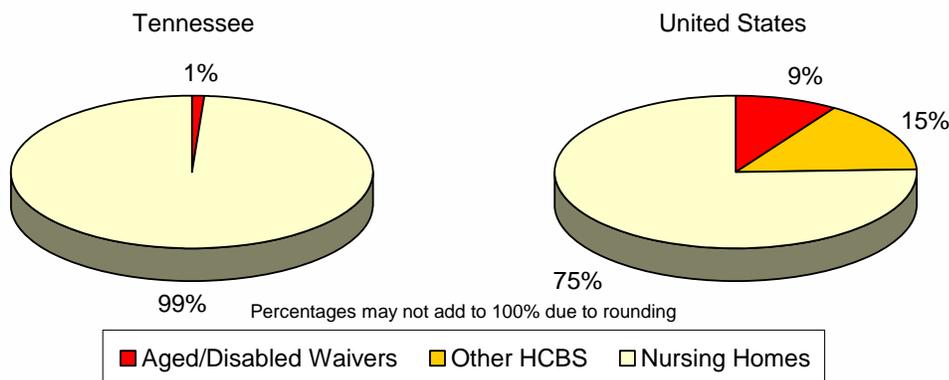


State Long-Term Care Reform in
TENNESSEE

Medicaid Long-Term Care Spending for Older People and Adults with Physical Disabilities in Tennessee and the U.S., 2006



Compared to the U.S. average, Tennessee allocates a greater percentage (99 percent) of its Medicaid long-term care (LTC) spending for older people and adults with physical disabilities to nursing homes, even though most people prefer to remain in their own homes and communities. In FY 2006, Tennessee spent 1 percent on waiver services.

Type of Service	Medicaid Participants ¹			Expenditures (millions)		
	1999	2004	Change	2001	2006	Change
HCBS	511	512	+1	\$4	\$11	+\$7
Nursing Homes	37,311	35,324	-1,987	\$785	\$943	+\$158

Tennessee has one of the most unbalanced LTC systems for older people and adults with physical disabilities in the nation. Many more Medicaid participants receive nursing home services than receive home and community-based services (HCBS). The number of participants receiving HCBS remained the same from 1999 to 2004, while the number of participants in nursing homes decreased. From FY 2001 to FY 2006, the increase in Medicaid spending on nursing homes was more than 22 times the increase on HCBS (most of the increase in HCBS expenditures occurred from FY 2004 to FY 2006).

¹ This analysis separates Medicaid participation and spending data for older people and adults with physical disabilities from the population with mental retardation/development disabilities (MR/DD) and other LTC populations. Participants and expenditures for HCBS include all 1915(c) waivers for older people and adults with physical disabilities, and the personal care services option, if the state offers it. All participants and expenditures for nursing homes are included, regardless of the participants' type of disability or reason for admission. Excluded are participants and expenditures for intermediate care facilities for mental retardation (ICF/MR), HCBS waivers for other populations such as MR/DD, home health, and individuals receiving LTC services through managed care programs. Participant numbers include all persons receiving services during the year, not the average number on a given day; the number of nursing home participants is greater than the number of nursing home beds in each state. The average number of Medicaid nursing home residents on any given day for each state appears in the *Tables* tab at the end of the full report *A Balancing Act: State Long-Term Care Reform (#2008-10)*.

Medicaid is not the only source of funding for LTC in Tennessee. The state-funded OPTIONS program, which provides homemaker services, personal care, and meals, had 2,073 enrollees in FY 2007 and expenditures of \$4.5 million in FY 2006. It also had a waiting list of about 4,000.

Major Initiative

In his 2008 State of the State address, Governor Phil Bredesen outlined his plan—the Long-Term Care Community Choices Act—to

“Long-Term Care Community Choices Act”

The Act restructures the state’s LTC system by providing enhanced HCBS options for people seeking LTC services.

restructure the state’s LTC system and provide options for those needing HCBS. The Long-Term Care Community Choices Act of 2008 (Senate Bill 4181/House Bill 4144) seeks to increase the number of people receiving HCBS and to simplify access to those services. Key components of the legislation include:

- A statewide fully integrated risk-based LTC system by July 1, 2009;
- Consumer-directed care options following approval of a waiver amendment;
- Strategies to encourage cost-effective HCBS in lieu of institutional placement;
- A streamlining of the eligibility process for faster enrollment and service delivery; and
- A single point of entry for access to LTC services.

The legislation also includes an additional \$4 million for the OPTIONS program. In addition, new funding will open 2,700 additional slots in the TennCare waiver program, which will bring the total to 6,000.

Other Developments

Waiver Expansion. In 2004, Tennessee implemented a statewide Medicaid waiver program for older adults and adults with physical disabilities after operating a more limited program in several counties for years. The new HCBS program started with 18 enrollees and gradually built up to 2,325 enrollees as of November 2007. With a five-year renewal of the HCBS waiver program in 2006, the state received federal approval to increase the number of slots in the program from 2,871 to 3,700. Since the state expected to fill all those slots by summer 2008, it plans to request federal approval to reach a total of 7,000 slots by 2012. Several additional services have been added to the program, including personal care assistant, adult day care, in-home respite, care in assisted living facilities, and assistive technology.

Systems Transformation. The state received a \$291,000 federal balancing grant in 2004 from the Centers for Medicare & Medicaid Services to develop a comprehensive client assessment instrument and a process for using the tool. Tennessee also received an \$800,000 federal grant in 2005 to pilot Aging and Disability Center models in two areas of the state.