	SFY 2010–2011	SFY 2009–2010
Adult Foster Care	NA	NA	DK
Adult Day Care	0	0	-
Adult Protective Services	NA	NA	DK
Assisted Living	NA	NA	DK
Behavioral Supports	NA	NA	DK
Case Management	0	0	+
Chore	0	0	+
Community Transition	NA	NA	DK
Congregate Meals	+	-	0
Day Habilitation	NA	NA	DK
Disease Prevention/Health Promotion	0	0	DK
Elder Abuse Prevention	0	0	DK
Environmental Modifications	0	0	DK
Equipment and Supplies	0	0	DK
Family Caregiver Support	0	0	-
Food Stamps/Supplemental Nutrition Assistance Program			DK
Foreclosure Counseling	NA	NA	DK
Homemaker	0	0	+
Home-Delivered Meals	+	-	0
Housing Assistance	NA	NA	DK
Information and Referral	0	0	-
Legal Assistance Development	0	0	DK
LIHEAP			DK
Long-Term Care Ombudsman	0	0	0
Nutritional Supplements	0	0	0
Occupational Therapy	NA	NA	DK
Personal Care/Assistance	0	0	+
Physical Therapy	NA	NA	DK
Recreational Therapy	NA	NA	DK
Residential Habilitation	NA	NA	DK
Respite	0	0	-
Senior Community Service Employment Program	NA	NA	DK
Senior Centers	0	0	0
Speech Therapy	NA	NA	DK
State Adult Guardianship Program	0	0	0
State Pharmaceutical Assistance	NA	NA	DK
Supported Employment	NA	NA	DK
Supported Living	NA	NA	DK
Transportation	0	0	0
+ Expenditure/demand increase	0	No change in expenditure/demand	DK Don't know
- Expenditure/demand decrease	NA	Program not administered by SUA	

STATE UNIT ON AGING NON-MEDICAID HCBS EXPENDITURES

SFY 2009 (actual)	SFY 2010 (projected)	SFY 2011 (appropriation)	% Change SFY 2009–2010
\$9,393,400	\$9,393,400	\$9,393,400	0%

MEDICAID LONG-TERM SERVICES & SUPPORTS

NUMBER OF BENEFICIARIES: WAIVERS & NURSING FACILITIES

Waiver Name	Avg. Daily Caseload			% Change SFY 2009– 2010
	SFY 2009	SFY 2010	SFY 2011 (planned)	
Statewide HCBS Elderly and Disabled Waiver	6,000	6,000		
TennCare II Medicaid Section 1115 Demonstration		1,900	9,500	NA
Nursing Facility Services	Avg. Daily Census 2010		Expected Change 2011	
NF Average Daily Census	22,000		Decrease	

- Tennessee began integrating the Home and Community-Based Services (HCBS) Elderly and Disabled waiver into its Section 1115 waiver demonstration beginning March 1, 2010. These participants were fully transitioned to the new waiver by August 2010. The number reported is the maximum number of unduplicated participants rather than average daily caseload.
- The Section 1115 waiver enrollment cap is 9,500 as of July 1, 2010. This is a point-in-time cap. Unlike in 1915(c) waivers, vacant slots can be filled immediately. This translates into more than 9,500 served in a year. The state believes the number served could possibly be as high as 11,000. Also, the state can exceed the cap for certain types of situations (e.g., persons coming out of institutions and other emergencies).
- The state estimates that one nursing home diversion allows for three to five community placements.
- With the implementation of TennCare CHOICES in Long-Term Care, the state anticipates that the increased availability of HCBS for more TennCare members and improved care coordination will reduce or delay nursing facility placements. In Middle Region, prior to managed LTSS, 17 percent were enrolled in HCBS and 83 percent in nursing facilities. New enrollments are now 40 percent in HCBS and 60 percent in nursing facilities, bringing the overall ratio in Middle Region to 21 percent HCBS. This was a significant change in a short period of time.

LTSS EXPENDITURES (FEDERAL AND STATE)

Service	SFY 2009	SFY 2010 (Estimate)	SFY 2011 (Appropriation)	% Change SFY 2009–2010
HCBS Waivers (For Older People and Adults with Physical Disabilities)	\$80,818,451	\$105,367,103	\$131,739,508	30%
Medicaid LTSS State Plan	\$242,356,000	\$205,765,000	\$212,967,300	-15%
Nursing Facility	\$851,714,400	\$901,454,900	\$788,556,500	6%

- The state was able to implement TennCare CHOICES (managed LTSS) with no new money, but was able to divert funding from nursing facilities to expand HCBS. The shift in utilization and funding from nursing facilities to HCBS is happening faster than the state originally expected.
- State plan expenditures are for all populations and are not limited to the older people and adults with physical disabilities.
- The data for HCBS, nursing facility services, and State plan benefits are based on actual expenditures for SFY 2009, actual expenditures for part of SFY 2010 with actuarial projections for the remainder of 2010, and actuarial projections for SFY 2011.

LTSS PROVIDER PAYMENT RATE CHANGES

Provider Type	SFY 2009–2010 % change	SFY 2010–2011 % change
Nursing Home	0	-
Home Health	N/A	N/A
Personal Care Services	N/A	N/A
HCBS Waiver Services	0	0
+ Provider rate increase - Provider rate decrease 0 No change in provider rate		NA Not applicable

- Nursing facility and HCBS rates are set by the state, and managed care organizations (MCOs) are required to abide by the rate. A state-imposed rate freeze is required for MCO contracted rates in 2011. Nursing facility rates are adjusted based on cost reports, but cannot exceed the state's total appropriation.
- Home health rates are negotiated between MCOs and the home health agencies.

OPTIONS, OUTLOOK, AND PROMISING PRACTICES

The Medicaid agency and State Unit on Aging were asked about their intent to pursue options under health care reform, to provide their thoughts on the outlook for LTSS, and to share promising practices in their state. This section combines information from both agencies if both agencies responded.

See the Overview for descriptions of these provisions.

State's Intent to Pursue LTSS Provisions in the Affordable Care Act	Very Likely	Somewhat Likely	Not Likely	Don't Know
State Balancing Incentive Program		X		
Community First Choice Option				X
Money Follows the Person Demonstration				
1. Apply for new program	X			
2. Apply for extension of existing program				
Medical/Health Home Initiative				
1. Agency applying for planning grant		X		
2. State plan amendment to establish medical/health home services		X		
3. Apply to establish community health teams				X

STATE PRIORITIES: 18–24 MONTHS

- Developing HCBS, including further development and implementation of a self-directed care model.
- Building Aging and Disability Resource Center (ADRC) capacity and integrating hospital discharge planning into the program.
- Providing better care coordination and health management.
- Developing managed LTSS integration for individuals dually eligible for Medicaid and Medicare, over the long term.

STATE ISSUES

- Difficult budget challenges over the last two years and anticipated for next year.
- Increasing number of individuals needing services and the lack of funding for support services needed by individuals not yet eligible for Medicaid.

TENNESSEE

- Implementing the Affordable Care Act across-the-board challenges due to diverted time and attention from other priorities (e.g., Medicare integration efforts).

STATE PROMISING PRACTICES

- TennCare CHOICES in Long-Term Care, the state's managed care program, has tremendous potential to increase options for consumers, reduce fragmentation, improve care coordination, and balance LTSS funding in order to serve more people.
- The state changed its wait list management from "first come, first served" to "most in need."

The information in this profile represents information available to state officials at a point in time. Surveys were conducted from June through September 2010. Tennessee's fiscal year begins July 1 and ends June 30.

