State of Tennessee

Initial HCBS Spending Plan Projection and Narrative

July 12, 2021

Inclusive of Quarterly Updates through January 17, 2023

Pursuant to Section 9817 of the *American Rescue Plan Act of 2021* (ARP) (Pub. L. 117-2) and guidance set forth in SMD# 21-003, issued on May 13, 2021, Tennessee submitted its ***Initial HCBS Spending Plan Projection and Narrative*** July 13, 2021 on the activities that the state has implemented and/or intends to implement to enhance, expand, or strengthen HCBS under the Medicaid program, using the temporary 10 percentage point increase to the federal medical assistance percentage for specified Medicaid HCBS expenditures. Tennessee received full conditional approval on September 22, 2021.

I. Projected Funds Attributable to FMAP Increase

In projecting the estimated funds available for this program, the State utilized a combination of base data from the CY2019 and CY2020 periods. The state did not want to solely rely on the CY2020 period, due to the uncertain impacts of the COVID-19 pandemic. At the same time, the state understands that there are likely to be enduring impacts as a result of the COVID-19 pandemic, as individuals and families more carefully weigh considerations on institutionalization versus in home care. Because of this, the state used a combination of CY2019 and CY2020 in order to estimate total qualifying expenses during the window of 4/1/2021 through 3/31/2022. At this point, the State estimates that it will draw down approximately $145M in additional federal revenue over the qualifying period based on the eligible categories of service. Per federal guidance, the State is then required to spend that many state dollars through 3/31/2024[1] on enhanced Medicaid HCBS activities. At this point, the State estimates that the proposed plan will leverage the $145M additional state dollars into a spending plan of approximately $440M as reflected herein.

II. Stakeholder Input

In developing the Initial Spending Plan and Narrative, the State sought and received input from a broad group of HCBS stakeholders, including:

- **The System Transformation Leadership Group** - made up of stakeholders from across the HCBS delivery system, including:
  - Self-advocates;
  - Family members of individuals receiving HCBS;
  - The Tennessee Council on Developmental Disabilities;
  - The Arc Tennessee;
  - HCBS providers;
  - Tennessee Network of Community Organizations (TNCO—I/DD provider association);
  - Tennessee Association for Home Care (TAHC—home health and personal support services agency provider association)
  - Tennessee Association of Support Coordination Agencies (TASC);
  - The State Aging Network (Tennessee Association of Area Agencies on Aging and Disabilities);
  - TennCare contracted Managed Care Organizations;
  - The Department of Intellectual and Developmental Disabilities; and
  - The State Medicaid Agency.

[1] CMS has extended this date to March 31, 2025.

- **Tennessee Coalition for Better Aging** – made up of stakeholders from across the aging and disability system, including:
  - AgeWell Middle Tennessee (formerly Council on Aging of Middle TN);
  - Alzheimer's Association;
  - Alzheimer's Tennessee;
  - Fifty Forward;
  - Greater Nashville Regional Council;
  - Mental Health America of the Mid-South;
  - National Association of Social Workers of Tennessee (represented by Clifton Government Relations);
  - Tennessee Association of Adult Day Services;
  - Tennessee Association of Agencies on Aging and Disability;
  - Tennessee Commission on Aging and Disability;
  - Tennessee Conference on Social Welfare;
  - Tennessee Disability Coalition;
  - Tennessee Federation for the Aging;
  - Tennessee Justice Center;
  - Tennessee Respite Coalition;
  - University of Tennessee College of Social Work; and
  - West End Home Foundation;
- **AARP Tennessee**;
- **Ascension Saint Thomas**; and
- **The Partners in Innovation Group** – made up of leading innovators in the delivery of HCBS for individuals with I/DD in Tennessee.

Separate written recommendations were also received from groups participating in many of these broader conversations, including the Tennessee Council on Developmental Disabilities, and individual providers or associations.

The Initial Spending Plan and Narrative is reflective of information received from these stakeholders—both as part of broader discussions regarding the HCBS delivery system and specifically linked to this funding opportunity.

III. Narrative

Consistent with the statutory intent, Tennessee is committed to investing these funds in ways that will have ***sustainable impact*** on the Medicaid HCBS service delivery system and on the lives of those we serve and their families.

In order to maximize the availability of enhanced HCBS FMAP, Tennessee will seek to invest as much of the funding as possible into HCBS expenditures that are eligible to receive additional federal match—whether through the provision of additional services or through additional payments for existing services that will help to increase the capacity and quality of the HCBS delivery system. Tennessee will also seek to prioritize activities for which federal authority already exists (that can be implemented right away), or which can be accomplished at least initially through Appendix K updates to the 1915(c) HCBS waivers and the TennCare III 1115 demonstration waiver (for CHOICES and Employment and Community First CHOICES), with formal amendments for continuation beyond the period permitted by Appendix K authority once the public health emergency (PHE) has concluded.

Tennessee's Initial Spending Plan and Narrative encompasses three key areas of opportunity:

1. **Improved access to HCBS for persons supported and family caregivers;**
2. **Investments in the HCBS workforce capacity and competency; and**
3. **Investments in HCBS provider capacity.**

These categories are inextricably linked in that the ability to improve access to HCBS for persons supported and family caregivers will depend in large part on investments in HCBS workforce and provider capacity and competency to deliver such services in a person-centered manner that supports the achievement of individualized outcomes. The table below summarizes Tennessee's Initial Spending Plan. Updates to the Spending Plan narrative are provided in the footnotes below.

Initial HCBS Spending Plan Summary Table

	HCBS	Program	Authority	Projected Total
1.	**Improved access to HCBS for persons supported and family caregivers**			
a.	ECF CHOICES Waiting List	ECF CHOICES	Existing 1115[2] (TennCare III*)	SFY22 - $38,985,370 SFY23 - $91,000,041 SFY24 - $71,777,385 *(through 3/31/24)* **Total $201,762,796**
b.	Family Caregiver Supports	CHOICES ECF CHOICES 1915(c) waivers	Appendix K followed by amendments to 1115 (TennCare III) and 1915(c) waivers	$35,381,250 across 3-year period
c.	Enabling Technology	CHOICES	Appendix K followed by amendment to 1115 waiver (TennCare III)	SFY22 - $922,500 SFY23 - $1,537,500 SFY24 - $3,075,000 **Total $5,535,000**

[2] Consistent with the special terms and conditions of the 1115 demonstration under which Employment and Community First CHOICES is authorized, the state notified CMS that the enrollment targets for Employment and Community First CHOICES have been modified to reflect this additional enrollment in the original Plan submission on July 12, 2021. Notification was transmitted to the demonstration Project Officer on August 23, 2021, along with updated Operational Procedures for Reserve Capacity Slots.

2.	Investments in the HCBS workforce capacity and competency			
a.	Wage increases	CHOICES ECF CHOICES	Existing directed payment authority	SFY22 - $50,000,000 SFY23 - $50,000,000 SFY24 - $37,500,000 *(through 3/31/24)* **Total $137,500,000**
b.	Workforce Development Incentives[3]	CHOICES ECF CHOICES 1915(c) waivers	Directed Payment Authority March 23, 2022	$50,000,000 across 3-year period
3.	**Investments in HCBS provider capacity and competency to deliver desired outcomes**			
	Referral Incentives	CHOICES ECF CHOICES Katie Beckett Part A[4]	Existing directed payment authority	$10,000,000 across 3- year period
	REM Investigator Incentive Payments	CHOICES ECF CHOICES 1915(c) Waivers	Directed Payment Authority March 23, 2022	

Projected Funds Attributable to FMAP Increase

In projecting the estimated funds available for this program, the State utilized a combination of base data from the CY2019 and CY2020 periods. The state did not want to solely rely on the CY2020 period, due to the uncertain impacts of the COVID-19 pandemic. At the same time, the state understands that there are likely to be enduring impacts as a result of the COVID-19 pandemic, as individuals and families more carefully weigh considerations on institutionalization versus in home care. Because of this, the state used a combination of CY2019 and CY2020 in order to estimate total qualifying expenses during the window of 4/1/2021 through 3/31/2022. Using this data, the State estimates that it will draw down approximately $145M in additional federal revenue over the qualifying period based on the eligible categories of service. Per federal guidance, the State is then required to spend that many state dollars through 3/31/2024[5] on enhanced Medicaid HCBS activities. At this point, the State estimates that the proposed plan will leverage the $145M additional state dollars into a spending plan of approximately $440M as reflected herein.

[3] Funding for the QUILTSS Workforce Development Training Incentives Pilot may also be used to help offset the cost of workforce development training, in addition to quality incentive payments to offset the provider cost of value- based wage increases upon completion of the training.

[4] Effective January 1, 2022, Katie Beckett Part A is added to the Spending Plan Narrative as an MLTSS program for which New Referral Incentives will be made available, as determined appropriate. A higher New Referral Incentive payment may be offered for Intensive Behavioral Family Centered Treatment, Stabilization and Supports (IBFCTSS) and Intensive Behavioral Community Transition and Stabilization Services (IBCTSS).

[5] CMS has extended this date to March 31, 2025.

Once the State is able to begin implementation and claiming for the enhanced FMAP period can commence, the State will update its budget projections and the proposed spending plan, as appropriate.

A narrative description of initial items encompassed within each key area of opportunity follows:

1. Improved access to HCBS for persons supported and family caregivers

a. Employment and Community First CHOICES Referral (Waiting) List

Employment and Community First CHOICES is an MLTSS program that provides essential services and supports (HCBS, physical and behavioral health, pharmacy, and dental services) in a coordinated and cost- effective manner for people with intellectual and other developmental disabilities (I/DD). The program is specifically designed to align incentives around helping people with I/DD achieve employment and live as independently as possible in their communities. It offers a more cost-effective way of serving people with I/DD while also demonstrating improved employment, health, and quality of life outcomes.

Tennessee intends to leverage existing TennCare III demonstration authority[6] and enhanced FMAP to serve 2,000 individuals on the Employment and Community First CHOICES waiting list who are actively seeking to receive HCBS through the program.[7]

- Using budgeted program costs, the annual projected cost of providing services to 2,000 additional people with I/DD would be **$91 million (total).**
- This is based on the following distribution of program participants across Employment and Community First CHOICES groups (400 in Group 4, 1,275 in Group 5, 325 in Group 6).

*Note that this is inclusive of not just projected HCBS expenditures, but also other Medicaid expenditures (medical, behavioral and pharmacy), as well as administrative program costs TennCare would incur in enrolling these individuals into HCBS, and also takes into account the historical mix of dual eligibles (where Medicare funds the majority of non-HCBS spend), as well as SSI eligibles (who would already have Medicaid).

Increasing access to HCBS will help to alleviate stress and burden on family caregivers which has been exacerbated during the COVID-19 Public Health Emergency (PHE), and sustain their ability to continue to provide supports, avoiding unnecessary or unwanted placement outside the home—both during the remainder of the pandemic and beyond. For young adults in particular, it will help them successfully transition from school into adult life, with the supports they need to successfully engage in employment and become as independent as possible in the community. By providing services *before* people are in crisis, we can reduce both the short and long-term cost of care by avoiding potential crisis situations. For all populations, it reduces the risk of expensive institutional placements, avoiding higher risks of exposure experienced in more congregate settings during the pandemic, and aligns with expectations of the ADA.

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[6] Consistent with the special terms and conditions of the 1115 demonstration under which Employment and Community First CHOICES is authorized, the state hereby notifies CMS that the enrollment targets for Employment and Community First CHOICES will be modified to reflect this additional enrollment effective September 1, 2021. Corresponding notification is also being transmitted to the demonstration Project Officer.

[7] As of 4/30/21, there are 3,647 individuals actively seeking to receive services in the program. Another 1,085 individuals on the ECF Referral List are currently categorized as "deferred," i.e., not seeking services at this time, but planning for future needs. The total ECF Referral List as of 4/30/21 is 4,732. Referral list changes daily as new referrals are received, and/or as new information becomes available.

To fund recurring obligations once ARP enhanced funding has concluded, TennCare has identified the ECF CHOICES waiting list as a priority area for the use of shared savings achieved from the TennCare III demonstration.

HCBS	Program	Authority	Projected Total
a. ECF CHOICES Waiting List	ECF CHOICES	Existing 1115 (TennCare III)	SFY22 - $38,985,370 SFY23 - $91,000,041 SFY24 - $71,777,385 *(through 3/31/24)* **Total $201,762,796**

February 1, 2022 Update: Following state budget authority approval on November 2, 2021, outreach and enrollment processes commenced. The first person was enrolled into Employment and Community First CHOICES under this initiative less than two weeks later—on November 15, 2021. As of December 31, 2021, 76 of individuals on the Referral list have been enrolled in ECF CHOICES, including 25 in Group 4; 47 in Group 5; and 4 in Group 6.

July 18, 2022 Update: As of June 15, 2022, 921 of the individuals on the Referral list have been enrolled in ECF CHOICES: 372 in Group 4; 452 in Group 5; and 97 in Group 6.

October 18, 2022 Update: As of September 29, 2022, 1558 individuals have been enrolled in ECF CHOICES using ARPA FMAP funding: 679 in Group 4, 704 in Group 5, and 175 in Group 6.

January 17, 2023 Update: As of December 31, 2022, 1800 individuals have been enrolled in ECF CHOICES using ARPA FMAP funding: 795 in Group 4, 813 in Group 5, and 192 in Group 6.

b. Family Caregiver Supports

In addition to supporting improved access to HCBS for individuals who do not currently receive these services, based on significant input from stakeholders, for individuals already enrolled in HCBS programs as of the submission of this Initial Plan, Tennessee proposes to increase, for a time limited period, broader access to flexible family caregiver benefits in order to address the additional stresses from impacts of COVID-19, and ensure the sustainability of these supports going forward. This would include the availability of a one-time increase of no more than $3,000 available between the approval of this Initial Plan by CMS and March 31, 2024,8 to any TennCare member receiving HCBS in CHOICES (Groups 2 and 3), Employment and Community First CHOICES (Groups 4-7), or a Section 1915(c) waiver, so long as they are living with family members who routinely provide unpaid support and assistance; or even if they do not live with family members, have unpaid family caregivers who routinely provide unpaid support and assistance. The person may not be receiving residential supports. The one-time increase may be utilized specifically to purchase additional respite, adult day services (CHOICES 2 and 3), Assistive Technology (CHOICES 2 and 3), Assistive technology, adaptive equipment and supplies (ECF CHOICES 4-7), Enabling Technology or Minor Home Modifications (CHOICES 2 and 3, ECF CHOICES 4-7), that will further enable the person's independence and/or support and sustain unpaid family caregivers. Such assistance may be provided in addition to existing limitations on these benefits and/or any applicable program expenditure cap.

Projected utilization of the benefit is based on approximately 80% of eligible individuals (not receiving residential supports) utilizing 85% of the available benefit across the 3-year period as follows:

Program	Estimated # Users	Estimated Cost/User	Total
CHOICES	9,500	$2,550	$24,225,000
ECF CHOICES	2,150	$2,550	$5,482,500
1915(c) waivers	2,225	$2,550	$5,653,750
	13,875		$35,381,250

In light of the ongoing PHE, in order to expedite access to these benefits, TennCare plans to submit Appendix K updates to request this authority across each of the programs immediately and will follow with more formal amendment requests to the TennCare III demonstration and the 1915(c) waivers in order to continue these services once the PHE has concluded. This one-time per calendar year assistance would be available through March 31, 2024.[8]

	HCBS	Program	Authority	Projected Total
b.	Family Caregiver Supports	CHOICES ECF CHOICES 1915(c) waivers	Appendix K followed by amendments to 1115 (TennCare III) and 1915(c) waivers	$35,381,250 across 3-year period

February 1, 2022 Update: Effective November 2, 2021, Tennessee increased broader access to flexible family caregiver benefits in order to address the additional stresses from impacts of COVID-19, and ensure the sustainability of these supports going forward. This includes the availability of a one-time increase of no more than $3,000 available until March 31, 2024,[9] to any TennCare member receiving HCBS in CHOICES (Groups 2 and 3), Employment and Community First CHOICES (Groups 4-7), or a Section 1915(c) waiver, so long as they are living with family members who routinely provide unpaid support and assistance; or even if they do not live with family members, have unpaid family caregivers who routinely provide unpaid support and assistance. The person may not be receiving residential supports. The one-time increase may be utilized specifically to purchase additional services that will further enable the person's independence and/or support and sustain unpaid family caregivers. Notices were sent to all members (CHOICES, ECF CHOICES, and 1915(c) members) through their MCOs or DIDD, as applicable, notifying them of their potential eligibility for this additional benefit. In addition, information was provided to the care coordinators, support coordinators, independent support coordinators, and DIDD case managers about the availability of this benefit as well as the process for requesting the additional services. Due to the contractual claims submission timelines, Tennessee does not have utilization or claims data for September 1, 2021 through December 31, 2021. We expect that updates on actual expenditures can begin in the next quarterly report.

July 18, 2022 Update: From December 1, 2021 through May 31, 2022, a total of $55,110.95 for 44 service requests through the Family Caregiver Supports benefits have been approved by the MCOs and DIDD. Expenditures for services rendered are outlined in the attached Excel file. Please note the difference between approvals and expenditures is dependent upon service utilization date and claims submission periods. Due to rate increases effective July 1, 2022, in limited circumstances, individuals may exceed the $3,000 limit if (1) the requested services were approved prior to the July 1, 2022 rate changes and (2) If the rate increases disregarded, the approved services would be under the $3,000 limit.

[8] CMS has extended this date to March 31, 2025.
[9] CMS has extended this date to March 31, 2025.

October 18, 2022 Update: Between June 1, 2022 and August 30, 2022, $70,355 for 53 Family Caregiver supports services requests have been approved by the MCOs and DIDD.

January 17, 2023 Update: Between September 1, 2022 and December 31, 2022, $89,210.33 for 133 Family Caregiver supports services requests have been approved by the MCOs and DIDD.

c. Supporting Independence and Integration

In addition to these targeted supports for family caregivers, Tennessee proposes to increase access to certain benefits which are targeted to ensure equity across HCBS programs and populations, and support individualized goals pertaining to independence, competitive integrated employment, and community integration for all of the individuals receiving Medicaid-reimbursed HCBS across Medicaid authorities. These benefits are of particular importance following the social isolation and other impacts of COVID-19 on older adults and people with disabilities living in the community.

In the CHOICES program, this will begin with:

- **Enabling Technology** - Equipment and/or methodologies that, alone or in combination with associated technologies, support an individual's increased independence and/or safety in their home, community, and workplace. Examples include motion, bed, chair, or pressure sensors; stove guards; automated medication dispenser systems; software or other technologies to operate lights, appliances, and other devices for environmental control; and mobile software applications using digital pictures, audio, and video to guide, teach, or remind. When selected by

  the person and determined to be appropriate, Enabling Technology may also include remote support technology systems in which remote support staff and/or coaches and/or natural supports can interact, coordinate supports, or actively respond to needs in person when needed. Such remote supports would be appropriate only to support the individual in achieving outcomes he or she has identified as important; it is not selected or meant to serve as a form of monitoring. The service limit for Enabling Technology and Assistive Technology combined will be $5,000 limit person per year across both services.

  Projected costs are based on 3% utilization at average cost of $2,500 (derived from DIDD Technology pilot), 5% utilization in Year 2, and 10% utilization in Year 3

Other benefits that may be included for consideration in future quarterly plan submissions (subject to the availability of funding) include:

- **Individual Employment Supports** in CHOICES;
- **Community Transportation** in CHOICES; and
- **Benefits Counseling** in CHOICES and the 1915(c) waivers.

In light of the ongoing PHE, in order to expedite access to the Enabling Technology benefit, TennCare plans to submit Appendix K updates to request authority for Enabling Technology services in CHOICES immediately and will follow with more a formal amendment request to the TennCare III demonstration in order to continue these services once the PHE has concluded. This one-time per calendar year assistance would be available through March 31, 2025.

	HCBS	Program	Authority	Projected Total
c.	Enabling Technology	CHOICES	Appendix K followed by amendment to 1115 waiver (TennCare III)	SFY22 - $922,500 SFY23 - $1,537,500 SFY24 - $3,075,000 **Total $5,535,000**

February 1, 2022 Update: Effective November 2, 2021, Tennessee implemented the availability of Enabling Technology as a benefit in the CHOICES program with an annual limit of $5,000. Information about this new benefit was sent to all CHOICES members through their MCOs in the same notice that included information about Family Caregiver Supports. Due to the contractual claims submission timelines, Tennessee does not have utilization or claims data for September 1, 2021 through December 31, 2021. We expect that updates on actual expenditures can begin in the next quarterly report.

July 18, 2022 Update: Between January 1, 2022 and March 31, 2022, 47 CHOICES members requested Enabling Technology. The requests range from automated medication dispensers to remote monitoring.

October 18, 2022 Update: From April 1, 2022 through July 31, 2022, 171 CHOICES members requested enabling technology (an average of 40 per month). TennCare is seeing an increased interest in these opportunities due to ongoing education and training as well as a requirement in the MCO Contracts to complete an Enabling Technology Assessment annually for all members. However, the utilization and claims data will continue to lag due to the implementation timelines for this service.

January 17, 2023 Update: From August 1, 2022 through December 31, 2022, 167 CHOICES members requested enabling technology. This increase is reflective of the collaborative effort to increase education and training for this benefit, as well as requiring that all members complete an Enabling Technology Assessment to evaluate each member's opportunity for enabling technology.

2. Investments in the HCBS workforce capacity and competency

Services in each of Tennessee's HCBS programs are delivered by a direct service workforce upon whom these individuals rely for the day-to-day assistance they need to meet personal and health care needs, to live safely in their homes and communities, and to work and participate in community life. When individuals served in these programs live at home, their families rely on this workforce to provide reliable quality support so they can work and have respite from the day-to-day stressors of caregiving.

In order to ensure continuity of HCBS for the more than 20,000 individuals already enrolled in Medicaid HCBS programs and their families, and to expand access to HCBS for individuals on the ECF CHOICES referral list, increase supports for family caregivers, and provide targeted services to increase independence and community integration, Tennessee must ensure that there is a competent HCBS workforce sufficient to provide high value person-centered supports in a manner that supports each person in achieving their individualized outcomes.

Each of the proposed expenditures in this category represents a direct investment into building the capacity, competency, and sustainability of the frontline HCBS workforce. It is important that we approach any such investments in a consistent manner across all TennCare programs and populations in order to not create disparities among providers largely employing the same workforce and, in many cases, serving multiple programs and populations. Some of these providers have experienced multiple rate increases over the years, while others have had none. In addition, there are important

opportunities to make sure that investments are getting *to the workforce*, and that they are implemented in a value-based way, which helps to ensure that we are not just paying more for the same services, but we are getting better quality and improved outcomes as a result of those investments that have sustainable positive impact on the HCBS system and most importantly, on the lives of those we serve.

a. Wage Increase for Frontline CHOICES and ECF CHOICES HCBS Workforce

Since the rate methodology for the 1915(c) waivers was established in 2004-2005, numerous targeted adjustments to certain rates have been made, including in each of the following calendar years: 2005, 2006, 2008, 2010, 2013, 2014, 2016. Effective July 1, 2018, $50 million in new state appropriations was approved specifically to increase wages to direct support professionals in these waivers. Effective July 1, 2021, an additional $48.6 million in new state appropriations was approved for increases in DSP wages to $12.50 per hour. No new funding for rate increases has been approved for other HCBS programs during that same period.

While the funding methodologies for each of the programs is different, we know that there is very little variation (30-40 cents/hour) in the average wage workers are paid by their employers across these programs. This means that funds to increase wages in one program (for example 1915(c) waivers) will create significant disparities among the programs, the populations served, and the common workforce that serves them.

In order to ensure equity across comparable services, Tennessee plans to use enhanced FMAP funds to make *targeted* rate increases in CHOICES and in Employment and Community First CHOICES that have a direct care component (see below), in order to better align rates of reimbursement for comparable services. Once this Initial Plan is approved, these adjustments will be effective as of 7/1/21, with expectation that commensurate wage increases for the frontline HCBS workforce will also be retroactively effective as of that date. Services that may be included in the targeted rate increases include:

CHOICES

Attendant Care
Personal Care Visits
Respite
Adult Day Care
Adult Care Home
Assisted Care Living Facility
Community Living Supports
Community Living Supports – Family Model
Companion Care

ECF CHOICES

Personal Assistance
Supportive Home Care
Respite
Community Integration Support Services
Independent Living Skills Training
Individual and Small Group Employment Supports[10]
Community Living Supports
Community Living Supports – Family Model
Intensive Behavioral Family Centered Treatment, Stabilization and Supports (IBFCTSS)
Intensive Behavioral Community Transition and Stabilization Services (IBCTSS)

Specific rate increases will be based on a careful analysis of current rates of reimbursement for these services as compared to comparable services in other Medicaid HCBS programs in Tennessee and in contiguous states, utilization of the services, expected demand for the services, alignment with value-

[10] Excluding Benefits Counseling, which is not performed by frontline HCBS workforce.

based outcomes, and availability of funding within the overall $50 million set aside for this purpose.

	HCBS	Program	Authority	Projected Total
a.	Wage increases	CHOICES ECF CHOICES	Appendix K followed by amendment to 1115 waiver (TennCare III) and/or directed payment authority, as appropriate	SFY22 - $50,000,000 SFY23 - $50,000,000 SFY24 - $37,500,000 *(through 3/31/24)* **Total $137,500,000**

November 1, 2022 Update:

Targeted **CHOICES** HCBS rate increases are as follows:

<table>
<tr><th>Service</th><th>HCPCS</th><th>Current Rate</th><th>New Rate</th></tr>
<tr><td>Attendant Care</td><td>S5125</td><td>$4.37/qtr hour
$17.48/hour</td><td rowspan="2">$5.33/qtr. hour
$21.32/hour</td></tr>
<tr><td>Personal Care Visits</td><td>T1019</td><td>$5.13/qtr hour
$20.52/hour</td></tr>
<tr><td>Adult Day Care</td><td>S5100</td><td>$2.50/qtr hour
$10/hour</td><td>$3.03/qtr hour
$12.12/hour</td></tr>
<tr><td colspan="4">Community Based Residential Alternatives</td></tr>
<tr><td rowspan="2">Assisted Care Living Facility</td><td>T2031</td><td>$36.17/day</td><td>$42.89/day</td></tr>
<tr><td>T2030</td><td>$1,100/month</td><td>$1,305/month</td></tr>
<tr><td>Adult Care Home – Level 1</td><td>T2033 U2</td><td>$129/day</td><td>$153/day</td></tr>
<tr><td>Adult Care Home – Level 2 TBI</td><td>T2033 U2</td><td>$139/day</td><td>$189/day</td></tr>
<tr><td colspan="4">Community Living Supports (CLS)</td></tr>
<tr><td rowspan="2">CLS 1</td><td>T2033 U1</td><td>$36.16/day</td><td>$42.89/day</td></tr>
<tr><td>T2032 U1</td><td>$1,100/month</td><td>$1,305/month</td></tr>
<tr><td>CLS 2</td><td>T2033 U3</td><td>$100/day</td><td>$124/day</td></tr>
<tr><td>CLS 3</td><td>T2033 U4</td><td>$165/day</td><td>$189/day</td></tr>
<tr><td>CLS Family Model 1</td><td>T2016 U1</td><td>$38/day</td><td>$45.93/day</td></tr>
</table>

Targeted **ECF CHOICES** HCBS rate increases are as follows:

<table>
<tr><th>Service</th><th>HCPCS</th><th>Current Rate</th><th>New Rate</th></tr>
<tr><td>Exploration</td><td>T2025 UA</td><td>$1,091</td><td>$1,306</td></tr>
<tr><td>Discovery</td><td>T2025 U2</td><td>$1,500</td><td>$1,900</td></tr>
<tr><td>Job Development Plan</td><td>T2025 U4</td><td rowspan="2">$240</td><td rowspan="2">$264</td></tr>
<tr><td>Self-Employment Plan</td><td>T2025 U5</td></tr>
<tr><td rowspan="3">Job Coach</td><td rowspan="3">See attached</td><td>$5.50/qtr hour
$22/hour</td><td>$6.03/qtr hour
$24.12/hour</td></tr>
<tr><td>$6.50/qtr hour
$26/hour</td><td>$6.93/qtr hour
$27.72/hour</td></tr>
<tr><td>$7.50/qtr hour
$30/hour</td><td>$7.75/qtr hour
$31/hour</td></tr>
<tr><td>Supported Employment – Small Group
(Max of 2 people)</td><td>T2019 U2</td><td>$3.50/qtr hour
$14/hour</td><td>4.64/qtr hour
$18.56/hour</td></tr>
<tr><td>Supported Employment – Small Group
(Max of 3 people)</td><td>T2019 U3</td><td>$2.50/qtr hour
$10/hour</td><td>3.10/qtr hour
$12.40/hour</td></tr>
<tr><td>Integrated Employment Path Services (Time-</td><td>T2015 U1
(1:1 ratio)</td><td>$22/hour</td><td>$24.12/hour</td></tr>
</table>

Service	HCPCS	Current Rate	New Rate
Limited Prevocational Training)	T2015 U2 (1:2 ratio)	$14/hour	$15.52/hour
	T2015 U4 (1:4 ratio)	$7.50/hour	$8.24/hour
Community Integration Support Services	T2021 (1:1 ratio)	$5.50/qtr hour	$6.74/qtr hour
	T2021 U1 (1:2 ratio)	$3.75/qtr hour	$4.93/qtr hour
	T2021 U1 UA (1:3 ratio)	$2.75/qtr hour	$3.51/qtr hour
Independent Living Skills Training	T2021 U2	5.50/qtr. hour	$6.74/qtr hour
Personal Assistance	T1019 UA	$5.08/qtr hour	$5.33/qtr hour
Supportive Home Care	T1019 U2	$20.32/hour	$21.32/hour
Community Living Supports (CLS)			
CLS 1a	T2033 U1 UA T2032 U1 UA	$40/day $1,200/month	$42.89/day $1,305/month
CLS 1b	T2033 U3 UA T2032 U3 UA	$75/day $2,250/month	$85.77/day $2,573.10/month
CLS 2	T2033 U4 UA	$135/day	$176.08/day
CLS 3	T2033 U5 UA	$190/day	$248.71/day
CLS 4 – Medical	T2033 U6 UA	$245/day	$326.41/day
CLS 4 – Behavioral	T2033 U7 UA		
CLS-FM 1a	T2016 U1 UA T2032 U1 UB	$38/day $1140/month	$45.93/day $1,377.90/month
CLS-FM 4 – Medical	T2016 U5 UA	$220/day	$264.82
CLS-FM 4 – Behavioral	T2016 U6 UA		

The explicit purpose of these funds is to increase the wages of the frontline HCBS workforce. Rate increases will be effective as of 7/1/21. The expectation is that commensurate wage increases for the frontline HCBS workforce will also be retroactively effective as of that date, may be paid as a one-time retention bonus for the period, or are otherwise accounted for in the updated wages paid to staff. Across all HCBS for which rates were increased, the provider must be able to document how the higher rates were used as intended—for purposes of increasing wages for frontline staff.

February 1, 2022 Update: Targeted HCBS rate increases in CHOICES and Employment and Community First CHOICES (detailed in the previous quarterly report) were implemented on November 2, 2021. The explicit purpose of these funds is to increase the wages of the frontline HCBS workforce. Rate increases are effective as of 7/1/21. The expectation is that commensurate wage increases for the frontline HCBS workforce will also be retroactively effective as of that date, may be paid as a one-time retention bonus for the period, or are otherwise accounted for in the updated wages paid to staff. Across all HCBS for which rates were increased, the provider must be able to document how the higher rates were used as intended—for purposes of increasing wages for frontline staff. In order to receive these rate increases, the provider must submit an attestation of compliance. Providers that submitted the attestations by November 15, 2021 began receiving the new rates effective December 6, 2021 and will receive retroactive reimbursement for claims from July 1, 2021 through December 5, 2021 no later than February 4, 2022. Due to the contractual claims submission timelines, Tennessee does not have utilization or claims data for

September 1, 2021 through December 31, 2021. We expect that updates on actual expenditures can begin in the next quarterly report.

July 18, 2022 Update: Targeted HCBS rate increases in CHOICES and Employment and Community First CHOICES were implemented on July 1, 2022. The explicit purpose of these funds is to increase the wages of the frontline HCBS workforce. The expectation is that commensurate wage increases for the frontline HCBS workforce will also be retroactively effective as of that date, may be paid as a one-time retention bonus for the period, or are otherwise accounted for in the updated wages paid to staff. Across all HCBS for which rates were increased, the provider must be able to document how the higher rates were used as intended—for purposes of increasing wages for frontline staff.

January 17, 2023 Update: As of December 31, 2022 the investment of targeted HCBS rate increases for the explicit purpose of increasing the wages of the frontline HCBS workforce totaled $69,428,475.

Targeted CHOICES HCBS rate increases are as follows:

Service	HCPCS	Current Rate	New Rate
Attendant Care	S5125	$5.33/qtr hour $21.32/hour	$5.86/qtr hour $23.44/hour
Personal Care Visits	T1019	$5.33/qtr hour $21.32/hour	
Adult Day Care	S5100	$3.03/qtr hour $12.12/hour	$3.32/qtr hour $13.28/hour
Respite	S5150	$4.03/qtr hour	$4.50/qtr hour
Community Based Residential Alternatives			
Assisted Care Living Facility	T2031	$42.89/day	$46.91/day
	T2030	$1,305/month	$1,426.84/month
Adult Care Home – Level 1	T2033 U2	$153/day	$165/day
Adult Care Home – Level 2 TBI	T2033 U2	$189/day	$201/day
Community Living Supports (CLS)			
CLS 1	T2033 U1	$42.89/day	$46.91/day
	T2032 U1	$1,305/month	$1,426.84/month
CLS 2	T2033 U3	$124/day	$136/day
CLS 3	T2033 U4	$189/day	$201/day
CLS Family Model 1	T2016 U1	$45.93/day	$46.83/day

Targeted ECF CHOICES HCBS rate increases are as follows:

Service	HCPCS	Current Rate	New Rate
Job Coach	See attached	$6.03/qtr hour $24.12/hour	$6.55/qtr hour $26.20/hour
		$6.93/qtr hour $27.72/hour	$7.53/qtr hour $30.12/hour
		$7.75/qtr hour $31/hour	$8.50/qtr hour $34/hour
Supported Employment – Small Group	T2019 U2 (Max 2 persons)	4.64/qtr hour $18.56/hour	$4.97/qtr hour $19.88/hour
Supported Employment – Small Group	T2019 U3 (Max 3 persons)	3.10/qtr hour $12.40/hour	$3.32/qtr hour $13.28/hour
Integrated Employment Path Services (Time-Limited Prevocational Training)	T2015 U1 (1:1 ratio)	$24.12/hour	$26.20/hour

Service	HCPCS	Current Rate	New Rate
	T2015 U2 (1:2 ratio)	$15.52/hour	$16.76/hour
	T2015 U4 (1:4 ratio)	$8.24/hour	$8.96/hour
Community Integration Support Services	T2021 (1:1 ratio)	$6.74/qtr hour	$7.39/qtr hour
	T2021 U1 (1:2 ratio)	$4.93/qtr hour	$5.40/qtr hour
	T2021 U1 UA (1:3 ratio)	$3.51/qtr hour	$3.83/qtr hour
Independent Living Skills Training	T2021 U2	$6.74/qtr. hour	$7.39/qtr hour
Personal Assistance	T1019 UA	$5.33/qtr hour	$5.86/qtr hour
Supportive Home Care	T1019 U2	$21.32/hour	$23.44/hour
Respite	S5150 UA	$4.03/qtr hour	$4.50/qtr hour
Community Living Supports (CLS)			
CLS 1a	T2033 U1 UA T2032 U1 UA	$42.89/day $1,305/month	$46.91/day $1,426.84/month
CLS 1b	T2033 U3 UA T2032 U3 UA	$85.77/day $2,573.10/month	$93.83/day $2,814.90/month
CLS 2	T2033 U4 UA	$176.08/day	$192.49/day
CLS 3	T2033 U5 UA	$248.71/day	$271.90/day
CLS 4 – Medical	T2033 U6 UA	$326.41/day	$377.38/day
CLS 4 – Behavioral	T2033 U7 UA		
CLS-FM 1a	T2016 U1 UA T2032 U1 UB	$45.93/day $1,377.90/month	$46.83/day $1,404.90/month
CLS-FM 4 – Medical	T2016 U5 UA	$264.82	$281.15/day
CLS-FM 4 – Behavioral	T2016 U6 UA		
Transitional CLS (CLS-CST) (CLS-EPCST)	T2016 U7 UA T2016 U7 UB	$245	$377.38/day
Transitional CLS (CLS-BHCST)	CLS-BHCST 1a=T2016 U8 UB CLS BHCS 2b=T2016 U9 UA	$450 $395	$588.50/day $494.59/day
Intensive Behavioral Treatment Services			
Intensive Behavioral Family Centered Treatment, Stabilization and Supports (ICFCTSS)	See attached		See attached
Intensive Behavioral Community Transition and Stabilization Services (IBCTSS)	H0018 HI U1 H0018 HI U2 H0019 HI	Up to $545/day Up to $470/day Up to $395/day	Up to $682.41 Up to $588.50 Up to $494.59

b. QUILTSS Workforce Development Training Incentives Pilot

October 18, 2022 Updates: Significant changes to this section have been made due to challenges implementing the WFD Pilot with the prior training vendor.

Using a directed quality incentive payment to both DSPs and HCBS providers, TennCare will use a multi-prong approach, incentivizing HCBS providers and DSPs. This pilot will incentivize HCBS providers by offering value-based incentive payments for promoting and actualizing increased participation and completion of an accredited competency-based training for DSPs. Concurrently, incentivized bonus payments will be offered to each DSP who completes a nationally accredited core- competency based training program.

Corresponding with CMS Direct Support Workforce Core Competencies released in 2014, a training program was created in consultation with national subject matter experts applying evidence-based best practices for competency-based training to design a flexible, customizable approach to increase DSP access to and participation in competency-based training resulting in the achievement of being a nationally recognized credentialed DSP. The goal of this training plan is to offer the NADSP credential to approximately 2700 DSPs. NADSP offers a three-tiered approach to DSP credentialing, by assessing DSP demonstration of competencies, monitoring, and reviewing documented completion of required accredited core-competency training hours and determining achievement of the various levels of DSP certification. TennCare will offer a bonus, incentive payment to DSPs corresponding to each milestone achieved (DSP I = $500, DSP II =$1000, and DSP III = $1500). Additionally, DSPs who complete the required training, achieving a DSP credential will be compensated for training time. Additionally, if a nationally accredited training program is completed through the State's higher education system (ex: community colleges and/or colleges of applied technology), the worker could earn up to 18 hours of college credit and a post-secondary credential. Alternatively, the nationally accredited training could be completed via participation in an Apprenticeship Program established in partnership with the Tennessee Department of Labor and Workforce Development.

Completion of the program is expected to improve the quality-of-service delivery and the quality of life of those receiving services and offers both a career and education path for a traditionally low wage workforce, helps to professionalize the field, and based on a growing body of evidence, has greater potential to achieve sustainable gains in workforce recruitment and retention.

To promote DSP engagement and participation, providers will also receive a quality, bonus incentive as DSPs acquire the various levels of credentialing. Providers may seek reimbursement up to $1000 for the cost of the training once NADSP has certified DSP achievement of the tiers. As a condition of receiving the quality incentive payment and training reimbursement, the provider will agree to provide data to help evaluate the efficacy of the approach in increasing satisfaction and quality (for the person supported as well as the workforce), and in improving workforce recruitment and retention.

TennCare intends to apply a phased in approach to gathering quality of service delivery and quality of life metrics. The initial phase will focus on promotion of the training opportunity at all organizational levels to garner interest and robust participation. Completion of the program is expected to improve recruitment and retention rates and offer DSPs a career path through a nationally recognized credential equating to clear labor market value. Phase 2 will focus on collection of metrics demonstrating the impacts on recruitment and retention. Phase 3 will have an emphasis on measuring quality of service and quality of life data. The expectation is that increasing participation in the program will result in improved DSP competency, for this to have a significant impact on outcomes there must be a threshold level of engagement. Research has shown that DSPs who complete competency training have improved retention rates thus advancing staff stability, reducing vacancy rates. Having a meaningful percentage of

highly trained DSPs who are more likely to stay in their role is expected to result in measurable improvement in quality-of-life outcomes for the individual, and quality of service delivery.

January 17, 2023 Updates: Completed the Request for Information (RFI) process to solicit potential organizations to assist in implementing the workforce development strategy. Identified the National Direct Support Professional Association (NADSP) and drafted the sole source contract to implement the strategy to increase competency of the direct support workforce through offering nationally accredited competency-based training and tying achievement of milestones to an incentive payment for both HCBS providers and DSPs. Following the Directed Payment Authority (DPA), developed a payment structure for incentive payments utilizing the Managed Care Organizations (MCOs). Applied for and was granted national accreditation for the "Quality in LTSS" competency-based training developed by TennCare and other subject matter experts. Currently, this accredited training program is offered through the State's higher education system (ex: community colleges and/or colleges of applied technology) with the ability to earn up to 18 hours of college credit and a post-secondary credential.

In addition, a portion of the quality incentive pool would be set aside to incentivize increased development and capacity in targeted areas that are expected to support and strengthen HCBS quality and capacity. These could include quality incentive payments to help cover the cost of training and to incentivize timely completion in areas such as:

- Competitive integrated employment
- Use of Enabling Technology to support independence
- Critical incident (reportable event) management
- Benefits counseling

A quality incentive pool of $50 million (across the 3-year period) will be set aside for these purposes.

	HCBS	**Program**	**Authority**	**Projected Total**
b.	Workforce Development Incentives	CHOICES ECF CHOICES 1915(c) waivers	Appendix K followed by amendments to 1115 (TennCare III) and 1915(c) waivers and/or directed payment authority, as appropriate	$50,000,000 across 3-year period

3. Investments in HCBS provider capacity and competency to deliver desired outcomes

One of the greatest challenges HCBS providers face in increasing their capacity to provide HCBS to additional people is the up-front investment involved in hiring new staff, paying the cost of background checks and initial training (including staff wages during the training), and the potential risk that demand for services (including choice of providers) does not result in earnings quickly enough to cover new staff's ongoing wages.

In that regard, the payment of a new referral incentive for specified types of HCBS could help to offset these up-front costs more quickly, and greatly enhance providers' capacity to prepare to serve additional program participants. A one-time new referral incentive of $1,000 would be paid as part of the Medicaid reimbursement for specified services (primarily residential, personal "care", and/or job coaching, perhaps pro-rated based on hours of service) upon the initiation of the service. Funds could also be used by the provider to offer recruitment and/or retention bonuses to its frontline staff—in order to help ensure both the sufficiency and stability of the frontline workforce and the return on investment. Once initiated, the provider would be obligated to continue services for a minimum period or face recoupment of the referral

payment. To reward providers who have continued to make these investments during the PHE, specified services initiated on or after 4/1/21 would be eligible for the new referral incentive payment once it is approved and implemented. Subject to the continued availability of Enhanced FMAP funding, these payments would continue for services initiated through 3/31/24.

Projected expenditures for one-time new referral incentives is:

Year 1 $5 million
Year 2 $2.5 million
Year 3 $2.5 million

	HCBS	Program	Authority	Projected Total
	Referral Incentives	CHOICES ECF CHOICES	Appendix K followed by amendment to 1115 waiver (TennCare III) and/or directed payment authority, as appropriate	$10,000,000 across 3-year period

More important than simply building the *volume* of providers (or frontline workforce) available to deliver HCBS, however, is developing their *capacity* to deliver high value services that result in the achievement of individualized outcomes for persons receiving Medicaid-reimbursed HCBS. As part of the I/DD Integration Initiative, TennCare and the Department of Intellectual and Developmental Disabilities are jointly working to develop a new value-based reimbursement approach for services that most impact the day-to-lives of those receiving HCBS, including residential or in-home personal "care" options, and employment and integrated day service options.

In addition to Workforce, measurement domains include:

- Person-Centered Supports
- Competitive Integrated Employment
- Enabling Technology
- Fading of Supports/Increased Independence

For each domain, the State plans to establish both organizational or capacity-building and outcome metrics. Based on experience in developing value-based payment approaches in LTSS, the capacity- building metrics generally come first, and are intended to build provider capacity to deliver desired outcomes, positioning them for success once the outcome-based measures come into play. The goal is to initially align payment with provider "capacities"—incentivizing providers to take the actions needed to develop these capacities—and ultimately, to align payment with individual and system outcomes that providers are now positioned to deliver. Thus, providers are rewarded for value, driving delivery system improvements over time.

The availability of Enhanced FMAP funding is timely in that it may offer additional resources that can be brought to bear in supporting and rewarding providers for building these capacities. As Tennessee continues to refine its Plan in the quarterly submissions, we expect that future submissions will reflect opportunities for quality incentive payments to providers for key capacity-building outcome measures in the domains specified above.

February 1, 2022 Update: Effective November 2, 2021, Providers participating in CHOICES and ECF CHOICES are eligible for referral incentives for accepting new referrals and initiating services in accordance with the

PCSP. In addition, providers who met the requirements for the incentive payments from April 1, 2021 through November 1, 2021 will receive retroactive reimbursement for their ongoing partnership in serving members in these programs. Katie Beckett Part A providers are eligible for referral incentive payments for new services initiated on or after January 1, 2022—the beginning of the quarter following notification to CMS in the Quarterly HCBS Spending Plan Update. Due to the contractual claims submission timelines, Tennessee does not have utilization or claims data for September 1, 2021 through December 31, 2021. We expect that updates on actual expenditures can begin in the next quarterly report.

July 18, 2022 Update: As of March 31, 2022, a total of 1,923 CHOICES provider incentives and 295 ECF CHOICES provider incentives have been paid for the acceptance of new members/new services since April 1, 2021. In addition to covering the cost of training and to incentivize timely completion in areas such as: competitive integrated employment, use of Enabling Technology to support independence, critical incident (reportable event) management, and benefits counseling, quality incentive payments may be available for competency-based training and skills acquisition related to any second language that would aid in communication with individuals supports, including American Sign Language.

October 18, 2022 Update: Between April 1, 2022 and June 30, 2022, a total of 147 additional CHOICES provider referral incentives and 64 additional ECF CHOICES provider referral incentives have been paid. Out of those claims, 150 were for new service initiation and 36 were for continuity of services.

January 17, 2023 Update: Between July 1, 2022 and September 30, 2022, a total of 206 additional CHOICES provider referral incentives and 42 additional ECF CHOICES provider referral incentive have been paid. Out of those claims, 208 were for new service initiation and 40 were for continuity of services. Additionally, between October 1, 2022, and December 31, 2022, 200 CHOICES provider referral incentives and 119 ECF CHOICES provider referral incentives have been paid. Out of these claims, 218 were for new service initiation and 101 were for continuity of services.

CMS Approval

Tennessee received partial approval on August 2, 2021. After further discussions with CMS and completion of requested clarifications, Tennessee received conditional approval on September 22, 2021 to begin implementing the initiatives set forth in the plan, subject to conditions set forth in the CMS approval letter.

TennCare is now awaiting state budget authority to accept and spend the additional federal funds in order to begin implementation. In addition, we are awaiting CMS finalization of reporting processes for purposes of claiming the enhanced HCBS FMAP. Accordingly, while significant time has been invested in preparing for implementation with multiple components at the ready, to date, we have not been able to actually begin implementation and thus, have few updates regarding projected claiming or expenditures.

State Technical Assistance or Support Needs (November 2021 Quarterly Report)

1. Tennessee has requested CMS technical assistance regarding one of the more innovative components of the approved HCBS FMAP Plan: establishing processes for billing capacity-building incentive payments for provider activities that are intended to build the capacity of HCBS providers to increase the quality of HCBS delivered and the outcomes achieved, as well as processes for claiming to ensure that additional enhanced HCBS FMAP is received. These include incentive payments related to workforce development and other value-based investments in measurement domains identified in TennCare's person-centered System Transformation Plan, including:

- Workforce Development;
- Person-Centered Supports;
- Competitive Integrated Employment;
- Enabling Technology; and
- Fading of Supports/Increased Independence.

Because these capacity-building investments and incentives are not linked to a specific HCBS participant or to a particular HCBS service, but rather, impact many HCBS participants served by that provider and multiple of the services delivered by the provider, it is not possible to submit through "typical" claims processes. Yet, these are a key component of effectively addressing workforce challenges in an evidence-informed way, and of leveraging these funds for sustainable improvements in the quality of services received and quality of life experienced by those receiving HCBS.

2. Tennessee requests CMS assistance in modifying the TennCare III budget neutrality agreement in order to reflect additional HCBS expenditures made pursuant to the ARP and this CMS-approved plan.

3. In light of the ongoing PHE, in order to expedite access to enhanced Family Caregiver Supports and Enabling Technology benefits, TennCare has prepared Appendix K updates for the 1115 demonstration and 1915(c) waivers, requesting expenditure authority for the specific services to be available under each program. These will be submitted to CMS once State budget authority is approved. Tennessee requests expedited review and approval of these Appendix K submissions. We plan to follow with more formal amendment requests to the TennCare III demonstration and the 1915(c) waivers in order to continue these services once the PHE has concluded through the end of the Enhanced FMAP spending period, March 31, 2024.[11]

Sustainability

Continuation of services for individuals enrolled into ECF CHOICES and frontline wage increases have been identified as recurring funding needs once ARP funding has concluded. TennCare has identified the ECF CHOICES waiting list as a priority area for the use of shared savings achieved from the TennCare III demonstration.

Budget Neutrality

Pursuant to STC 75.b. of the TennCare III 1115 demonstration, TennCare will submit for CMS approval a modified budget neutrality agreement reflecting actual enhanced FMAP expenditures made pursuant to this plan for each quarter of the period ending March 31, 2025.

IV. Attestation of Compliance

The State provides assurance herein and in the attached letter from TennCare Director Stephen Smith that:

[11] CMS has extended this date to March 31, 2025.

- The state is using the federal funds attributable to the increased FMAP to supplement and not supplant existing state funds expended for Medicaid HCBS in effect as of April 1, 2021;
- The state is using the state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program;
- The state is not imposing stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;
- The state is preserving covered HCBS, including the services themselves and the amount, duration, and scope of those services, in effect as of April 1, 2021; and
- The state is maintaining HCBS provider payments at a rate no less than those in place as of April 1, 2021.