

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



JUL 02 2019

Gabe Roberts
Director of TennCare
Tennessee Department of Finance and Administration
310 Great Circle Road
Nashville, TN 37243

Dear Mr. Roberts:

Under Section 1115 of the Social Security Act (the Act), the Secretary of Health and Human Services (HHS) may approve any experimental, pilot, or demonstration project that, in the judgment of the Secretary, is likely to assist in promoting the objectives of certain Act programs including Medicaid. Congress enacted section 1115 of the Act to ensure that federal requirements did not “stand in the way of experimental projects designed to test out new ideas and ways of dealing with the problems of public welfare recipients.” S. Rep. No. 87-1589, at 19 (1962), *as reprinted in* 1962 U.S.C.C.A.N. 1943, 1961. As relevant here, section 1115 of the Act allows the Secretary to waive compliance with the Medicaid program requirements of section 1902 of the Act, to the extent and for the period he finds necessary to carry out the demonstration project. In addition, section 1115 of the Act allows the Secretary to provide federal financial participation for demonstration costs that would not otherwise be considered as federally matchable expenditures under section 1903 of the Act, to the extent and for the period prescribed by the Secretary.

For the reasons discussed below, the Centers for Medicare & Medicaid Services (CMS) is approving Tennessee’s request to amend its Medicaid section 1115 demonstration entitled, “TennCare II” (Project Number 11-W-00151/4). The changes to the demonstration are effective as of the date of this letter. Our approval of this demonstration amendment is subject to the enclosed Special Terms and Conditions (STCs) and the limitations specified in the list of expenditure authorities and title XIX requirements made not applicable. The state may deviate from Medicaid state plan requirements only to the extent those requirements have been specifically listed as granted expenditure authority or as title XIX requirements not applicable. All requirements of the Medicaid program as expressed in law, regulation, and policy statement not expressly identified as not applicable in this letter or the attached STCs shall apply to this demonstration.

CMS approval is also conditioned on continued compliance with the enclosed set of STCs that define the nature, character, and extent of anticipated Federal involvement in the project. The

award is subject to your written acknowledgement of the award and acceptance of the STCs within 30 days of this letter.

Background on Medicaid Coverage in TennCare

Under this demonstration, the state will continue to provide Medicaid coverage to all mandatory and optional populations eligible under Tennessee's state plan, with exceptions noted in the attached STCs.

There are four components to the TennCare II demonstration program. TennCare Medicaid is the component that serves enrollees who are Medicaid-eligible under Tennessee's title XIX state plan. TennCare Standard is the component that serves title XIX Medicaid enrollees who are eligible only through the demonstration's expenditure authorities. Title XXI Medicaid expansion children are also served under TennCare Standard, with a more extensive benefits package and a different service delivery system than the children served under the title XXI stand-alone Children's Health Insurance Program (CHIP). Both TennCare Medicaid and TennCare Standard provide all state plan Medicaid services, except for services specified in the attached STCs.

The CHOICES Program utilizes the existing at-risk Medicaid managed care organizations to provide eligible beneficiaries with nursing facility services or home and community based services (HCBS). With the implementation of the CHOICES program in 2010, home and community based services and nursing facility services were added to the existing TennCare II benefit package of primary, acute, and behavioral health services for qualifying state plan and demonstration eligible beneficiaries. This provides participating beneficiaries with an integrated package of acute and long-term services and supports (LTSS) through a managed care delivery system.

Employment and Community First (ECF) CHOICES, approved with an amendment to the demonstration in 2016, is the newest component of the CHOICES program. ECF CHOICES utilizes Medicaid managed care to provide HCBS and LTSS for beneficiaries with intellectual or developmental disabilities (I/DD). To be eligible to participate in ECF CHOICES, a person must meet the definition of intellectual disability, or the definition of developmental disability.

Extent and Scope of Demonstration

Through this amendment to the TennCare II demonstration, CMS approves a number of modifications to the demonstration including the state's request to establish two new benefits and two new benefit groups within the ECF CHOICES program. These new benefits and groups, which integrate behavioral health services with HCBS, are targeted to a limited number of beneficiaries in two distinct populations.

Eligibility for enrollment in ECF CHOICES is dependent on: (a) which eligibility group the beneficiary qualifies for under the demonstration; (b) the age of the individual; (c) the nursing facility (NF) level of care (LOC); (d) the type of LTSS to be provided; and (e) the individual's I/DD status. Through this amendment to the TennCare II demonstration, CMS is approving a number of modifications to the demonstration, including the state's request to establish two new benefits and two new benefit groups within the ECF CHOICES program. Benefit groups under

ECF CHOICES are described in the currently approved STCs, and specify the eligibility requirements (in addition to standard Medicaid eligibility requirements for coverage under the demonstration) to receive certain ECF CHOICES benefits, which are bundles of services provided to each benefit group. This amendment does not change anything about eligibility for the TennCare II demonstration. These new benefit groups are targeted to a limited number of beneficiaries in two distinct populations (the benefit groups), who derive their eligibility for Medicaid in an existing eligibility group under the demonstration, such as an SSI-related group or a 217-like eligibility group (individuals who would be eligible for Medicaid if institutionalized, or in the absence of HCBS).

The first new benefit group, ECF CHOICES Group 7: Intensive Behavioral Family Supports, consists of children under age 21 who live at home with their families or other legal guardians and who have I/DD and severe co-occurring behavioral health or psychiatric conditions that place the child or others at imminent and significant risk of serious physical harm (that does not rise to the level of inpatient treatment, or for which such treatment would be inappropriate), and threaten the sustainability of the family living arrangement. These children are at imminent and significant risk of placement outside the home (for example, in state custody, hospitalization, in a residential treatment facility, or incarceration). The new benefit that will be available to this group is Intensive Behavioral Family-Centered Treatment, Stabilization, and Supports (IBFCTSS). IBFCTSS is an integrated behavioral health and HCBS benefit targeted to providing intensive in-home, family-centered behavior supports, behavioral-focused supportive homecare, caregiver training and support, crisis intervention and stabilization services, and in-home behavioral respite, when needed.

The second new benefit group, ECF CHOICES Group 8: Comprehensive Behavioral Supports for Employment and Community Living, consists of certain adults aged 18 years and older who have I/DD and severe co-occurring behavioral or psychiatric conditions who are transitioning out of a highly structured and supervised environment, such as an inpatient psychiatric hospital, the foster care system, the criminal justice system, or a long-term institutional placement, including psychiatric residential treatment facilities. The new benefit that will be available to this group is Intensive Behavioral Community Transition and Stabilization Services (IBCTSS). IBCTSS is an integrated benefit that combines generally short-term (with an initial authorization period for up to 90 days with limited extensions) intensive, 24-hour community-based residential services with behavioral health treatment and supports to assist beneficiaries eligible for the benefit in a successful transition to the community. The benefit includes behavioral health assessment, treatment and planning, as well as comprehensive person-centered (including behavior supports) planning; coordination with the treating mental health practitioner; and intensive therapeutic support and intervention, up to 24 hours a day as needed, across the beneficiary's day-to-day life domains, including home, school, work, and the community.

With the addition of the two new benefit groups and benefits in ECF CHOICES, the state aims to improve the quality of life for beneficiaries and families and increase the beneficiary's independence, to facilitate safe transition to and stabilization in the community, to increase community integration, to establish and maintain community tenure, and to decrease the cost of care and life disruptions associated with crisis events and out-of-home or institutional placements

(such as emergency department visits, placements in residential treatment facilities, placements in state custody, or incarceration).

Other modifications to the demonstration include modifying expenditure caps for ECF CHOICES Groups 5 and 6 (which generally consist of adults aged 21 and older with I/DD with varying levels of care, who need IICBS and services for I/DD) in order to provide more flexibility for the state, with the aim of increasing access to Supported Employment, Individual Employment Support, and Community Living Supports benefits.

The amendment also expands eligibility for enrollment in ECF CHOICES Group 6. To enroll in this group, beneficiaries must be adults over age 21 and either meet nursing facility level of care or be transitioning from Statewide or Comprehensive Aggregate Cap Waivers and be at risk of institutionalization and meet the Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) but not the nursing (NF) facility level of care (LOC). This amendment expands that criteria to include beneficiaries who are transitioning from an ICF/IID, ensuring the availability of HBCS alternatives to institutional care and allowing beneficiaries to be served in the most integrated setting possible. This exception also applies to the newly approved ECF CHOICES Group 8.

The amendment further clarifies that in the event there is an adult seeking enrollment in ECF CHOICES who meets NF LOC care but only requires the level of services and supports for ECF CHOICES Group 5, such a beneficiary may be enrolled in ECF CHOICES Group 5, provided the beneficiary's needs can be safely and effectively met in ECF CHOICES Group 5.

The amendment includes a number of modifications to ECF CHOICES service definitions set forth in Attachment G of the demonstration. These clarifications provide further clarifications and additional flexibilities for certain services including: employment supports, independent living skills training services, family caregiver stipends, and decision making supports and options. The amendment also includes a technical correction to Attachment B's definition of home health nursing services. This correction is being made because on July 1, 2018, Tennessee implemented a new reimbursement methodology for nursing facility providers participating in TennCare, under which the distinction between "Level 1" (intermediate care) and "Level 2" (skilled nursing care) has been eliminated in favor of a single blended rate. Thus, the technical correction to Attachment B removes obsolete references to Level 2 skilled nursing care. We note that this is a change in terminology only, not a change in policy.

Finally, the amendment makes a change to the delivery system for a small population of children. Effective August 1, 2019, children who are eligible for Supplemental Security Income (SSI) and who apply for TennCare on or after August 1, 2019 will be allowed to choose and enroll in a plan under the state's at-risk managed care organizations (MCO). Before the approval of this amendment, SSI children had been enrolled in the state's prepaid inpatient health plan (PIHP) upon determination of eligibility for TennCare. Currently eligible SSI children who are receiving services through TennCare Select (determined eligible for TennCare on or before July 31, 2019) will remain in TennCare Select, unless the family or guardian voluntarily chooses to change plans, as has been provided in the approved STCs for some time.

The state anticipates that the delivery system choice will benefit children and families by more actively engaging them in choosing an MCO, instead of being passively enrolled in a pre-selected plan. The state posits that this change will be beneficial to families by creating a greater likelihood that families with multiple individuals enrolled in TennCare will be covered under the same MCO. Under the current system, it is more likely that families are split among TennCare managed care entities because children with SSI are enrolled in TennCare Select and parents and siblings are generally enrolled in an MCO.

Objectives of the Medicaid Program

As noted above, the Secretary may approve a demonstration project under section 1115 of the Act if, in his judgment, the demonstration is likely to assist in promoting the objectives of title XIX. The purposes of Medicaid include an authorization of appropriation of funds to “enabl[e] each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care.” Act § 1901. This provision makes clear that an important objective of the Medicaid program is to furnish medical assistance and other services to vulnerable populations.

Section 1115 demonstration projects present an opportunity for states to experiment with reforms that go beyond just routine medical care and focus on interventions that drive better health outcomes and quality of life improvements, and that may increase beneficiaries’ financial independence. Such policies may include those designed to address certain health determinants and those that encourage beneficiaries to engage in health-promoting behaviors and to strengthen engagement by beneficiaries in their personal health care plans. These tests will necessarily mean a change to the status quo. They may have associated administrative costs, particularly at the initial stage, and section 1115 acknowledges that demonstrations may “result in an impact on eligibility, enrollment, benefits, cost-sharing, or financing.” Act § 1115(d)(1). But in the long term, they may create incentives and opportunities that help enable many beneficiaries to enjoy the numerous personal benefits that come with improved health and financial independence.

Section 1115 demonstration projects also provide an opportunity for states to test policies that ensure the fiscal sustainability of the Medicaid program, better “enabling each [s]tate, as far as practicable under the conditions in such [s]tate” to furnish medical assistance, Act § 1901, while making it more practicable for states to furnish medical assistance to a broader range of persons in need. For instance, measures designed to improve health and wellness may reduce the volume of services consumed, as healthier, more engaged beneficiaries tend to consume fewer medical services and are generally less costly to cover. Further, measures that have the effect of helping beneficiaries secure employer-sponsored or other commercial coverage or otherwise transition from Medicaid eligibility may decrease the number of beneficiaries who need financial assistance, including medical assistance, from the state. Such measures may enable states to stretch their resources further and enhance their ability to provide medical assistance to a broader

range of persons in need, including by expanding the services and populations they cover.¹ By the same token, such measures may also preserve states' ability to continue to provide the optional services and coverage they already have in place.

Our demonstration authority under section 1115 of the Act allows us to offer states more flexibility to experiment with different ways of improving health outcomes and strengthening the financial independence of beneficiaries. Demonstration projects that seek to improve beneficiary health and financial independence improve the well-being of Medicaid beneficiaries and, at the same time, allow states to maintain the long-term fiscal sustainability of their Medicaid programs and to provide more medical services to more Medicaid beneficiaries. Accordingly, such demonstration projects advance the objectives of the Medicaid program.

Determination that the demonstration project is likely to assist in promoting Medicaid's objectives

Demonstration projects under section 1115 of the Act offer a way to give states more freedom to test and evaluate innovative solutions to improve quality, accessibility, and health outcomes in a budget-neutral manner, provided that, in the judgment of the Secretary, the demonstration is likely to assist with promoting the objectives of Medicaid. This amendment improves access to high-quality, person-centered services that we expect to produce positive health outcomes for beneficiaries, expand the availability of HCBS, and ensure that beneficiaries are served in the most appropriate and integrated settings possible. We expect that these improvements in beneficiary health and more appropriate service delivery will also help to keep health care costs at sustainable levels for beneficiaries who are receiving ECF CHOICES services.

More specifically, we expect the addition of the two new benefit groups and benefits in ECF CHOICES to improve the quality of life for beneficiaries and their families and increase beneficiary independence. These new benefits are designed to facilitate safe transition to and stabilization in the community, increase community integration, allow beneficiaries to establish and maintain community tenure, and decrease the cost of care and life disruptions associated with crisis events and out-of-home or institutional placements (such as emergency department visits, placements in residential treatment facilities, placements in state custody, or incarceration). We expect that the goals of this amendment discussed above will result in

¹ States have considerable flexibility in the design of their Medicaid programs, within federal guidelines. Certain benefits are mandatory under federal law, but many benefits may be provided at state option, such as prescription drug benefits, vision benefits, and dental benefits. Similarly, states have considerable latitude to determine whom their Medicaid programs will cover. Certain eligibility groups must be covered under a state's program, but many states opt to cover additional eligibility groups that are optional under the Medicaid statute. The optional groups include a new, non-elderly adult population (ACA expansion population) that was added to the Act at section 1902(a)(10)(A)(i)(VIII) by the Patient Protection and Affordable Care Act (ACA). Coverage of the ACA expansion population became optional as a result of the Supreme Court's decision in *NFIB v. Sebelius*, 567 U.S. 519 (2012). Accordingly, several months after the *NFIB* decision was issued, CMS informed the states that they "have flexibility to start or stop the expansion." CMS, *Frequently Asked Questions on Exchanges, Market Reforms, and Medicaid* at 11 (Dec. 10, 2012). In addition to expanding Medicaid coverage by covering optional eligibility groups and benefits beyond what the Medicaid statute requires, many states also choose to cover benefits beyond what is authorized by statute by using expenditure authority under section 1115(a)(2) of the Act. For example, recently, many states have been relying on this authority to expand the scope of services they offer to address SUD beyond what the statute explicitly authorizes.

improved health outcomes for beneficiaries receiving ECF CHOICES services, and ensure that beneficiaries with complex I/DD and behavioral health conditions are receiving care in the most appropriate setting for their needs, with an emphasis on stabilizing beneficiaries in the community.

Furthermore, if the addition of the new benefits under ECF CHOICES has the anticipated effect of improving both the care the beneficiaries receive and their health overall, consistent with the discussion immediately above, we expect that ECF CHOICES beneficiaries may consume fewer health care resources, which we expect will keep state Medicaid costs in check. In other words, promoting improved health and wellness, and providing health care services in appropriate settings, including in the community whenever possible, ultimately helps to keep health care costs at sustainable levels because healthier beneficiaries are less costly for Tennessee to care for. Thus, the amendment promotes the objectives of the Medicaid program by helping Tennessee to stretch its limited Medicaid resources responsibly, ensure the long-term fiscal sustainability of the program, and ensure that the health care safety net is available to those Tennessee residents who need it most.

Therefore, the Secretary has determined that this amendment to the TennCare section 1115 demonstration is likely to assist in promoting the objectives of the Medicaid program.

Consideration of Public Comments

Consistent with federal transparency requirements, CMS considers all public comments received during both the state and federal public comment periods when evaluating whether the demonstration amendment will likely assist in promoting the objectives of Medicaid.

Tennessee received six public comments on this demonstration. Several public comments expressed support for the implementation of the new ECF-CHOICES Groups 7 and 8 and the new benefits associated with the new groups. One public comment requested weekly service budgets, rather than monthly; in response, the state clarified that this amendment and the demonstration in general do not specify the duration of service budgets, and that this is set forth in state rule. The state has committed to reviewing this issue to determine if any adjustments to budget service periods can be paid. Other public comments requested additional clarification on eligibility and enrollment, service implementation and provider standards; in response, Tennessee has made adjustments in the amendment submitted to CMS, including additional details regarding eligibility and enrollment, benefits and service definitions, and provider qualifications. Tennessee also received a comment on the enrollment targets proposed for new benefit groups ECF-CHOICES Groups 7 and 8; in response, Tennessee described the state funding available to serve beneficiaries eligible in these groups, and stated that enrollment targets may increase over time as the need for benefits and capacity to provide the benefits increases. Services provided under this amendment to the demonstration are otherwise approvable under a section 1915(c) or 1915(i) waiver, which allow for limitations on both beneficiary services and overall spending per beneficiary. The state has clarified that the enrollment targets and caps for the new benefit groups are based on program experience to date as well as modeling and projection of the anticipated need, and intended to serve as many beneficiaries as possible while controlling costs.

Several commenters raised concerns about the state's amendment to the family caregiver stipend methodology and process; in response, Tennessee has clarified that the modifications in this amendment align with the *Joint Position Statement on Family Support* issued by the American Association on Intellectual and Developmental Disabilities and The Arc, and that the methodology to determine the amount of the stipend explicitly considers the needs and circumstances of the beneficiary and the family and the amount of funds available once supports needed for employment and community integration are addressed, within the beneficiary's expenditure cap.

Tennessee also received several comments in support of increasing the expenditure caps for ECF-CHOICES, in support of modifications to Attachment G to reframe conservatorship assistance as "Decision-Making Supports," and in support of expanding the nursing facility level of care exception to include beneficiaries transitioning from an ICF/IID. The state did not receive any comments related to the change in delivery system for children eligible for SSI.

CMS received no public comments on this amendment request.

Your project officer for this demonstration is Ms. Annie Hollis. She is available to answer any questions concerning your section 1115 demonstration. Ms. Hollis's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop: S2-25-26
7500 Security Boulevard
Baltimore, MD 21244-1850
E-mail: Annie.Hollis@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Hollis and to Trina Roberts, Deputy Director, Division of Medicaid Field Operations South. Her contact information is as follows:

Trina Roberts, MSN, RN
Deputy Director
Division of Medicaid Field Operations South
Center for Medicaid and CHIP Services
61 Forsyth Street, SW, Suite 4T20
Atlanta, GA 30303-8909
E-mail: Shantrina.Roberts@cms.hhs.gov

If you have questions regarding this approval, please contact Ms. Judith Cash, Director, State Demonstrations Group, Center for Medicaid and CHIP Services, at (410) 786-9686.



Acting Deputy Administrator and Director

Enclosures

cc: Trina Roberts, Deputy Director, Division of Medicaid Field Operations South

CENTERS FOR MEDICARE & MEDICAID SERVICES WAIVER LIST

NUMBER: No. 11-W-00151/4

TITLE: TennCare II Medicaid Section 1115 Demonstration

AWARDEE: Tennessee Department of Finance and Administration

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or specified as not applicable in the following list, shall apply for the term of this demonstration extension period as specified in the accompanying approval letter.

These waivers of specified requirements under section 1902(a) of the Social Security Act, and implementing regulations, are granted only to the extent necessary to achieve the indicated purposes, and must be exercised in accordance with the Special Terms and Conditions (STCs). These waivers are effective upon approval of the term of this extension of the demonstration through June 30, 2021 unless otherwise stated.

The following waivers shall enable Tennessee to implement the TennCare II Medicaid Section 1115 demonstration.

WAIVERS OF TITLE XIX REQUIREMENTS FOR TENNCARE MEDICAID TITLE XIX STATE PLAN GROUPS

1. Proper and Efficient Administration **Section 1902(a)(4)(A)**
42 CFR 438.52

To the extent necessary to permit the state to have only one pharmacy benefits manager and one dental benefits manager to provide services in a region of the state or statewide.

2. Proper and Efficient Administration **Section 1902(a)(4)(A)**
42 CFR 435.831

To the extent necessary to enable Tennessee to use streamlined eligibility procedures that provide for coverage of optional Medically Needy children and pregnant women and the Standard Spend Down demonstration population for the remainder of a 12-month eligibility period after the 1-month budget period used for determining eligibility. In accordance with the Code of Federal Regulations, the “budget period” is the period of time used by the state to determine whether an individual has “spent down” enough to meet the Medically Needy Income Standard.

3. Reasonable Promptness **Section 1902(a)(8)**

To the extent necessary to enable the state to limit enrollment in CHOICES 2 and 3 to the enrollment target(s) established by the state, as authorized under STC 32.d. (*Enrollment Targets for TennCare CHOICES*) of the Special Terms and Conditions, and to allow the

state to require applicants for long-term services and supports to complete a person-centered assessment and options counseling process.

To the extent necessary to enable the state to limit enrollment in each Employment and Community First (ECF) CHOICES benefit group to the enrollment target established by the state for that group, as authorized under STC 33.d. (*Enrollment Targets for ECF CHOICES*) of the STCs.

4. Amount, Duration, and Scope of Services **Section 1902(a)(10)(B)**
42 CFR 440 Subpart B

To the extent necessary to enable the state to offer a reduced benefit package, a different benefit package, or cost-effective alternative benefit packages to different populations under the demonstration (except for individuals specified in Section 1902(l)(4) of the Act), to the extent authorized under Section V of the Special Terms and Conditions.

5. Comparability and Amount Duration and Scope **Sections 1902(a)(17)**
and 1902(a)(10)(B)

To the extent necessary to enable the state to determine whether an individual has a continuing need for nursing facility services, PACE services, or home and community-based services for the elderly and disabled, based on the criteria in use when the individual first was determined to need the service.

To the extent necessary to allow the state to offer the applicable ECF CHOICES benefits package to an individual with intellectual or developmental disabilities (I/DD) enrolled in an ECF CHOICES benefit group.

6. Freedom of Choice **Section 1902(a)(23)(A)**
42 CFR 431.51

To enable the state to restrict freedom of choice of provider, through the use of mandatory enrollment in managed care plans or TennCare Select for the receipt of TennCare II, TennCare CHOICES and ECF CHOICES covered services, including for individuals specified at Section 1932(a)(2) of the Social Security Act (the Act). No waiver of freedom of choice is authorized for family planning providers.

7. Retroactive Eligibility **Section 1902(a)(34)**
42 CFR 435.915

To enable the state not to extend eligibility prior to the date that an application for assistance is made.

8. Payment for Outpatient Drugs **Section 1902(a)(54)**
42 CFR 440.120

To the extent necessary to enable the state to establish a preferred drug list that does not comply with the formulary requirements of Section 1927(d)(4) of the Act.

**CENTERS FOR MEDICARE & MEDICAID SERVICES
EXPENDITURE AUTHORITY**

NUMBER: No. 11-W-00151/4 Title XIX

TITLE: TennCare II Medicaid Section 1115 Demonstration

AWARDEE: Tennessee Department of Finance and Administration

Under the authority of Section 1115(a)(2) of the Social Security Act (the Act), expenditures made by the state for the items identified below, which are not otherwise included as expenditures under Section 1903, shall, for the period of this demonstration extension, be regarded as expenditures under the state's Medicaid title XIX state plan.

The following expenditure authorities shall enable Tennessee to implement the Medicaid Section 1115 demonstration (TennCare II):

1. Expenditures Related to MCO Enrollment and Disenrollment.

Expenditures made under contracts that do not meet the requirements in Section 1903(m) of the Act specified below. Tennessee managed care plans will be required to meet all requirements of Section 1903(m) except Section 1903(m)(2)(A)(vi) of the Act, Federal regulations at 42 CFR 438.56, to the extent that the rules in Section 1932(a)(4) are inconsistent with the enrollment and disenrollment rules contained in STC 39, (*Plan Enrollment and Disenrollment*) because they provide for a shortened period for beneficiary no-cause disenrollment. This authority expires on June 30, 2019, upon which time the state will provide 90 days for plan disenrollment without cause.

2. Expenditures Related to Demonstration Eligibility Methods for Existing Eligibility Groups.

To enable Tennessee to use streamlined eligibility procedures and include eligibility standards and requirements that differ from those required by law.

- a. Expenditures for Medical Assistance furnished to state plan optional Medically Needy children and pregnant women for the remainder of a 12-month eligibility period after the 1-month budget period used for determining eligibility. The "budget period" is the period of time used by the state to determine whether an individual has "spent down" enough to meet the Medically Needy Income Standard.
- b. Expenditures for Medical Assistance furnished to mandatory state plan Transitional Medical Assistance beneficiaries, who are eligible in accordance with section 1931(c)(1) of the Act, for the remainder of a 12-month eligibility period after the 4-month period specified in the statute.

3. Expenditures for Expanded Benefits.

Expenditures for TennCare Medicaid and TennCare Standard enrollees for optional services in section 1905(a) of the Act but are not covered under Tennessee's state plan or beyond the state plan's service limitations as indicated in STC 29 (*TennCare Benefits*).

4. Expenditures for Hospital and Clinic Payments.

Through June 30, 2018, expenditures for hospital and clinic payments to the extent specified in STC 59(*Demonstration Supplemental Payments and Uncompensated Care Pools*) , subject to the limitations in that STC and in STC 60(*Uncompensated Care Pool Phase Down*). Effective July 1, 2018, expenditures for hospital and clinic payments to the extent specified in STC 61(*Permissible Uncompensated Care Payments*) , subject to the limitations in that STC and in STC 60. (*Uncompensated Care Pool Phase Down*)

5. Indirect Payment of Graduate Medical Education.

Expenditures, up to \$50 million in total computable expenditures for each demonstration year, for payments to universities that operate graduate physician medical education programs, which are restricted for use by those universities to fund graduate medical education activities of associated teaching hospitals or clinics.

6. Payments for Non-Risk Contractor.

Expenditures for payments to the TennCare Select prepaid inpatient health plan (PIHP), non-risk, non-capitated contractor that exceed the upper limits at 42 CFR 447.362.

7. Expenditures Related to Eligibility Expansion.

Expenditures to provide Medical Assistance coverage to the following demonstration populations that are not covered under the Medicaid state plan and are enrolled in TennCare Standard:

- a. **Medically Eligible Demonstration Population Children, Not CHIP Eligible.**
Certain uninsured children under age 19 who lose eligibility in TennCare Medicaid, have family income at or above 211 percent of the Federal poverty level (FPL), and do not meet the definition of an optional targeted low-income child.
- b. **Adult Demonstration Population Eligibles Standard Spend Down (SSD):**
Non-pregnant, non-postpartum adults aged 21 or older who are not eligible under the state plan, but are determined to meet criteria similar to the state plan medically needy criteria in accordance with STC 23.a. and are:
 - Aged, blind, or disabled individuals; or
 - Caretaker relatives.

8. CHIP-Related Medicaid Expansion Demonstration Population Children.

Expenditures to provide Medical Assistance coverage to uninsured children who lose eligibility under TennCare Medicaid, who meet the definition of an optional targeted low-income child, and who have family income up to 211 percent of the FPL.

9. The CHOICES 217-Like HCBS Group.

Expenditures for TennCare CHOICES enrollees who are age 65 and older and adults age 21 and older with disabilities and who would otherwise be Medicaid-eligible under Section 1902(a)(10)(A)(ii)(VI) of the Act and 42 CFR 435.217 in conjunction with Section 1902(a)(10)(A)(ii)(V) of the Act, if the services they receive under TennCare CHOICES were provided under an HCBS waiver granted to the state under Section 1915(c) of the Act, as of the initial approval date of the TennCare CHOICES component of this demonstration. This includes the application of the spousal impoverishment eligibility rules. These expenditures are limited to those necessary to provide:

- a. Services as presented in Table 2a of the STCs;
- b. Home and community-based waiver-like services as specified in Table 2b, subject to the definitions in Attachment D of the STCs, net of beneficiary regular and spousal impoverishment post-eligibility responsibility for the cost of care, and with post-eligibility treatment of income for individuals receiving short-term nursing facility care calculated as if they were receiving HCBS in the community.

10. Employment and Community First (ECF) CHOICES 217-Like HCBS Group.

Expenditures for ECF CHOICES enrollees with intellectual or developmental disabilities (I/DD) who would be Medicaid-eligible under Section 1902(a)(10)(A)(ii)(VI) and 42 CFR 435.217, if the services they received under ECF CHOICES were provided under a Section 1915(c) waiver. This includes application of the post-eligibility and spousal impoverishment rules. These expenditures are limited to those necessary to provide:

- a. Services as presented in Table 2a of the TennCare II STCs; and
- b. ECF CHOICES services as authorized under STC 29.j. and Attachment G.

11. CHOICES HCBS Services for SSI-Eligibles.

Expenditures for the provision of home and community-based waiver-like services as specified in Table 2b and Attachment D of the STCs that are not described in Section 1905(a) of the Act and not otherwise available under the approved state plan but could be provided under the authority of Section 1915(c) waivers, that are furnished to TennCare CHOICES enrollees who are age 65 and older and adults age 21 and older with disabilities with income at or below 100 percent of the Supplemental Security Income/Federal Benefit Rate (SSI/FBR) and resources at or below \$2,000 who either:

- a. Meet the nursing facility institutional level of care; or
- b. Do not meet the nursing facility institutional level of care but who, in the absence of TennCare CHOICES services, are “at risk” of institutionalization.

12. ECF CHOICES Services for SSI Eligibles.

Expenditures for the provision of home and community-based waiver-like services, as specified under STC 29.j. and Attachment G, that are not described in Section 1905(a) and not otherwise available under the approved state plan, but could be provided under

Section 1915(c), that are furnished to ECF CHOICES enrollees with I/DD with income up through 100 percent of the SSI/FBR and resources at or below \$2,000 who either:

- a. Meet the nursing facility (NF) level of care (LOC) and need specialized services for I/DD, or pursuant only to STC 33.c.i, are granted an exception by the State based on transition either from the Statewide or Comprehensive Aggregate Cap Waivers or from an Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) into ECF CHOICES Group 6 or ECF CHOICES Group 8; or
- b. Do not meet the NF LOC but who, and in the absence of ECF CHOICES services, are “at risk” of institutionalization.

13. The CHOICES At Risk Demonstration Group.

Elderly adults and adults age 21 and older with physical disabilities who were not otherwise determined eligible for Medicaid or TennCare under any other category and who were determined prior to July 1, 2015, to: (1) meet the financial eligibility standards for the special income level group; (2) meet the nursing facility level of care criteria in place on June 30, 2012, but not the criteria in place on July 1, 2012; (3) be “at risk” of institutionalization in the absence of TennCare Interim CHOICES 3 services, and (4) continue to meet the nursing facility financial eligibility standards and the nursing facility level of care criteria in place on June 30, 2012, and remain continuously enrolled in the CHOICES At Risk Demonstration Group.

Expenditures allowable under this demonstration for these individuals are for the following benefits:

- a. Services as presented in Table 2a of the STCs.
- b. Home and community-based waiver-like services as specified in Table 2b and Attachment D of the STCs, net of beneficiary post-eligibility responsibility for the cost of care (including application of spousal impoverishment rules), as set forth in the STCs.

14. Continuing Receipt of Nursing Facility Care and Home and Community Based Services.

Expenditures for CHOICES-enrolled individuals receiving nursing facility or home and community-based waiver-like services for the disabled and elderly who do not meet the nursing facility level of care criteria in effect as of July 1, 2012, but who continue to meet the level of care criteria in place at the time of enrollment. For purposes of this demonstration, individuals meeting these criteria constitute the CHOICES 1 and 2 Carryover Group.

15. Continuing Receipt of Program of All-Inclusive Care for the Elderly (PACE) Services.

Expenditures for PACE-enrolled individuals, who upon redetermination do not meet the current nursing facility level of care criteria, but who continue to meet the level of care criteria in place at the time of enrollment. For purposes of this demonstration, individuals meeting these criteria constitute the PACE Carryover Group.

16. LTC Partnership.

Expenditures for individuals in CHOICES 2 to participate in the Long Term Care Partnership Program.

17. Full State Plan and Demonstration Benefits for Presumptively Eligible Pregnant and Postpartum Women.

Expenditures to provide presumptively eligible pregnant and postpartum women who have incomes up to 195 percent of the FPL the following benefits: the full benefit package under the state plan for categorically needy individuals who are not enrolled in an alternative benefit plan, and demonstration benefits described in STC 29(*TennCare Benefits*). For purposes of this expenditure authority, benefits covered by the TennCare demonstration provided to presumptively eligible pregnant and postpartum women are not limited to ambulatory services.

18. Interim ECF CHOICES At-Risk Demonstration Group.

Individuals with I/DD who are not otherwise eligible for Medicaid or TennCare who are receiving ECF CHOICES services; meet the financial eligibility standards for the ECF CHOICES 217-Like Group; meet the nursing facility level of care in place on June 30, 2012 but not the nursing facility level of care in place on July 1, 2012; and in the absence of the services offered through ECF CHOICES are “at risk” of institutionalization. Enrollment in this group will stop upon implementation of Phase 2 of ECF CHOICES. However, individuals enrolled in the Interim ECF CHOICES At-Risk Demonstration Group prior to implementation of Phase 2 may continue to be eligible through the interim group as long as they continue to meet the eligibility requirements and remain continuously enrolled in the interim group. These expenditures are limited to those necessary to provide:

- a. Services as presented in Table 2a of the TennCare II STCs;
- b. ECF CHOICES services as authorized under STC 29.j and Attachment G.

The following expenditure authorities are authorized upon implementation of “Phase 2” of ECF CHOICES:

19. ECF CHOICES At-Risk Demonstration Group

Beginning with Phase 2 of ECF CHOICES, individuals with I/DD who are not otherwise eligible for Medicaid or TennCare who are receiving ECF CHOICES services; meet the resource limit for the ECF CHOICES 217-Like Group; have income at or below 150 percent of the FPL; meet the NF LOC criteria in place on June 30, 2012 but not the criteria in place on July 1, 2012; and in the absence of ECF CHOICES are “at risk” of institutionalization. These expenditures are limited to those necessary to provide:

- a. Services as presented in Table 2a of the TennCare II STCs;
- b. ECF CHOICES services as authorized under STC 29.j and Attachment G.

20. ECF CHOICES Working Disabled Demonstration Group

Beginning with Phase 2 of ECF CHOICES, working age individuals with I/DD who are not otherwise eligible for Medicaid or TennCare who are receiving ECF CHOICES services; meet the NF LOC criteria in place on June 30, 2012, and in the absence of ECF CHOICES are “at risk” of institutionalization, or meet the current NF LOC criteria; but for their earned income would be eligible for SSI; and have family income at or below 250 percent of the FPL. These expenditures are limited to those necessary to provide:

- a. Services as presented in Table 2a of the TennCare II STCs;
- b. ECF CHOICES services as authorized under STC 29.j and Attachment G.

REQUIREMENTS NOT APPLICABLE TO TENNCARE STANDARD TITLE XIX DEMONSTRATION ELIGIBLE GROUPS

All Title XIX requirements that are waived for the TennCare Medicaid Groups are also not applicable to the TennCare Standard Title XIX Demonstration Eligible Groups. In addition, the following is not applicable to the Title XIX Demonstration Eligible Groups.

Eligibility Comparability and Provision of Medical Assistance Sections 1902(a)(17) and 1902(a)(8)

To the extent necessary to permit the state to close enrollment in the population groups set forth in Expenditure Authorities 7.a and 8, except for individuals who “rollover” from other eligibility groups in accordance with STCs 21 and 22.

**CENTERS FOR MEDICARE & MEDICAID SERVICES
SPECIAL TERMS AND CONDITIONS**

NUMBER: Title XIX No. 11-W-00151/4

TITLE: TennCare II Medicaid Section 1115 Demonstration

AWARDEE: Tennessee Department of Finance and Administration

I. PREFACE

The following are the Special Terms and Conditions (STCs) for Tennessee’s TennCare II Section 1115(a) Medicaid demonstration extension (hereinafter referred to as “demonstration”). The parties to this agreement are the Tennessee Department of Finance and Administration, Bureau of TennCare (“state”) and the Centers for Medicare & Medicaid Services (“CMS”). All requirements of the Medicaid program expressed in law, regulation and policy statement, not expressly waived or made not applicable in the list of Waivers and Expenditure Authorities, shall apply to the demonstration project. The STCs set forth in detail the nature, character, and extent of Federal involvement in the demonstration and the state’s obligations to CMS during the life of the demonstration. The STCs are effective as of the approval letter’s date, unless otherwise specified. All previously approved STCs, Waivers, and Expenditure Authorities are superseded by the STCs set forth below. This demonstration extension is approved through June 30, 2021.

The STCs have been arranged into the following subject areas:

- I. PREFACE**
- II. PROGRAM DESCRIPTION AND OBJECTIVES**
- III. GENERAL PROGRAM REQUIREMENTS**
- IV. ELIGIBILITY**
- V. BENEFITS**
- VI. CHOICES AND ECF CHOICES ENROLLMENT**
- VII. COST SHARING**
- VIII. DELIVERY SYSTEMS**
- IX. GENERAL REPORTING REQUIREMENTS**
- X. GENERAL FINANCIAL REQUIREMENTS**
- XI. MONITORING BUDGET NEUTRALITY FOR THE DEMONSTRATION**
- XII. EVALUATION OF THE DEMONSTRATION**

Additional attachments have been included to provide supplementary information and guidance for specific STCs.

- Attachment A: Quarterly Progress Report
- Attachment B: Limitations on Home Health Services
- Attachment C: Limitations on Private Duty Nursing Services

- Attachment D: Glossary of Terms of TennCare CHOICES
- Attachment E: Best Practices Guidance Regarding Consumer Direction of Home and Community-Based Services
- Attachment F: Certified Public Expenditures Protocol
- Attachment G: Employment and Community First CHOICES Service Definitions
- Attachment H: Distribution Methodology for Uncompensated Care Payments
- Attachment I: Reconciliation of Uncompensated Care Payments (reserved)
- Attachment J: Evaluation Design

II. PROGRAM DESCRIPTION AND OBJECTIVES

TennCare II is a continuation of the state's demonstration, funded through titles XIX and XXI of the Social Security Act (the Act). TennCare began as an 1115(a) demonstration project in January 1994. The current extension is granted under the authority of Section 1115(a) of the Act and is in effect from December 16, 2016, through June 30, 2021.

All mandatory and optional populations eligible under Tennessee's state plan are enrolled in TennCare II, except for Qualified Medicare Beneficiaries and Specified Low Income Medicare Beneficiaries who are not Medicaid eligible or who do not receive Medicaid ("QMB- only" and "SLMB-only").

There are four components to the TennCare II demonstration program. **TennCare Medicaid** is the component that serves enrollees who are Medicaid-eligible under Tennessee's title XIX state plan. **TennCare Standard** is the component that serves title XIX Medicaid enrollees who are eligible only through the demonstration's expenditure authorities. Title XXI Medicaid expansion children are also served under TennCare Standard, with a more extensive benefits package and a different service delivery system than the children served under the title XXI stand-alone Children's Health Insurance Program (CHIP). Both TennCare Medicaid and TennCare Standard provide all Medicaid services, except for services specified at STCs 29 (*TennCare Benefits*) and 30 (*Medicaid Benefits Excluded from the TennCare Standard Benefit Package*), as excluded from the TennCare Standard benefits package and provided as part of the TennCare Medicaid benefit package.

The **CHOICES** Program utilizes the existing for-risk, Medicaid managed care organizations to provide eligible individuals with nursing facility services or home and community based services. With the implementation of the CHOICES program in 2010, home and community based services and nursing facility services were added to the existing TennCare II benefit package of primary, acute, and behavioral health services for qualifying state plan and demonstration eligible individuals. This provides participating individuals with an integrated package of acute and long-term services and supports, through a managed care delivery system.

Employment and Community First (ECF) CHOICES is the newest component of the CHOICES program. ECF CHOICES utilizes Medicaid managed care to provide home and community-based long-term services and supports for individuals with intellectual or developmental disabilities. To be eligible to participate in ECF CHOICES, a person must meet the definition of intellectual disability located at T.C.A. 33-1-101(16), or the definition of developmental disability located at T.C.A. 33-1-101(11). Eligibility for ECF CHOICES will proceed in two phases. Phase 1 will commence upon implementation of ECF CHOICES and assurance of plan readiness. Phase 2 will begin 60 days after the State notifies CMS that its eligibility systems are ready to begin processing eligibility for the ECF CHOICES At-Risk Demonstration Group and the ECF CHOICES Working Disabled Demonstration Group. Benefits are the same in both phases.

The goals of TennCare are the following:

- Provide high-quality care to enrollees
- Ensure enrollees' satisfaction with services
- Improve health outcomes for enrollees
- Support access to care at safety net health care providers in the Medicaid delivery system through targeted support of such providers
- Provide enrollees with appropriate and cost-effective HCBS within acceptable budgetary parameters
- Manage expenditures at a stable and predictable level, and at a cost that does not exceed what would have been spent in a Medicaid fee-for-service program.

As a means of advancing those goals, the demonstration project:

- Uses a managed care service delivery model that does not comply with certain statutory requirements
- Permits the state to implement certain efficiencies in operation
- Gives the state authority to provide a range of HCBS not covered by the state plan
- Provides different benefit packages to individuals needing HCBS in order to best meet their needs
- Expands eligibility to certain groups that would not be eligible under the state plan
- Provides financial support to hospitals and safety net providers who serve the Medicaid and uninsured populations and provide graduate medical education

III. GENERAL PROGRAM REQUIREMENTS

1. **Compliance with Federal Non-Discrimination Statutes.** The state must comply with all applicable Federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.
2. **Compliance with Medicaid and Children's Health Insurance Program (CHIP) Law, Regulation, and Policy.** All requirements of the Medicaid and CHIP programs expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in the waiver and expenditure authority documents (of which these terms and conditions are part), must apply to the demonstration.
3. **Changes in Medicaid and CHIP Law, Regulation, and Policy.** The state must, within the timeframes specified in law, regulation, or written policy statement, come into compliance with any changes in federal law, regulation, or policy affecting the Medicaid or CHIP programs that occur during this demonstration approval period, unless the provision being changed is expressly waived or identified as not applicable.
4. **Impact on Demonstration of Changes in Federal Law, Regulation, and Policy.**
 - a. To the extent that a change in Federal law, regulation, or policy requires either a reduction or an increase in Federal financial participation (FFP) for expenditures made under this demonstration, the state must adopt, subject to CMS approval, modified budget neutrality and allotment neutrality agreements for the demonstration as necessary to comply with such change. The modified agreements will be effective upon the implementation of the change. The trend rates for the budget neutrality agreement are not subject to change under this subparagraph.
 - b. If mandated changes in the Federal law require state legislation, the changes must take effect on the day such state legislation becomes effective, or on the last day such legislation was required to be in effect under the law.
5. **State Plan Amendments.** The state will not be required to submit title XIX state plan amendments for changes affecting any populations made eligible solely through the demonstration. If a population eligible through the Medicaid state plan is affected by a change to the demonstration, a conforming amendment to the state plan is required, except as otherwise noted in these STCs.
6. **Changes Subject to the Amendment Process.** Changes related to eligibility, enrollment, benefits, delivery systems, cost sharing, sources of non-Federal share of funding, budget neutrality, and other comparable program elements must be submitted to CMS as amendments to the demonstration. All amendment requests are subject to approval at the discretion of the Secretary in accordance with Section 1115 of the Act. The state must not implement changes to these elements without prior approval by CMS. Amendments to the demonstration are not

retroactive and FFP will not be available for changes to the demonstration that have not been approved through the amendment process set forth in STC 7.

- 7. Amendment Process.** State requests to amend the demonstration must be submitted to CMS for approval no later than 120 days prior to the planned date of implementation of the change and may not be implemented until approved. CMS reserves the right to deny or delay approval of a demonstration amendment based on non-compliance with these STCs, including but not limited to failure by the state to submit required reports and other deliverables in a timely fashion according to the deadlines specified herein. State amendment requests must include, but are not limited to, the following

- a. Demonstration of Public Notice and Tribal Consultation: The state must provide documentation of the state's compliance with public notice processes as specified under 42 CFR 431.408 and documentation of the state's compliance with the tribal consultation requirements outlined in STC 15, prior to submission of the requested amendment;
- b. A data analysis which identifies the specific "with waiver" impact of the proposed amendment on the current budget neutrality agreement. Such analysis shall include current total computable "with waiver" and "without waiver" status on both a summary and detailed level through the current approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the "with waiver" expenditure total as a result of the proposed amendment, which isolates (by Eligibility Group) the impact of the amendment;
- c. An up to date CHIP allotment neutrality worksheet, if necessary;
- d. A detailed description of the amendment, including proposed waiver and expenditure authorities and impact on beneficiaries with sufficient supporting documentation; and
- e. If applicable, a description of how the evaluation design will be modified to incorporate the amendment provisions.
- f. Additions or Changes to CHOICES or ECF CHOICES Benefits. All requests for changes in coverage of CHOICES or ECF CHOICES benefits are subject to CMS approval. Changes in benefits defined in Attachment D or Attachment G must be submitted to CMS for approval at least 60 days in advance of the state's desired implementation date upon completion of the public notice process. Requests for services that are not defined in Attachment D or Attachment G must be submitted by the state to CMS as a request to amend the demonstration.

- 8. Extension of the Demonstration.** Should the state intend to request an extension of the demonstration under sections 1115(e) or 1115(f), the state must observe the timelines contained in those statutes. Otherwise, no later than 12 months prior to the expiration date of the demonstration, the governor or chief executive officer of the state must submit to CMS either a

demonstration extension request or a transition and phase-out plan consistent with the requirements of STC 9 of this section.

- a. The demonstration extension request must comply with transparency requirements at 42 CFR 431.412.
 - b. As part of the demonstration extension request, the state must provide documentation of compliance with the transparency requirements at 42 CFR 431.412 and the public notice and tribal consultation requirements outlined in STC 15.
9. **Demonstration Phase-Out.** The state may suspend or terminate this demonstration in whole, or in part, only consistent with the following requirements:
- a. **Notification of Suspension or Termination:** The state must promptly notify CMS in writing of the reason(s) for the suspension or termination, together with the effective date and phase-out plan. The state must submit its notification letter and a draft phase-out plan to CMS no less than 6 months before the effective date of the demonstration's suspension or termination. Prior to submitting the draft phase-out plan to CMS, the state must publish on its website the draft phase-out plan for a 30- day public comment period. In addition, the state must conduct tribal consultation in accordance with its approved tribal consultation state plan amendment. Once the 30-day public comment period has ended, the state must provide a summary of each public comment received, the state's response to the comment and how the state incorporated the received comment into a revised phase-out plan.

The state must obtain CMS approval of the phase-out plan prior to the implementation of the phase-out activities. Implementation of the phase-out activities must be no sooner than 14 days after CMS approval of the phase-out plan.

- b. **Phase-out Plan Requirements:** The state must include, at a minimum, in its phase-out plan the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary's appeal rights), the process by which the state will conduct administrative reviews of Medicaid eligibility for the affected beneficiaries and ensure ongoing coverage for eligible individuals, as well as any community outreach activities.
- c. **Phase-out Procedures:** The state must comply with all notice requirements found in 42 CFR 431.206, 431.210 and 431.213. In addition, the state must assure all appeal and hearing rights afforded to demonstration participants as outlined in 42 CFR 431.220 and 431.221. If a demonstration participant requests a hearing before the date of action, the state must maintain benefits as required in 42 CFR 431.230. In addition, the state must conduct administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category as outlined in 42 CFR 435.916.

- d. **Exemption from Public Notice Procedures at 42 CFR 431.416(g).** CMS may expedite the federal and state public notice requirements in the event it determines that the objectives of title XIX would be served or under circumstances described in 42 CFR 431.416(g).
 - e. **Federal Financial Participation (FFP):** If the project is terminated or any relevant waivers suspended by the state, FFP shall be limited to normal closeout costs associated with terminating the demonstration including services, continued benefits as a result of beneficiary appeals, and administrative costs of dis-enrolling participants.
10. **Post Award Forum.** Pursuant to 42 CFR 431.420(c), within six months of the demonstration's implementation, and annually thereafter, the state will afford the public with an opportunity to provide meaningful comment on the progress of the demonstration. At least 30 days prior to the date of the planned public forum, the state must publish the date, time and location of the forum in a prominent location on its website. The state can use either its Medical Care Advisory Committee, or another meeting that is open to the public and where an interested party can learn about the progress of the demonstration to meet the requirements of this paragraph. The state must include a summary of the comments and issues raised by the public at the forum and include the summary in the quarterly report associated with the quarter in which the forum was held. The state must also include the summary in its annual report.
11. **CMS Right to Terminate or Suspend.** CMS may suspend or terminate the demonstration (in whole or in part) at any time before the date of expiration, whenever it determines following a hearing that the state has materially failed to comply with the terms of the project. CMS will promptly notify the state in writing of the determination and the reasons for the suspension or termination, together with the effective date.
12. **Finding of Non-Compliance.** The state does not relinquish its rights to challenge the CMS finding that the state materially failed to comply.
13. **Withdrawal of Waiver Authority.** CMS reserves the right to withdraw waivers or expenditure authorities at any time it determines that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of title XIX and/or XXI. CMS will promptly notify the state in writing of the determination and the reasons for the withdrawal, together with the effective date, and afford the state an opportunity to request a hearing to challenge CMS' determination prior to the effective date. If a waiver or expenditure authority is withdrawn, FFP is limited to normal closeout costs associated with terminating the waiver or expenditure authority, including services and administrative costs of disenrolling participants.
14. **Adequacy of Infrastructure.** The state must ensure the availability of adequate resources for implementation and monitoring of the demonstration, including education, outreach, and enrollment; maintaining eligibility systems; compliance with cost sharing requirements; and reporting on financial and other demonstration components.
15. **Public Notice and Consultation with Interested Parties.** The state must comply with the State Notice Procedures set forth in 59 Fed. Reg. 49249 (September 27, 1994). The state must also

comply with the tribal consultation requirements in Section 1902(a)(73) of the Act as amended by Section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, the implementing regulations for the Review and Approval Process for Section 1115 Demonstrations at 42 CFR 431.408, and the tribal consultation requirements contained in the state's approved state plan when any program changes to the demonstration, including (but not limited to) those referenced in STC 6, are proposed by the state.

a. In states with federally recognized Indian tribes, consultation must be conducted in accordance with the consultation process outlined in the July 17, 2001 letter or the consultation process in the state's approved Medicaid state plan if that process is specifically applicable to consulting with tribal governments on waivers (42 CFR 431.408(b)(2)).

b. In states with federally recognized Indian tribes, Indian health programs, and/or Urban Indian organizations, the state is required to submit evidence to CMS regarding the solicitation of advice from these entities prior to submission of any demonstration proposal, and/or renewal of this demonstration (42 CFR 431.408(b)(3)). The state must also comply with the Public Notice Procedures set forth in 42 CFR 447.205 for changes in statewide methods and standards for setting payment rates.

16. Federal Financial Participation (FFP). No Federal matching funds for expenditures for this demonstration will be available under this approved extension for services or expenditures incurred prior to the effective date identified in the demonstration approval letter.

17. Deferral for Failure to Provide Deliverables on Time. The state agrees that CMS may issue deferrals in the amount of \$5,000,000 when deliverables are not submitted timely to CMS or are found to not be consistent with the requirements approved by CMS.

1. Thirty (30) days after the deliverable was due, CMS will issue a written notification to the state providing advance notification of a pending deferral for late or non-compliant submissions of required deliverables.
2. For each deliverable, the state may submit a written request for an extension in which to submit the required deliverable. Should CMS agree to the state's request, a corresponding extension of the deferral process described below can be provided. CMS may agree to a corrective action as an interim step before applying the deferral, if corrective action is proposed in the state's written extension request.
3. The deferral would be issued against the next quarterly expenditure report following the written deferral notification (subject to any extension granted under (b)).
4. When the state submits the overdue deliverable(s) that are accepted by CMS, the deferral(s) will be released.
5. As the purpose of a section 1115 demonstration is to test new methods of operation or service delivery, a state's failure to submit all required reports, evaluations and

other deliverables will be considered by CMS in reviewing any application for extension, amendment or renewal , or for a new demonstration.

6. CMS will consider with the state an alternative set of operational steps for implementing the intended deferral to align the process with the state’s existing deferral process, for example, the structure of the state request for an extension, what quarter the deferral applies to and how the deferral is released.

18. **Common Rule Exemption.** The state shall ensure that the only involvement of human subjects in research activities that may be authorized and/or required by this demonstration is for projects which are conducted by or subject to the approval of CMS, and that are designed to study, evaluate, or otherwise examine the Medicaid program – including procedures for obtaining Medicaid benefits or services, possible changes in or alternatives to Medicaid programs and procedures, or possible changes in methods or levels of payment for Medicaid benefits or services. The Secretary has determined that this demonstration as represented in these approved STCs meets the requirements for exemption from the human subject research provisions of the Common Rule set forth in 45 CFR 46.101(b)(5).

IV. ELIGIBILITY

19. **Eligibility and Covered Populations.** All of the mandatory and optional populations eligible under the Tennessee Medicaid state plan, except for Qualified Medicare Beneficiaries and Specified Low Income Medicare Beneficiaries who are not Medicaid eligible or who do not receive Medicaid (“QMB-only” and “SLMB-only”) are covered by the provisions of the demonstration. Several title XIX demonstration-only eligible populations including the title XXI Medicaid Expansion demonstration population (which currently is open only for “rollover” individuals) are made eligible and covered by the demonstration. Medicaid state plan-eligible individuals are served in the component of the program called TennCare Medicaid. Demonstration-only eligible populations are served in the component called TennCare Standard.

The mandatory and optional Medicaid state plan populations described below derive their eligibility through the Medicaid state plan and their benefits and rights and responsibilities are set forth in the Medicaid state plan except as specified in demonstration authority. For these populations, and for populations only eligible under the demonstration, the state must comply with all applicable Medicaid laws and regulations, except as expressly waived or specified as not applicable, for the purposes specified in and consistent with these STCs. Any changes to eligibility must be submitted to CMS as an amendment request, subject to the process set forth in STCs 6 and 7. The criteria for TennCare eligibility groups are as follows (Table 1a). Note: This table does not change the state plan requirements.

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
Title XIX State Plan Mandatory Groups – TennCare Medicaid		
Caretaker relatives: parents and caretaker relatives with dependent children living in the home	Converted AFDC income standard based on household size	1, 6, 7, 8
Transitional Medical Assistance for individuals in the MAGI categories for children, pregnant women, or caretaker relatives who lose eligibility in these categories due to increased work hours or earnings, and who were receiving benefits in the appropriate category for three of the last six months.	12 months continued coverage	1, 6, 7, 8
Extended Medicaid is available for individuals who lose eligibility in the MAGI categories for children, pregnant women, or caretaker relatives due to increased spousal support	4 months continued coverage <i>and expenditure authority for 8 additional months</i>	
Pregnant & postpartum women. State utilizes presumptive eligibility for this population.	Income up to and including 195% FPL; no resource test	1, 6, 7, 8
Newborns under age 1. State utilizes presumptive eligibility for this population.	Income up to and including 195% FPL; no resource test	1, 6, 7, 8
Children 1-5	Income up to and including 142% FPL; no resource test	1, 6, 7, 8
Children 6-18	Income up to and including 133% FPL; no resource test	1, 6, 7, 8
Deemed categorically eligible newborns: Newborn under 1 year of age, born to a woman who was eligible for and receiving Medicaid on the date of the child's birth.	No income limit; no resource test	1, 6, 8

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
Pregnant woman who would otherwise lose eligibility because of an increase in income remains eligible through the postpartum period		1, 6, 7, 8
Woman who was eligible while pregnant continues eligibility through the postpartum period		1, 6, 7, 8
Title IV-E eligible children in adoption subsidy or foster care	AFDC income standard	1, 4, 6, 7, 8
Former Foster Care Children: are under age 26, were in foster care provided by the state of Tennessee and were receiving Medicaid when aging out of state custody	No income limit; no resource test.	1, 4, 6, 7, 8
SSI cash recipients: aged, blind or disabled (may or may not be receiving CHOICES or ECF CHOICES benefits)		1, 3, 4, 6, 7, 8
Qualified severely impaired working blind or disabled persons < 65 who were: a) receiving Title XIX, SSI or state supplement under 1619(a); or b) eligible for Medicaid under 1619(b) in 6/87		1, 4, 6, 7, 8
"DAC" Disabled adult child (age 18+) who lost SSI by becoming OASDI eligible (i.e., due to blindness or disability that began before age 22) or due to increase in amount of child's benefits.		1, 4, 6, 7, 8
SSI cash ineligible for reasons prohibited by Title XIX.		1, 4, 6, 7, 8
"Pickle" SSA Beneficiaries who lost SSI cash benefits due to cost of living adjustment (COLA) increase in Title II OASDI benefits		1,4, 6, 7, 8

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
“DWB” Disabled widow/widower who lost SSI or state supplement due to early receipt of OASDI benefits.		1, 4, 6, 7, 8
Title XIX State Plan Optional Groups – TennCare Medicaid		
Children under 21 who meet AFDC income & resource criteria—children in state custody, foster care, subsidized adoptions, institutionalized	Income up to 185% of Consolidated Standard of Need; resources \$2000	1, 4, 6, 7, 8
Persons who would be eligible for AFDC or SSI cash assistance except for their institutional status		1, 3, 4, 5, 6, 7, 8
Special income level group: individuals who are in a medical institution at least 30 consecutive days with income that does not exceed 300% of SSI income standard under 1902(a)(10)(ii)(V) of the Act.	Income no more than 300% of SSI rate; resources \$2000	1, 3, 4, 5, 6, 7, 8
Categorically needy individuals under the state plan who are receiving home and community based services in accordance with 42 CFR 435.217. (This group consists solely of enrollees in the ID waivers.)		1, 4, 6, 7, 8
Non-IV-E children with special medical needs who receive a state adoption subsidy payment		1, 4, 6, 7, 8
Women under 65 who need treatment for breast or cervical cancer, and are not otherwise eligible for Medicaid. State utilizes presumptive eligibility for this population.		1, 4, 6, 7, 8
Medically needy children under 21 (<i>expenditure authority for 12-month coverage based on 1-month budget period</i>)	Medically needy spend-down level (\$241 for 1, etc.)	1, 2, 4, 6, 7, 8

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
Medically needy pregnant or postpartum women <i>(expenditure authority for 12-month coverage based on 1-month budget period)</i>	Medically needy spend-down level (\$241 for 1, etc.)	1, 2, 4, 6, 7, 8
Title XIX Demonstration Eligible Groups – Carryover		
CHOICES 1 and 2 Carryover Group: Individuals who were enrolled in CHOICES 1 or CHOICES 2 as of June 30, 2012, but who upon redetermination no longer qualify for enrollment due solely to the state’s modification of its nursing facility level of care criteria.	Income no more than 300% SSI/FBR; resources \$2,000	1, 4, 5, 6, 7, 8
PACE Carryover Group: Individuals who were enrolled in a PACE program as of June 30, 2012, but who upon redetermination no longer qualify for enrollment due solely to the state’s modification of its nursing facility level of care criteria.	As required under the state plan.	1, 4, 5, 6, 7, 8
Title XIX Demonstration Eligible Groups – TennCare Standard		
Medically Eligible Children: uninsured children under 19 who have been determined to be “medically eligible” (uninsurable) (category is currently closed to new enrollment except for Medicaid rollovers [as defined in <i>STC 22, Rollover Definition</i>] who are not otherwise eligible for TennCare. See <i>STC 21. Child Non-State Plan Demonstration Population Categories For Which Enrollment Is Closed</i> .	Income 211% FPL or higher without limit; no resource test	1, 4, 6, 7, 8

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
<p>Standard Spend Down (SSD): non-pregnant/postpartum adults 21 or older who have been determined to meet criteria patterned after the medically needy requirements (<i>enrollment target: 100,000</i>)</p> <ul style="list-style-type: none"> • aged, blind, or disabled • caretaker relatives <p>CMS approved an amendment to add this expansion population in Nov. 2006. (Expenditure authority for 12month coverage based on 1-month budget period.) Effective January 1, 2016, this category is closed. See STC 23.a. <i>Standard Spend Down (SSD) Adult Non-State Plan Demonstration Population Category.</i></p>	<p>Medically needy spend-down level (\$241 for 1, etc.); resources \$2000</p>	<p>1, 2, 4, 6, 7, 8</p>
Title XIX Demonstration Eligible Groups – CHOICES and ECF CHOICES		
<p>CHOICES 217-Like HCBS Group: Aged and/or disabled categorically needy adults who meet the CHOICES NF level of care requirement, are receiving home and community based services and who would be eligible in the same manner as specified under 42 CFR 435.217, 435.236, and 435.726 of the Federal regulations and Section 1902(a)(10)(A)(ii)(VI) of the Social Security Act, if the home and community based services were provided under a 1915 (c) waiver. This group is subject to the enrollment target for CHOICES 2 in STC 32.d. (<i>Enrollment Targets for TennCare CHOICES</i>).</p>	<p>Income no more than 300% SSI/FBR; resources \$2,000</p>	<p>1, 3, 4, 5, 6, 7, 8</p>

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
CHOICES At Risk Demonstration Group: Elderly adults and adults age 21 and older with physical disabilities who have not been determined eligible for Medicaid or TennCare under any other category and who (1) meet the financial eligibility standards for the special income level group; (2) meet the nursing facility level of care criteria in place on June 30, 2012, but not the criteria in place on July 1, 2012; and (3) in the absence of the TennCare Interim Choices 3 services, are “at risk” of institutionalization. The CHOICES At Risk Demonstration Group is open to enrollment starting July 1, 2012, and closed to new enrollment on June 30, 2015.	Income no more than 300% SSI/FBR; resources \$2,000	1, 3, 4, 5, 6, 7, 8
ECF CHOICES 217-Like HCBS Group: Individuals with I/DD who would be Medicaid-eligible under Section 1902(a)(10)(A)(ii)(VI) and 42 CFR 435.217, if the services they received under ECF CHOICES were provided under a Section 1915(c) waiver. This group is subject to the enrollment targets for ECF CHOICES in STC 33.d. <i>(Enrollment Targets for ECF CHOICES).</i>	Income no more than 300% SSI/FBR; resources \$2,000	1, 3, 4, 5, 6, 7, 8

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
ECF CHOICES At-Risk Demonstration Group: Upon implementation of Phase 2 of ECF CHOICES, individuals with I/DD who are not otherwise eligible for Medicaid or TennCare who: are receiving ECF CHOICES services; meet the NF LOC criteria in place on June 30, 2012 but not the criteria in place on July 1, 2012; and in the absence of ECF CHOICES are “at risk” of institutionalization. This group is subject to the enrollment targets for ECF CHOICES in STC 33.d. <i>(Enrollment Targets for ECF CHOICES).</i>	Income no more than 150% FPL; resources \$2,000	1, 3, 4, 5, 6, 7, 8
ECF CHOICES Working Disabled Group: Upon implementation of Phase 2 of ECF CHOICES, working age adults with I/DD who are not otherwise eligible for Medicaid or TennCare who: are receiving ECF CHOICES services; meet the NF LOC criteria in place on June 30, 2012, and in the absence of ECF CHOICES are “at risk” of institutionalization, or meet the current NF LOC criteria and need specialized services for I/DD; have family income no more than 250% of the FPL and but for their earned income would be eligible for SSI. This group is subject to the enrollment targets for ECF CHOICES in STC 33.d. <i>(Enrollment Targets for ECF CHOICES).</i>	Income no more than 250% FPL; resources \$2,000	1, 3,4,5, 6,7,8

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
Interim ECF CHOICES At Risk Demonstration Group: Individuals with I/DD who are not otherwise eligible for Medicaid or TennCare who: meet the financial eligibility requirements for the ECF CHOICES 217-Like group; meet the nursing facility level of care in place on June 30, 2012 but not the nursing facility level of care in place on July 1, 2012; and in the absence of the services offered through ECF CHOICES are “at risk” of institutionalization. New enrollment in this group will close upon implementation of Phase 2 of ECF CHOICES. However, individuals enrolled in the Interim ECF CHOICES At-Risk Demonstration Group prior to implementation of Phase 2 of ECF CHOICES may continue to be eligible through the interim group as long as they continue to meet the eligibility requirements and remain continuously enrolled in the interim group. This group is subject to the enrollment targets for ECF CHOICES in STC 33.d. <i>Enrollment Targets for ECF CHOICES</i>).	Income no more than 300% SSI/FBR; resources \$2,000	1, 3,4,5, 6,7,8
Title XXI Medicaid Expansion Demonstration Eligible Group – TennCare Standard		

Table 1a TennCare Population Groups		
Description	Income Limit	Provisions of the Act Waived or Made Not Applicable (see Waiver List)
Optional Targeted Low-Income Children: uninsured children under 19 who: <ul style="list-style-type: none"> • have lost Medicaid eligibility under the approved Medicaid state plan and who do not have access to insurance or • were uninsured and enrolled in this category in the original TennCare demonstration as of 12/31/01, even if they had access to insurance, and have been continuously enrolled in this category since 12/31/01 See STC 21 (<i>Child Non-State Plan Demonstration Population Categories For Which Enrollment Is Closed</i>).	Income up to 211% FPL	1, 4, 6, 7, 8

20. TennCare CHOICES and ECF CHOICES Eligibility Groups.

a. CHOICES

As further set forth in STC 32(*Operations of the TennCare CHOICES Program*), eligibility for enrollment in TennCare CHOICES depends on (a) the individual’s TennCare Eligibility Group, (b) the nursing facility (NF) (or “At Risk,” as applicable) level-of-care (LOC) criteria as established by the state, and (c) the type of long-term services and supports (LTSS) to be provided.

There are three principal eligibility groups for TennCare CHOICES. CHOICES 1 is for individuals receiving NF services. CHOICES 2 is for individuals who meet the NF LOC that are receiving HCBS as an alternative to NF care. CHOICES 3 is for individuals who do not meet the NF LOC, but are at risk of NF placement and are receiving HCBS to delay or prevent NF placement.

Effective July 1, 2012, the state elected to change the level of care that is medically necessary for admission to a NF. CHOICES 3 serves SSI eligibles enrolled after the implementation of the LOC change who do not meet the new LOC standard but who are “at risk” of institutionalization. Individuals in CHOICES 1 and CHOICES 2 who continue

to meet the standard in place at the time of the individual's enrollment will continue to qualify for those services.

Between July 1, 2012, and December 31, 2013, the state opened Interim CHOICES 3 to serve SSI eligibles and other adults who met the LOC standard and financial eligibility requirements in place prior to the change, allowing the state to abide by the "Maintenance of Effort" (MOE) requirements as specified by the Affordable Care Act, Section 2001. The Interim CHOICES 3 group was subsequently extended through June 30, 2015.

Table 1b summarizes the CHOICES Eligibility Groups and addresses how a change in LOC criteria is taken into account in determining eligibility for each group. This table does not change the state plan requirements. CHOICES 1, CHOICES 2, CHOICES 3, and Interim CHOICES 3 are defined in STC 31. The CHOICES 1 and 2 Carryover Group and the PACE Carryover Group are defined in Table 1a of STC 19. With respect to benefits, cost-sharing, and similar issues, persons in the CHOICES 1 Carryover Group are treated as though they were in CHOICES 1; persons in the CHOICES 2 Carryover Group are treated as though they were in CHOICES 2; and persons in the PACE Carryover Group are treated as though they were in PACE.

Table 1b TennCare + CHOICES Eligibility Groups			
CHOICES Groups	Description	TennCare Medicaid	TennCare Standard
CHOICES 1	<ul style="list-style-type: none"> Nursing facility residents who meet the NF LOC in place at the time of enrollment¹ 	Yes	Yes, CHOICES 1 and 2 Carryover Group
CHOICES 2	<ul style="list-style-type: none"> Meet NF LOC in place at the time of HCBS enrollment Receive HCBS as an alternative to NF care Age 65+ or 21+ and disabled 	Yes, SSI only	Yes, CHOICES 217-Like HCBS Group and CHOICES 1 and 2 Carryover Group
CHOICES 3	<ul style="list-style-type: none"> "At risk" for institutionalization (as defined in Attachment D) Age 65+ or age 21+ and disabled 	Yes, SSI only	No

¹ The state may grant an exception for persons in the community seeking NF admission who continue to meet the NF LOC in place at the time of HCBS enrollment, but whose needs can no longer be safely met in the community at a cost that does not exceed the cost of NF care, or for persons who continue to meet the NF LOC in place at the time of enrollment into CHOICES 1 when such persons have transitioned to the community and requires readmission to the NF.

Table 1b TennCare + CHOICES Eligibility Groups			
CHOICES Groups	Description	TennCare Medicaid	TennCare Standard
INTERIM CHOICES 3 (open to enrollment starting July 1, 2012, and closed to new enrollment on June 30, 2015)	<ul style="list-style-type: none"> • Same as CHOICES 3, but not limited to SSI recipients • Must meet nursing facility financial eligibility criteria 	Yes, SSI only	Yes, At Risk Demonstration Group

b. ECF CHOICES

- i. TennCare eligibility groups for ECF CHOICES will be implemented in two phases. In Phase 1, a person may qualify to enroll in ECF CHOICES services in one of the following TennCare eligibility groups: SSI recipients; the ECF CHOICES 217-Like Group; and the Interim ECF CHOICES At- Risk Group. In Phase 2, a person may also qualify to enroll in ECF CHOICES in the ECF CHOICES At-Risk Group and the ECF CHOICES Working Disabled Group. Upon implementation of Phase 2, new enrollment will close for the Interim ECF CHOICES At-Risk Demonstration Group; however, individuals enrolled through that group prior to implementation of Phase 2 may continue to be eligible in the interim group as long as they continue to meet the eligibility requirements and remain continuously enrolled in the interim group. The State will provide CMS with at least 60 days' notice in advance of implementing Phase 2 of ECF CHOICES.
- ii. As further set forth in STC 33(*Operations of Employment and Community First (ECF) CHOICES*), eligibility for enrollment in ECF CHOICES depends on (a) the individual's TennCare eligibility group or, for individuals not otherwise eligible, meeting the applicable financial eligibility criteria for ECF CHOICES Title XIX Demonstration Eligible Groups set forth in Table 1a; (b) the individual's age; (c) the NF LOC (or "At Risk", as applicable) criteria as established by the state, except as provided pursuant only to STC 33.c.i.; (d) the type of long-term services and supports (LTSS) to be provided, and (e) the individual's I/DD status. In order to be considered to be an individual with I/DD, a person must meet the definition of intellectual disability located at T.C.A. 33-1-101(16), or the definition of developmental disability located at T.C.A. 33-1-101(11). ECF CHOICES is specifically geared toward promoting and supporting integrated, competitive employment and independent, integrated community living as the first and preferred option for individuals with I/DD. There are six target populations for ECF CHOICES: (1) children under age 21 with I/DD living at home with family and who meet the NF LOC; (2) children

under age 21 with I/DD living at home with family and who, in the absence of HCBS, are “at risk of NF placement”; (3) adults age 21 and older with I/DD who meet the NF LOC and need specialized services for I/DD (except as provided pursuant only to STC 33.c.i.); (4) adults age 21 and older with I/DD who, in the absence of HCBS, are “at risk of NF placement”; (5) children under age 21 with I/DD and severe co-occurring behavioral health and/or psychiatric conditions who are living at home with family or other permanent guardian(s) in a long-term family living arrangement,² and who meet NF LOC and other criteria as defined in STC 33.a.iv or in state rule; and (6) adults age 21 and older³ with I/DD and severe co-occurring behavioral health and/or psychiatric conditions who are transitioning out of a highly structured and supervised environment and who meet NF LOC and other criteria as defined in STC 33.a.v or in state rule (unless the state makes an exception pursuant to STC 33.c.i), and need and are receiving specialized services for I/DD.

Table 1c summarizes the ECF CHOICES Target Populations:

Table 1c TennCare + ECF CHOICES Target Populations		
Target Population Descriptions	TennCare Medicaid	TennCare Demo Standard
Children under age 21 with I/DD living at home with family and who meet the NF LOC	SSI	ECF 217-Like (Phase 1 and Phase 2) ECF Working Disabled (upon implementation of Phase 2)

² A “permanent guardian” does not mean that the person could never have full decision making rights restored, but rather than this is not expected to be a short-term guardianship arrangement. A “long-term family living arrangement” does not mean that the person could not in the future transition to community living separate from the guardian, but rather that a child enrolled in Group 7 either lives with their family or with a permanent guardian that is expected to continue to provide primary caregiving support such that a benefit targeted to improving the caregiver’s capacity to support the child is appropriate. A child in State Custody does not qualify for enrollment in Group 7.

³ As it relates to ECF CHOICES, “adults” generally refers to individuals no longer eligible for the EPSDT benefit, i.e., individuals age 21 and older. However, IBCTSS and enrollment into ECF CHOICES Group 8 may be permitted for emerging young adults, and on a case-by-case basis, for late adolescents with severe psychiatric or behavioral symptoms in one of the circumstances described above in order to avoid placement in DCS custody.

Table 1c TennCare + ECF CHOICES Target Populations		
Target Population Descriptions	TennCare Medicaid	TennCare Demo Standard
Children under age 21 with I/DD living at home with family and who, in the absence of HCBS, are “at risk of NF placement”	SSI	ECF At-Risk (upon implementation of Phase 2) ECF Working Disabled (upon implementation of Phase 2) Interim ECF At-Risk (open to new enrollment only during Phase 1)
Adults age 21 and older with I/DD who meet the NF LOC and need specialized services for I/DD (except as provided pursuant only to STC 33.c.i.)	SSI	ECF 217-Like (Phase 1 and Phase 2) ECF Working Disabled (upon implementation of Phase 2)
Adults age 21 and older with I/DD who, in the absence of HCBS, are “at risk of NF placement”	SSI	ECF At-Risk (upon implementation of Phase 2) ECF Working Disabled (upon implementation of Phase 2) Interim ECF At- Risk (open to
Children under age 21 with I/DD and severe co-occurring behavioral health and/or psychiatric conditions who are living at home with family or other permanent guardian(s) in a long-term family living arrangement, ⁴ guardians and who meet NF LOC and other criteria as defined in STC 33.a.iv. or in State rule.	SSI	ECF 217-Like (Phase 1 and Phase 2)

⁴ See footnote 2.

Table 1c TennCare + ECF CHOICES Target Populations		
Target Population Descriptions	TennCare Medicaid	TennCare Demo Standard
Adults age 21 and older ⁵ with I/DD and severe co-occurring behavioral health and/or psychiatric conditions who are transitioning out of a highly structured and supervised environment and who meet NF LOC and other criteria as defined in STC 33.a.v. or in State rule (unless the state makes an exception pursuant to STC 33.c.i.), and need and are receiving specialized services for I/DD.	SSI	ECF 217-Like (Phase 1 and Phase 2) ECF Working Disabled (upon implementation of Phase 2)

21. **Child Non-State Plan Demonstration Population Categories For Which Enrollment Is Closed.** The state has closed enrollment into the following demonstration categories, except for “rollovers” (as defined in STC 22*Rollover Definition*). Therefore, children are only eligible for a non-state plan demonstration population as a “rollover.” If children lose Medicaid state plan eligibility, they may qualify for one of these demonstration-only groups rather than for the stand-alone title XXI CHIP program. Individuals under age 19 who lose eligibility for a Medicaid category may roll over into a TennCare Standard category if they meet the criteria for the category.

- b. **Title XIX Medically Eligible Children:** Individuals who are under age 19, are uninsured, have income that is 211 percent of the FPL or higher without limit, are not otherwise eligible for TennCare, and have a qualifying medical condition such that they meet the state-defined criteria of “medically eligible”. (There is no income or resource limit for this group.)
- c. **Title XXI Medicaid Expansion Children:** Individuals under age 19 who are uninsured, have family income less than 211 percent of the FPL, and meet the definition of an optional targeted low-income child. (There is no resource limit for this group.)

22. **Rollover Definition.** For the purpose of this demonstration, a “rollover” eligible is an individual who qualifies for continued coverage through a TennCare Standard demonstration category upon losing Medicaid eligibility under any category included in Tennessee’s title XIX state plan.

⁵ See footnote 3.

23. Adult Non-State Plan Demonstration Population Categories.

- a. **Standard Spend Down (SSD) Adult Non-State Plan Demonstration Population Category.** The SSD eligibility category is open to non-pregnant/postpartum adults ages 21 or older who are Caretaker Relatives or Aged, Blind, or Disabled. The financial eligibility criteria are the same as for the Medically Needy pregnant women and children eligible under the state plan. The SSD demonstration eligibility group has an enrollment cap of 105,000, with a target enrollment of 100,000. Effective January 1, 2016, this category is closed. Persons enrolled in the category as of that date will remain in the program until they complete the redetermination process. If they are found through the redetermination process to be eligible in another TennCare category, they will be moved to that category when they complete the redetermination process. If they are not found eligible for another category, they will be disenrolled.
- a. **CHOICES 217-Like HCBS Group.** This group consists of persons aged 65 and older or persons aged 21+ and who are disabled who: (1) meet the CHOICES NF level of care requirement; (2) are receiving home and community-based services; and (3) would be eligible in the same manner as specified under 42 CFR 435.217, 435.236 and 435.726 of the Federal Regulations and Section 1902(a)(10)(A)(ii)(VI) of the Social Security Act, if the home and community based services were provided under a 1915(c) waiver. STC 20 (*TennCare CHOICES and ECF CHOICES Eligibility Groups*) and STC 32.b. (*Eligibility for TennCare CHOICES Benefits*) describe how the NF LOC requirements shall be determined for individuals in this group. The state retains the discretion to apply an enrollment target as described in STC 32.d. (*Enrollment Targets for TennCare CHOICES*).
- b. **CHOICES At-Risk Demonstration Group.** As of July 1, 2012, this group consists of elderly adults and adults age 21 and older with physical disabilities who (1) meet nursing facility financial eligibility; (2) meet the nursing facility level of care criteria in place on June 30, 2012, but not the nursing facility level of care criteria in place on July 1, 2012; and (3) in the absence of TennCare Interim CHOICES 3 services, are “at risk” of institutionalization.
- c. **CHOICES 1 and 2 Carryover Group.** This group consists of individuals who were enrolled in CHOICES 1 or CHOICES 2 as of June 30, 2012, but who no longer qualify for CHOICES enrollment due solely to the state’s modification of its nursing facility level of care criteria. Individuals in this group will continue to be eligible for enrollment in CHOICES 1 or CHOICES 2 if they (1) continue to meet the criteria for nursing facility level of care employed by the state at the time they were enrolled, (2) meet all the eligibility requirements for a CHOICES program; and (3) remain continuously enrolled in CHOICES 1 and/or 2, as specified below:
 - i. Persons enrolled in CHOICES 1 can continue in CHOICES 1 or transition to CHOICES 2, and persons enrolled in CHOICES 2 can continue in CHOICES 2; and

- ii. The state may grant an exception to i. for persons in CHOICES 2 seeking NF admission who continue to meet the NF LOC in place at the time of HCBS enrollment, but whose needs can no longer be safely met in the community at a cost that does not exceed NF care, or for persons who continue to meet the NF LOC in place at the time of enrollment into CHOICES 1 when such person has transitioned to the community and requires readmission to the NF.
- d. **PACE Carryover Group.** This group consists of individuals who were enrolled in PACE as of June 30, 2012, but who no longer qualify for enrollment due solely to the state’s modification of its nursing facility level of care criteria. Individuals in this group will continue to be eligible for enrollment in PACE if they (1) continue to meet the criteria for nursing facility level of care employed by the state at the time they were enrolled, and (2) meet all other eligibility requirements for PACE in the Medicaid state plan. PACE remains under the Medicaid state plan.
- e. **ECF CHOICES 217-Like HCBS Group.** This group consists of individuals of all ages with I/DD who would be Medicaid-eligible under Section 1902(a)(10)(A)(ii)(VI) and 42 CFR 435.217, if the services they received under ECF CHOICES were provided under a Section 1915(c) waiver.
- f. **Interim ECF CHOICES At-Risk Group.** This group consists of individuals of all ages with I/DD who are not otherwise eligible for Medicaid or TennCare who: are receiving ECF CHOICES services; meet the financial eligibility standards for the ECF CHOICES 217-Like Group; meet the nursing facility level of care in place on June 30, 2012, but not the nursing facility level of care in place on July 1, 2012; in the absence of the services offered through ECF CHOICES are “at risk” of institutionalization; and are enrolled in the group prior to implementation of Phase 2 of ECF CHOICES. The Interim ECF CHOICES At-Risk Group will close for new enrollment once the ECF CHOICES At-Risk Group and the ECF CHOICES Working Disabled Group are implemented. Individuals enrolled in the Interim ECF CHOICES At-Risk Demonstration Group prior to implementation of the ECF CHOICES At-Risk Group and the ECF CHOICES Working Disabled Group may continue to be eligible through the interim group as long as they continue to meet the eligibility requirements and remain continuously enrolled in the interim group.
- g. The following two demonstration groups will be added in Phase 2 of ECF CHOICES:
 - i. **ECF CHOICES At-Risk Group.** This group consists of individuals with I/DD who are not otherwise eligible for Medicaid or TennCare who:
 - 1. are receiving ECF CHOICES services;
 - 2. meet the resource limit for the ECF CHOICES 217-Like Group;
 - 3. have income at or below 150% of the FPL;
 - 4. meet the NF LOC criteria in place on June 30, 2012 but not the criteria in place on July 1, 2012; and in the absence of ECF CHOICES are “at risk” of institutionalization.

ii. **ECF CHOICES Working Disabled Group.** This group consists of working age adults with I/DD who are not otherwise eligible for Medicaid or TennCare who:

1. are receiving ECF CHOICES services;
2. meet the NF LOC criteria in place on June 30, 2012, and in the absence of ECF CHOICES are “at risk” of institutionalization, or meet the current NF LOC criteria and need specialized services for I/DD;
3. but for their earned income would be eligible for SSI;
4. have family income at or below 250% of the FPL.

24. **Medically Needy Eligibility Period.** Financial eligibility for state plan medically needy pregnant women and children and for Standard Spend Down adults is based on a 1-month budget period described in the state plan. Those determined eligible remain eligible for up to 1 year from the effective date of eligibility.

25. **Eligibility/Post-Eligibility Treatment of Income and Resources for Institutionalized Individuals.**

- a. Except as specified in STC 25.b. below, in determining eligibility for institutionalized individuals, the state must use the rules specified in the currently approved Medicaid state plan. All individuals receiving institutional services must be subject to post-eligibility treatment of income rules set forth in Section 1924 of the Act and 42 CFR 435.725 of the Federal regulations.
- b. For an individual in CHOICES 2 or CHOICES 3 who is admitted for short-term nursing facility care (as defined in Attachment D), in order to ensure that the individual can maintain a community residence for transition back to the community, the post-eligibility calculation shall be performed as if the individual is continuing to receive HCBS. After 90 days, or as soon as it appears that the inpatient stay will not be short-term, whichever comes first, the person will be transitioned to CHOICES 1 and the institutional post-eligibility calculation shall apply.

26. **Eligibility/Post-Eligibility Treatment of Income and Resources for Individuals Receiving Long Term Services and Supports.** For individuals receiving state plan long term services and supports or 1915(c) like services through the demonstration, the state must use institutional eligibility and post-eligibility rules for individuals who would be eligible in the same manner as specified under 42 CFR 435.217, 435.236 and 435.726 of the Federal regulations and Section 1924 of the Act, if the home and community based services were provided under a Section 1915(c) waiver.

27. **Post-Eligibility and Patient Liability for Individuals Receiving Long Term Services and Supports.** The state assures that, for individuals receiving 1915(c) like services, under the post-eligibility process, the state must have a method to carve out / identify the cost of the 1915(c) like services from the cost of other Medicaid services so that the individual’s patient liability is applied only to the cost of the 1915(c) like services.

28. **Non-Payment of Patient Liability.** An LTSS provider (including an MCO) may decline to continue to provide services to an individual who fails to pay his or her patient liability. If an enrollee who has failed to pay patient liability is unable to find another provider or MCO who is willing to provide LTSS, then the individual may be disenrolled from the CHOICES or ECF CHOICES program. If the beneficiary's eligibility for TennCare is dependent on the receipt of long-term institutional care or HCBS through TennCare CHOICES or ECF CHOICES, such individual may be disenrolled from TennCare if he or she is no longer able to receive such services, unless he/she qualifies in another Medicaid category. The consequences for failing to pay patient liability must be clearly explained to members upon enrollment in CHOICES or ECF CHOICES. Nothing herein shall prejudice any individual from fully exercising his or her rights to reapply for Medicaid coverage.

V. BENEFITS

29. **TennCare Benefits.** With the implementation of the CHOICES program, TennCare covers physical, behavioral, and long-term care benefits provided through managed care delivery systems.
- a. All mandatory and optional Medicaid state plan eligible adults aged 21 or older, are enrolled in TennCare Medicaid, and receive all services covered under Tennessee's state plan according to the limitations specified in the state plan, including the services identified in STC 31 (*Benefits for TennCare Medicaid Population Only that are not Included in the TennCare Standard Benefit Package*) as appropriate. Additional TennCare benefits are provided as specified in Table 2a and STC 30 (*Cost-Effective Alternatives*).
 - b. Members of the CHOICES 217-Like HCBS Group, the CHOICES At Risk Demonstration Group, the CHOICES 1 and 2 Carryover Group, the ECF CHOICES 217-Like HCBS Group, the ECF CHOICES At-Risk Group, the ECF CHOICES Working Disabled Group and the Interim ECF CHOICES At-Risk Group, all of which are demonstration-only groups, are enrolled in TennCare Standard, but receive all benefits described in a. above. In addition, individuals in the CHOICES 217-Like HCBS Group are members of CHOICES 2 and members of the CHOICES At Risk Demonstration Group are members of Interim CHOICES 3.
 - c. Demonstration-only eligible adults who are members of the Standard Spend Down population (see STC 23.a. *Standard Spend Down (SSD) Adult Non-State Plan Demonstration Population Category*) are enrolled in TennCare Standard and receive all state plan services, plus additional TennCare benefits as specified in Table 2a and STC 30 (*Cost-Effective Alternatives*) as appropriate, except that they do not have access to the services discussed in Table 2b, Table 2d, or Table 3. Medicare Parts A and B premiums and Medicare co-payments and deductibles are covered in accordance with STCs 31.b. and c.

- d. All mandatory and optional Medicaid state plan eligible children younger than 21 years old enrolled in TennCare Medicaid receive all state plan and EPSDT covered services.
- e. The demonstration-only eligible children enrolled in TennCare Standard receive the same benefits as the state plan eligible children enrolled in TennCare Medicaid, except as specified in STC 31(*Benefits for TennCare Medicaid Population Only that are not Included in the TennCare Standard Benefit Package*).
- f. The Medicaid state plan mandatory and optional eligibility categories for pregnant or postpartum women receive all TennCare Medicaid benefits, because the state considers that all of these services are pregnancy-related services.
- g. Medication Therapy Management (MTM) Benefit.
Individuals enrolled in the state's patient-centered medical home (PCMH) and health home programs are eligible to receive MTM, regardless of which eligibility group the individual qualifies under. This benefit will expire two years after the implementation date of the state's MTM pilot program, not to exceed June 30, 2021, unless amended in accordance with the requirements of STC 7. The state must notify CMS in the subsequent quarterly progress report, as required by STC 50, when the benefit has been implemented.
- h. The following table (Table 2a) lists benefits for TennCare Medicaid and TennCare Standard adults aged 21 and older that are different from those identified in the state plan. All benefits are limited by medical necessity as defined by the state.

Table 2a TennCare Medicaid and TennCare Standard Benefits for Adults Aged 21 and Older That Are Different than State Plan Covered Services and Limitations		
Service	State Plan Coverage for Adults	TennCare Medicaid and TennCare Standard Coverage for Adults
Diagnostic services not included in other service categories	Not Covered.	Covered as medically necessary.
Home health	Coverage limited to 60 visits per enrollee per state fiscal year.	Covered as medically necessary, and in accordance with the definitions and limitations included in Attachment B.
Hospice care	Coverage limited to 210 days per enrollee per state fiscal year.	Covered as medically necessary.

Table 2a TennCare Medicaid and TennCare Standard Benefits for Adults Aged 21 and Older That Are Different than State Plan Covered Services and Limitations		
Service	State Plan Coverage for Adults	TennCare Medicaid and TennCare Standard Coverage for Adults
Inpatient and outpatient substance abuse services	Not Covered.	Covered as medically necessary.
Inpatient hospital services	Coverage limited to 43 days for heart transplants, 67 days for liver transplants, and 40 days for bone marrow transplants, per enrollee, per state fiscal year.	Covered as medically necessary.
Lab and X-ray services	Coverage limited to 30 occasions per enrollee per state fiscal year.	Covered as medically necessary.
Medicare premiums and cost- sharing	Covered for Medicare beneficiaries who are dually eligible for Medicaid according to their classification under the state plan (QMB, SLMB, Other Medicaid/Medicare Duals, etc.)	Covered for state plan eligibles, and covered for dually eligible members of demonstration-only populations, in accordance with STCs 31.b. and c.
Medication therapy management (MTM)	Not covered.	Covered as part of MTM pilot for individuals who are enrolled in the state's PCMH program or the health home program.
Mental health case management services	Coverage limited to Targeted Case Management for persons who are severely and/or persistently mentally ill.	Covered as medically necessary.
Occupational therapy	Not covered.	Covered as medically necessary.
Organ and tissue transplants	Coverage limited to renal, heart, liver, corneal and bone marrow transplants.	Covered as medically necessary, except that experimental or investigational transplants are not covered.
Outpatient hospital services	Coverage limited to 30 visits per enrollee per fiscal year.	Covered as medically necessary.
Outpatient rehabilitation services	Coverage limited to mental health services provided by Community Mental Health Agencies.	Covered as medically necessary.

Table 2a TennCare Medicaid and TennCare Standard Benefits for Adults Aged 21 and Older That Are Different than State Plan Covered Services and Limitations		
Service	State Plan Coverage for Adults	TennCare Medicaid and TennCare Standard Coverage for Adults
Pharmacy services	Coverage as specified in state plan.	Covered in accordance with the State Plan for Medicaid enrollees for non-dual members of the following demonstration populations: <ul style="list-style-type: none"> • Standard Spend Down • CHOICES At-Risk Demonstration Group • ECF CHOICES At-Risk Demonstration Group • Interim ECF CHOICES At-Risk Demonstration Group • CHOICES 217-Like HCBS Group • ECF CHOICES 217-Like HCBS Group • ECF CHOICES Working Disabled Group • CHOICES 1 and 2 Carryover Group • PACE Carryover Group.
Physical therapy services	Not covered.	Covered as medically necessary.
Physicians' services (including medical and surgical services furnished by a dentist)	<u>Outpatient Services:</u> Coverage limited to 24 outpatient office visits per year, which includes 2 office visits for podiatrists and 4 office visits for optometrists. <u>Inpatient Services:</u> Coverage limited to 20 visits per enrollee per state fiscal year for services other than heart, liver and bone marrow transplants.	<u>Outpatient services:</u> Covered as medically necessary. <u>Inpatient services:</u> Covered as medically necessary.
Preventive services	Not covered.	Covered as medically necessary.

Table 2a TennCare Medicaid and TennCare Standard Benefits for Adults Aged 21 and Older That Are Different than State Plan Covered Services and Limitations		
Service	State Plan Coverage for Adults	TennCare Medicaid and TennCare Standard Coverage for Adults
Private duty nursing services	Not covered.	Covered when medically necessary to support the use of ventilator equipment or other life-sustaining technology when constant nursing supervision, visual assessment, and monitoring of both equipment and patient are required. Definitions and limitations applicable to this service are contained in Attachment C.
Psychiatric residential treatment services (outside of an IMD)	Not covered.	Covered as medically necessary.
Screening services	Not covered.	Covered as medically necessary.
Speech, hearing, and language services	Not covered.	Covered as medically necessary.
Vision services	Not covered.	Covered for the first pair of cataract glasses following cataract surgery.

- i. The following table (Table 2b) lists HCBS benefits for TennCare Medicaid enrollees and CHOICES demonstration eligibles who are enrolled in the designated CHOICES groups (specified in STC 32.a., *Determination of CHOICES Benefits by Designation into a TennCare CHOICES Group*). These benefits are in addition to the benefits that are available to them through the regular TennCare program. In addition, the following rules apply to the CHOICES benefit.
 - i. The cost of medical assistance provided to an eligible participant in CHOICES 2 is limited to the amount calculated in the individual cost-neutrality test used in Section 1915(c) waivers as set forth in Section 1915(c)(4)(A). The state may delegate implementation of the cost neutrality test to the MCOs.
 - ii. For purposes of determining capitation rates, the cost of room and board, as defined in Attachment D, is not included in non-institutional care costs.
 - iii. For persons in CHOICES 3 or Interim CHOICES 3, in addition to the service limits stated in Table 2b, the total cost of the HCBS identified in

Table 2b shall not exceed \$15,000 per calendar year, excluding the cost of minor home modifications (as described in Attachment D and Table 2b).

- iv. Definitions for CHOICES benefits are provided in Attachment D of these STCs.

<u>Table 2b: Benefits for Persons Enrolled in the CHOICES Program</u>			
<u>Benefit</u> (Definitions provided in Attachment D)	<u>CHOICES</u> <u>1</u>	<u>CHOICES</u> <u>2</u>	<u>CHOICES</u> <u>3⁶</u>
Nursing facility care	X	Short-term only	Short-term only
Community-based residential alternatives (CBRAs)		X	X ⁷
Personal care visits (up to 2 visits per day)		X	X
Attendant care (up to 1080 hours per calendar year); up to 1400 hours per calendar year ONLY when Homemaker services are needed in addition to hands-on care		X	X
Home-delivered meals (up to 1 meal per day)		X	X
Personal Emergency Response Systems		X	X
Adult day care (up to 2080 hours per calendar year)		X	X
In-home respite care (up to 216 hours per calendar year)		X	X
In-patient respite care (up to 9 days per calendar year)		X	X
Assistive technology (up to \$900 per calendar year)		X	X
Minor home modifications (up to \$6,000 per project; \$10,000 per calendar year; and \$20,000 per lifetime)		X	X
Pest control (up to 9 units per calendar year)		X	X

- j. The following tables (Tables 2c and 2d) list the HCBS benefits (and limits on those benefits) for TennCare Medicaid enrollees and demonstration eligibles who are enrolled in the ECF CHOICES benefit groups (specified in STC 33.a. *Determination of ECF CHOICES Benefits by Designation into an ECF CHOICES Benefit Group*).

⁶ Subject to the limitations in paragraph 29.i.iii.

⁷ CBRAs available in CHOICES 3 include only Assisted Care Living Facility services and Community Living Supports (CLS) and Community Living Supports – Family Model (CLS-FM) that can be provided within the limitations set forth in paragraph 28.h.iii., when the cost of such services will not exceed the cost of CHOICES HCBS that would otherwise be needed by the member to 1) safely transition from a nursing facility to the community; or 2) continue being safely served in the community and to delay or prevent nursing facility placement. Consistent with the CMS final rule defining person-centered planning and HCBS setting requirements, TennCare requires that persons receiving HCBS choose the setting in which services will be delivered.

These benefits are in addition to the benefits that are available to them through the regular TennCare program. In addition, the following rules apply to the ECF CHOICES benefits.

- i. For purposes of determining capitation rates, the cost of room and board, as defined in Attachment G, is not included in non-institutional care costs.
- ii. Definitions for ECF CHOICES benefits are provided in Attachment G of these STCs.
- iii. In addition to the benefits specified below and defined in Attachment G, a person enrolled in ECF CHOICES may receive short-term nursing facility care as defined in Attachment D, without being required to disenroll from their ECF CHOICES group until such time that it is determined that transition back to HCBS in ECF CHOICES will not occur within 90 days from admission.
- iv. ECF CHOICES benefits will be subject to an annual per member expenditure cap as follows. The cost of medical assistance provided to an eligible participant in ECF CHOICES, including any exceptions to the expenditure cap granted under this STC, is limited to the amount calculated in the individual cost-neutrality test used in Section 1915(c) waivers as set forth in Section 1915(c)(4)(A). The state may delegate implementation of the cost neutrality test to the MCOs.
 - A. Individuals receiving Essential Family Supports benefits will be subject to a \$15,000 cap (on benefits), not counting the cost of minor home modifications (as described in Attachment D and Table 2b);
 - B. Individuals receiving Essential Supports for Employment and Independent Living benefits will be subject to a \$30,000 cap on benefits. The State may grant an exception to the \$30,000 cap under the following circumstances:
 1. The expenditure cap may be exceeded based on emergency needs by up to \$6,000 per member per year.
 2. For an individual receiving Community Living Supports, the expenditure cap may be exceeded by an amount to be determined per individual based on the individual's need when necessary to permit access to Supported Employment and/or Individual Employment Support benefits.

3. For an individual requiring a Community Stabilization and Transition rate of reimbursement for Community Living Supports, the higher cost of transitional Community Living Supports may be excluded from the individual's expenditure cap for the year in which the transitional Community Living Supports are required. This exception would be made only if the individual is expected to be safely and appropriately served within the customary expenditure cap once transition to the appropriate ongoing Community Living Supports level occurs and the transitional rate ends.

C. Individuals receiving Comprehensive Supports for Employment and Community Living benefits will be subject to an annual expenditure cap as follows:

1. Individuals with low need as determined by the State, in accordance with the published criteria, will be subject to a \$45,000 expenditure cap.
2. Individuals with moderate need as determined by the State, in accordance with the published criteria, will be subject to a \$67,500 expenditure cap.
3. Individuals with high need as determined by the State, in accordance with the published criteria, will be subject to a \$88,250 expenditure cap.
4. The State may grant exceptions to these expenditure caps on a case-by-case basis as follows:
 - a. For an individual with low, moderate, or high need (but not exceptional medical or behavioral needs) an exception may be made to the applicable expenditure cap for emergency or one-time (including transitional assessment) needs up to \$7,500 per calendar year. Any exception that may be granted would apply only for the calendar year in which the exception is approved.
 - b. For an individual with low, moderate, or high need (but not exceptional medical or behavioral needs), an exception may be made to the applicable expenditure cap when necessary to

permit access to Supported Employment and/or Individual Employment Support benefits. The amount will be determined per individual based on the individual's need.

- c. For individuals with developmental disabilities (DD) and exceptional medical/behavioral needs as determined by the State in accordance with published criteria, up to the average cost of NF plus specialized services that would be needed for persons with such needs determined appropriate for NF placement; or for individuals with intellectual disabilities (ID) and exceptional medical/behavioral needs as determined by the State in accordance with published criteria, up to the average cost of private ICF/IID services.

5. Individuals receiving Intensive Behavioral Family Supports will be subject to an annual expenditure cap based on the comparable cost of institutional care. Behavioral health services (other than Intensive Behavioral Family-Centered Treatment Stabilization and Supports) will not be counted against the expenditure cap.

6. Individuals receiving Comprehensive Behavioral Supports for Employment and Community Living will be subject to an annual expenditure cap based on the comparable cost of institutional care. Behavioral health services (other than Intensive Behavioral Community Transition and Stabilization Services) will not be counted against the expenditure cap.

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Table 2C Benefit Groups for Persons Enrolled in the ECF CHOICES Program	
Benefit Groups	Target Population
Essential Family Supports (ECF CHOICES 4)	<p>Children under age 21 with I/DD living at home with family and who meet NF LOC</p> <p>Children under age 21 with I/DD living at home with family and who, in the absence of HCBS, are “at risk” of NF placement</p> <p>If they are living at home with family caregivers, adults age 21 and older with I/DD who meet or are “at risk” of NF placement may also elect to be in this benefit group</p>
Essential Supports for Employment and Independent Living (ECF CHOICES 5)	Adults age 21 and older ⁸ with I/DD who meet the NF LOC and whose needs can be safely met in this group, or who do not

⁸ On a case by case basis, the state may grant an exception to permit adults ages 18-20 with I/DD not living at home with family, including young adults with I/DD transitioning out of state custody, to enroll in Groups 5 and 6, if they meet eligibility criteria.

Table 2C Benefit Groups for Persons Enrolled in the ECF CHOICES Program	
Benefit Groups	Target Population
	meet NF LOC, but who, in the absence of HCBS, are “at risk” of NF placement
Comprehensive Supports for Employment and Community Living (ECF CHOICES 6)	Adults age 21 and older ⁹ with I/DD who meet NF LOC and need specialized services for I/DD
Intensive Behavioral Family Supports (ECF CHOICES 7)	Children under age 21 with I/DD who are living at home with family and who meet NF LOC and other criteria as defined in STC 33.a.iv. or in State rule, including severe co-occurring behavioral health and/or psychiatric conditions that place the child or others at imminent and significant risk of serious physical harm, significantly strain the family’s ability to adequately respond to the child’s needs, threaten the sustainability of the family living arrangement, and place the child at imminent and significant risk of placement outside the home.
Comprehensive Behavioral Supports for Employment and Community Living (ECF CHOICES 8)	Adults age 21 and older ¹⁰ with I/DD and severe co-occurring behavioral health and/or psychiatric conditions who are transitioning out of a highly structured and supervised environment and who meet NF LOC and other criteria as defined in STC 33.a.v. or in State rule, and need and are receiving specialized services for I/DD.

Table 2d Benefits and Benefit Limits in ECF CHOICES Benefits Groups					
Benefit (Definitions provided in Attachment G)	Essential Family Supports	Essential Supports for Employment and Independent Living	Comprehensive Supports for Employment and Community Living	Intensive Behavioral Family Supports	Comprehensive Behavioral Supports for Employment and Community Living
Respite (up to 30 days per calendar year or up to 216 hours per calendar year only for persons living with unpaid family caregivers)	X	X	X		
Supportive home care (SHC)	X				

⁹ See previous footnote.

¹⁰ See footnote 3.

Table 2d Benefits and Benefit Limits in ECF CHOICES Benefits Groups					
Benefit (Definitions provided in Attachment G)	Essential Family Supports	Essential Supports for Employment and Independent Living	Comprehensive Supports for Employment and Community Living	Intensive Behavioral Family Supports	Comprehensive Behavioral Supports for Employment and Community Living
Family caregiver stipend in lieu of SHC (up to \$500 per month for children under age 18; up to \$1,000 per month for adults age 18 and older)	X				
Community integration support services (subject to limitations specified in Attachment G)	X	X	X	X	
Community transportation	X	X	X	X	
Independent living skills training (subject to limitations specified in Attachment G)	X	X	X	X	
Assistive technology, adaptive equipment and supplies (up to \$5,000 per calendar year)	X	X	X	X	X
Minor home modifications (up to \$6,000 per project; \$10,000 per calendar year; and \$20,000 per lifetime)	X	X	X	X	X
Community support development, organization and navigation	X			X	
Family caregiver education and training (up to \$500 per calendar year)	X			X	
Family-to-family support	X			X	
Decision making supports and options (up to \$500 per lifetime)	X	X	X	X	X
Health insurance counseling/forms assistance (up to 15 hours per calendar year)	X			X	
Personal assistance (up to 215 hours per month)		X	X		
Community living supports (CLS)		X	X		
Community living supports—family model (CLS-FM)		X	X		
Individual education and training (up to \$500 per calendar year)		X	X		X

Table 2d Benefits and Benefit Limits in ECF CHOICES Benefits Groups					
Benefit (Definitions provided in Attachment G)	Essential Family Supports	Essential Supports for Employment and Independent Living	Comprehensive Supports for Employment and Community Living	Intensive Behavioral Family Supports	Comprehensive Behavioral Supports for Employment and Community Living
Peer-to-peer person-centered planning, self-direction, employment and community support and navigation (up to \$1,500 per lifetime)		X	X		X
Specialized consultation and training (up to \$5,000 per calendar year ¹¹)		X	X		X
Adult dental services (up to \$5,000 per calendar year; up to \$7,500 across three consecutive calendar years)	X ¹²	X	X		X
Employment services/supports (subject to limitations specified in Attachment G)	X	X	X	X	X

¹¹ For adults in the Comprehensive Supports for Employment and Community Living benefit group determined to have exceptional medical and/or behavioral support needs, and for adults in the Comprehensive Behavioral Supports for Employment and Community Living benefit group, specialized consultation services are limited to \$10,000 per person per calendar year.

¹² Limited to adults age 21 and older.

Table 2d Benefits and Benefit Limits in ECF CHOICES Benefits Groups					
Benefit (Definitions provided in Attachment G)	Essential Family Supports	Essential Supports for Employment and Independent Living	Comprehensive Supports for Employment and Community Living	Intensive Behavioral Family Supports	Comprehensive Behavioral Supports for Employment and Community Living
<ul style="list-style-type: none"> – Supported employment—individual employment support – Exploration – Benefits counseling – Discovery – Situational observation and assessment – Job development plan or self-employment plan – Job development or self-employment start up – Job coaching for individualized, integrated employment or self-employment – Co-worker supports – Career advancement 	X	X	X	X	X
– Supported employment—small group supports	X	X	X	X	X
– Integrated employment path services	X	X	X	X	X
Intensive Behavioral Family-Centered Treatment, Stabilization and Supports				X	
Intensive Behavioral Community Transition and Stabilization Services					X

30. **Cost-Effective Alternatives.** TennCare MCOs and TennCare Select may provide services not listed in, or exceeding the individual service limits in, the Medicaid state plan or STC 29 (*TennCare Benefits*) of these STCs as allowed under their contracts with the TennCare program.

Provision of these services is at the sole discretion of the MCO and TennCare Select. Capitation for the MCOs must be certified as actuarially sound (in accord with 42 CFR 438.6), and comply with the Federal managed care regulations at 42 CFR 438 et seq. TennCare Select must demonstrate to the state that a service not listed as covered in the Medicaid state plan or in STC 29(*TennCare Benefits*) is a cost-effective alternative, in order for the state to reimburse TennCare Select for the service. The state must demonstrate to CMS annually as part of the annual report described in STC 51(*Annual Report*) that utilization of these services by the MCOs and TennCare Select is cost-effective and is reimbursed in compliance with the Federal managed care regulations at 42 CFR 438 et seq. Under the CHOICES and ECF CHOICES programs, cost-effective alternatives may include a Transition Allowance, as defined in Attachment D.

31. Benefits for TennCare Medicaid Population Only that are Not Included in the TennCare Standard Benefit package.

- a. Base services are services carved out of TennCare II, and are provided, in accordance with the provisions of the Medicaid state plan, only to the mandatory and optional state plan eligibles and members of the PACE Carryover Group (in the case of PACE services only). The services listed in Table 3 are excluded from the TennCare Standard benefit package, and, while included in the TennCare Medicaid package, are carved out of the managed care service delivery system and shall instead be furnished as specified under the state plan. Expenditures for such services shall not be counted as demonstration expenditures, and are not included in the demonstration's budget neutrality. They should be reported on the "Base" reporting schedules of the Form CMS-64 reports (or in the case of 1915(c) waiver services, the appropriate 1915(c) waiver schedule).

Table 3 Services Excluded from TennCare Standard, Carved Out of TennCare Medicaid Managed Care, and Reported as Base Expenditures Under the State Plan
Services in an intermediate care facility for individuals with intellectual disabilities (ICF/IID)
State Plan targeted case management services
Program of All Inclusive Care for the Elderly (PACE) (except for members of the PACE Carryover Group)
Services covered by the home and community-based services waiver for individuals with intellectual disabilities under 1915(c) of the Social Security Act. , Enrollment in these waivers is closed except as specified in the approved Comprehensive Aggregate Cap (CAC) Waiver application (CMS Control #0357). ¹³
Services covered through the state's agreement under Title V of the Social Security Act.

¹³ This includes only persons discharged from the Harold Jordan Center following a stay of at least 90 days.

- b. **Medicare Parts A and B Buy-In Premiums.** Medicare beneficiaries who are members of the CHOICES 217-Like HCBS Group, the CHOICES At Risk Demonstration Group, the ECF CHOICES 217-Like HCBS Group, the Interim ECF CHOICES At-Risk Group, and upon implementation of Phase 2 of ECF CHOICES, the ECF CHOICES Working Disabled Group and ECF CHOICES At- Risk Group; the Standard Spend Down group, the CHOICES 1 and 2 Carryover Group and the PACE Carryover Group, but not described in Section 1902(a)(10)(E) of the Act, are referred to as “Demo Duals.”
- i. Medicare Buy-In premiums are covered for the following groups:
 - A. Dually eligible Medicaid state plan eligibles as permitted in Section 1902(a)(10)(E) of the Act and 42 CFR 431.625,
 - B. Dually eligible members of the CHOICES 217-Like HCBS Group (QMBs/SLMBs and Demo Duals),
 - C. Dually eligible members of the CHOICES At Risk Demonstration Group (QMBs/SLMBs and Demo Duals),
 - D. Dually eligible members of the ECF CHOICES 217-Like HCBS Group (QMBs/SLMBs and Demo Duals),
 - E. Dually eligible members of the Interim ECF CHOICES At-Risk Demonstration Group and, upon implementation of Phase 2 of ECF CHOICES, the ECF CHOICES At-Risk Demonstration Group and ECF CHOICES Working Disabled Group (QMBs/SLMBs and Demo Duals),
 - F. Dually eligible members of the Standard Spend Down group (QMBs/SLMBs and Demo Duals), and
 - G. Dually eligible members of the CHOICES 1 and 2 Carryover Group and the PACE Carryover Group (QMBs, SLMBs, and Demo Duals).
 - ii. Medicare premiums paid on behalf of Demo Duals are demonstration expenditures, and must be reported on an appropriate Form CMS-64.9 or 9p Waiver, as described in STC 54.e.(*Use of Forms*).
 - iii. Medicare premium payments for other beneficiaries are excluded from TennCare II and must be reported as “Base” Medicaid expenditures on the CMS-64 reports.
 - iv. Records in CMS’s Master Billing Record for Demo Duals and all buy-in transactions for Demo Duals must be identified using a specific Buy-In Eligibility Code (BIEC) value as agreed upon between the state and the Project Officer.

- c. **Medicare Co-payments and Deductibles (i.e., Medicare crossover claims).** Medicare beneficiaries who are members of the CHOICES 217-Like HCBS Group, CHOICES At Risk Demonstration Group, CHOICES 1 and 2 Carryover Group, the ECF CHOICES 217-Like HCBS Group; the Interim ECF CHOICES At-Risk Demonstration Group; upon implementation of Phase 2 of ECF CHOICES, the ECF CHOICES Working Disabled Group and the ECF CHOICES At-Risk Demonstration Group; the PACE Carryover Group or the Standard Spend Down group, but not described in Section 1902(a)(10)(E) of the Act, are referred to as “Demo Duals.”
 - i. Medicare crossover claims are covered for the following groups:
 - A. Dually eligible Medicaid state plan eligibles,
 - B. Dually eligible members of the CHOICES 217-Like HCBS Group (QMBs/SLMBs, and Demo Duals),
 - C. Dually eligible members of the CHOICES At Risk Demonstration Group (QMBs/SLMBs and Demo Duals),
 - D. Dually eligible members of the ECF CHOICES 217-Like HCBS Group (QMBs/SLMBs and Demo Duals),
 - E. Dually eligible members of the Interim ECF CHOICES At-Risk Demonstration Group and, upon implementation of Phase 2 of ECF CHOICES, the ECF CHOICES At-Risk Demonstration Group and the ECF CHOICES Working Disabled Group (QMBs/SLMBs and Demo Duals).
 - F. Dually eligible members of the CHOICES 1 and 2 Carryover Group and PACE Carryover Group, and
 - G. Standard Spend Down enrollees (QMBs/SLMBs and Demo Duals). The SSD population, the CHOICES 217-Like HCBS Group, the CHOICES At Risk Demonstration Group, the CHOICES 1 and 2 Carryover Group, the ECF CHOICES 217-Like HCBS Group; the Interim ECF CHOICES At- Risk Demonstration Group; upon implementation of Phase 2 of ECF CHOICES, the ECF CHOICES Working Disabled Group and the ECF CHOICES At-Risk Demonstration Group; and the PACE Carryover Group are the only demonstration populations for whom the state pays Medicare cost-sharing.
 - ii. For TennCare Medicaid enrollees, members of the CHOICES 217-Like HCBS Group (QMBs/SLMBs and Demo Duals), members of the CHOICES At Risk Demonstration Group (QMBs, SLMBs, and Demo Duals), members of the CHOICES 1 and 2 Carryover Group; members of the ECF CHOICES 217-Like HCBS Group; members of the Interim ECF

CHOICES At-Risk Demonstration Group; and upon implementation of Phase 2 of ECF CHOICES, members of the ECF CHOICES Working Disabled Group and the ECF CHOICES At-Risk Demonstration Group (QMBs, SLMBs, and Demo Duals); and the PACE Carryover Group (QMBs/SLMBs and Demo Duals), these expenditures are not demonstration expenditures and are not included in the budget neutrality calculations, so report these as “Base” Medicaid expenditures on the CMS-64 reports.

- iii. For dually eligible SSD enrollees (QMBs/SLMBs and Demo Duals), these expenditures are included as demonstration expenditures that are subject to budget neutrality, so report these demonstration expenditures as “EG6E Expan Adult” on the CMS-64 reports. Medicare cost-sharing for SSD dual eligibles is covered in the same manner as Medicare cost-sharing would be covered for Medically Needy aged, blind, or disabled individuals and caretaker relatives, had these groups been included in the Medicaid state plan.

VI. CHOICES AND ECF CHOICES ENROLLMENT

32. Operations of the TennCare CHOICES Program.

- a. **Determination of CHOICES Benefits by Designation into a TennCare CHOICES Group.** The CHOICES Program provides long-term services and supports (LTSS) as identified in Table 2b to four groups of people, as defined below:
 - i. **CHOICES 1.** This group consists of persons who are receiving Medicaid-reimbursed care in a nursing facility (NF).
 - ii. **CHOICES 2.** Persons age 65 and older and adults age 21 and older with physical disabilities who meet the NF level of care (LOC), who qualify either as SSI recipients or as members of the CHOICES 217-Like HCBS Group, and who need and are receiving HCBS as an alternative to NF care. The demonstration population includes persons who could have been eligible under 42 CFR 435.217 had the state continued its 1915(c) HCBS waiver for persons who are elderly and/or physically disabled.
 - iii. **CHOICES 3.** Persons age 65 and older and adults age 21 and older with physical disabilities who qualify for TennCare as SSI eligibles, who do not meet the NF LOC, but who, in the absence of HCBS, are “at risk” for institutionalization, as defined by the state.
 - iv. **Interim CHOICES 3.** Elderly adults and adults age 21 and older with physical disabilities who qualify for TennCare as SSI eligibles or as members of the CHOICES At Risk Demonstration Group and who meet the NF LOC criteria in place as of June 30, 2012. This group was closed to new enrollment on June 30, 2015.

- b. **Eligibility for TennCare CHOICES Benefits.** Individuals can be eligible for one of the four TennCare CHOICES groups defined in a. above depending upon their medical and / or functional needs, their TennCare eligibility group, and the ability of the state to provide them with safe, appropriate, and cost-effective LTSS.
- i. Medical and/or functional needs are assessed according to LOC criteria published by the state in state rules.
 - A. There will be one set of LOC criteria for NF care, which will be used in assessing eligibility for CHOICES 1 and CHOICES 2.
 - B. On July 1, 2012, the state opened enrollment in CHOICES 3, which is subject to a separate set of criteria to determine the “At-Risk” population.
 - C. For the purposes of redetermining whether a recipient of NF services (CHOICES 1) continues to require the LOC provided in a NF, the state must use criteria consistent with those used to make the initial LOC determination for that individual at the time of enrollment into CHOICES 1.
 - D. For the purposes of determining whether a recipient of HCBS for elderly and disabled (CHOICES 2) continues to require the LOC provided in a NF, the state must use criteria consistent with those used to make the initial level of care determination for that individual at the time of HCBS enrollment, or for persons transitioning from a NF, at the time of enrollment into CHOICES 1.
 - E. For purposes of enrollment into CHOICES 1, the state may grant an exception for persons in the community who continue to meet the NF LOC in place at the time of HCBS enrollment, but whose needs can no longer be safely met in the community at a cost that does not exceed NF care, or for persons who continue to meet the NF LOC in place at the time of initial enrollment into CHOICES 1 when such person has transitioned to the community and requires readmission to the NF.
 - ii. Financial eligibility:
 - A. Financial eligibility for CHOICES 1 is established according to the Medicaid state plan.
 - B. In order to be financially eligible for CHOICES 2, an individual must be eligible for TennCare as an SSI recipient or meet the criteria for the CHOICES 217-Like HCBS Group, individuals who qualify

under institutional income and resource rules, and who are receiving home and community-based services and would be eligible in the same manner as specified under 42 CFR 435.217, 435.726, and 435.236 of the Federal regulations and Section 1902(a)(10)(A)(ii)(VI) of the Act, if the home and community based services were provided under a 1915(c) waiver.

C. In order to be financially eligible for CHOICES 3, an individual must be eligible for TennCare as an SSI recipient.

D. In order to be financially eligible for Interim CHOICES 3, an individual must be eligible for TennCare as an SSI recipient or as a member of the CHOICES At Risk Demonstration Group. Members of the CHOICES At Risk Demonstration Group must meet institutional income and resource criteria.

iii. The state's ability to provide applicants with appropriate home and community based services is determined by the availability of slots under an established enrollment target (see STC 32.d., *Enrollment Targets for TennCare CHOICES*) and, for persons in CHOICES 2, the determination by the MCO that the individual can be served appropriately at a cost that does not exceed the cost neutrality test (see STC 29.i.i), and for persons in CHOICES 3 and Interim CHOICES 3, the determination by the MCO that the cost of HCBS will not exceed the limit in STC 29.i.iii. There is no enrollment target for Interim CHOICES 3.

c. **Enrollment in TennCare CHOICES.** The effective date of enrollment in TennCare CHOICES must be established by the state based on a determination that an applicant is eligible for and must begin receiving LTSS. Enrollment procedures differ depending upon whether or not the person is already enrolled in TennCare Medicaid.

i. **Persons Not Already Enrolled in TennCare.** Persons not already enrolled in TennCare who wish to enroll in TennCare CHOICES must enroll through the State's Single Point of Entry (SPOE). The SPOE must provide counseling and assistance in evaluating LTSS options, screening and intake for LTSS programs offered by the state (TennCare CHOICES as well as other programs), assistance in evaluating the individual's functional LOC for LTSS, and facilitation of Medicaid eligibility determination by the state.

A. Individuals who are determined to be both medically and financially eligible for NF placement will always be allowed to receive TennCare CHOICES services in a NF as members of CHOICES 1, if they choose.

B. Those individuals who meet the criteria for CHOICES 2 subject to the limitations set out in these STCs, will be allowed to choose

HCBS as an alternative to NF placement if the determination is made that the individual can be served appropriately in CHOICES 2 at a cost that does not exceed the cost neutrality test (see STC 29.i.i).

ii. **Persons Already Enrolled in TennCare.**

- A. **Nursing Facility Residents.** MCOs will conduct an assessment of NF residents who wish to move to HCBS to determine if they can be served appropriately in the community at a cost that does not exceed the cost neutrality test set forth in Section 1915(c)(4)(A), as individually applied. Even if an enrollment target has been reached for CHOICES 2, an MCO may transition persons from CHOICES 1 to CHOICES 2 in accordance with STC 32.d.iv.(C) (*Transition from CHOICES 1 to CHOICES 2*).
 - B. TennCare enrollees who are not already participating in CHOICES may request enrollment in CHOICES through their MCOs, or they may be identified through other mechanisms that would trigger an assessment of their need for LTSS by the MCO. The MCO will provide counseling and assistance in evaluating LTSS options, and assistance in evaluating the individual's functional LOC eligibility for LTSS. The functional LOC determination for LTSS will be made by the Bureau of TennCare, using criteria published in state rules. Once individuals have established LOC and financial eligibility for LTSS, they can be enrolled in CHOICES in accordance with STC 32.d. (*Enrollment Targets for TennCare CHOICES*).
- d. **Enrollment Targets for TennCare CHOICES.** The state may establish enrollment targets for CHOICES 2 and CHOICES 3. (There will be no enrollment target for CHOICES 1 or Interim CHOICES 3.) The purpose of the targets is to permit the CHOICES program to grow in a controlled manner, while assuring that the persons enrolled in the program are served appropriately, and cost effectively within available state and Federal resources. Information on CHOICES Groups, targets, and enrollment numbers must be supplied to CMS in the Quarterly Progress Report as set forth in STCs 50 (*Quarterly Progress Reports*), 52 (*Enrollment Reporting*) and Attachment A.
- i. The CHOICES targets will include both upper limits and lower limits, with the actual target number to be published in state rules. The upper limit will serve as a ceiling on the enrollment target; TennCare will not set the target above the upper limit. The lower limit will serve as an enrollment floor; TennCare will not set the target below the lower limit. To help ensure continuity of eligibility and benefits, the target for each benefit group will not be less than enrollment in that group at the time the target is established.

- ii. The State will submit to CMS at least 60 days prior to the beginning of each program year a proposed enrollment target range for CHOICES 2 and CHOICES 3. The State may, during the course of each year, adjust the specific enrollment target for each group so long as the target remains within the approved enrollment target range for that group and the State provides notification to CMS at least 30 days prior to the desired effective date of the change. Except as specified in STC 32.d.iv, an amendment is required for any proposed adjustment in the enrollment target outside the approved range.
- iii. At a minimum, any enrollment target for CHOICES 3 will be set at 10% of the enrollment target for CHOICES 2. There will be no enrollment target for Interim CHOICES 3.
- iv. If the enrollment target established by the state for CHOICES 2 or CHOICES 3 is reached or exceeded, the state shall not enroll additional persons in CHOICES 2 or CHOICES 3, except as indicated below. The state may also establish a waiting list for CHOICES, subject to the following:
 - A. **Reserve Capacity.** The state may reserve slots in CHOICES 2 for individuals being discharged from a NF and for individuals being discharged from an acute care setting who are in imminent risk of being placed in a nursing facility setting absent the provision of home and community-based services. A copy of the operational procedures for determining individuals for whom the slots will be reserved must be included as an attachment to the Annual Report (see STC 51). The state may establish additional criteria or modify procedures for allocating reserve slots upon 30 day advance written notification to CMS; the operational procedure documents included as attachments to subsequent Annual Reports must reflect any such changes. In each Quarterly Progress Report, the state must provide an accounting of their management of the reserve capacity, including a summary (as of the last day of the quarter) that states the total enrollment targets for CHOICES 2 and 3, the number enrolled in each CHOICES group, and the numbers of slots being held in reserve for various purposes.
 - B. **HCBS as a Cost-Effective Alternative.** An MCO with a TennCare enrollee who meets the criteria for CHOICES 2, but which cannot enroll the individual in CHOICES 2 because the enrollment target for CHOICES 2 has been met, has the option, at its sole discretion, of offering HCBS as a cost-effective alternative to the individual under a plan of care, in accordance with STC 30(*Cost- Effective Alternatives*). (Consistent with STC 32.d.iv.(C), this person would be served in CHOICES 2 outside the enrollment target but moved

within the CHOICES 2 enrollment target at such time as a slot becomes available.) The use of HCBS as a cost-effective alternative would be appropriate if the individual, without HCBS, would be receiving services in a NF. The state may require the MCO to provide documentation of its cost-effective alternative determination and assurance of provider capacity to meet the member's needs prior to enrollment in CHOICES.

- C. **Transition from CHOICES 1 to CHOICES 2.** An enrollee being served in CHOICES 1 who meets the requirements to enroll in CHOICES 2 can enroll in CHOICES 2 at any time such a transition can be accomplished, even if an enrollment target for CHOICES 2 has been reached. This person would be served in CHOICES 2 outside the enrollment target but moved within the CHOICES 2 enrollment target at such time as a slot becomes available.
- e. **Waiting Lists for TennCare CHOICES.** The use of enrollment targets as described in STC 32.d. (*Enrollment Targets for TennCare CHOICES*) may mean that there will be waiting lists for CHOICES 2 and/or 3. (There will be no enrollment target or waiting list for CHOICES 1 or the Interim CHOICES 3 Group.) These lists must be managed on a statewide basis using a standardized assessment tool and in accord with criteria to be established by the state. Waiting list policies must be based on objective criteria and applied consistently in all geographic areas served. The state may use separate criteria for prioritization of services under CHOICES 2 and CHOICES 3, and may revise these upon notification to CMS.
- f. **Consumer Direction.** CHOICES members who have been determined by a care coordinator, as a part of the needs assessment and plan of care processes, to require attendant care, personal care, in-home respite services, companion care or other services specified by the state as eligible for consumer direction, will have the opportunity to exercise decision-making authority regarding the workers who deliver these services (i.e., consumer direction of HCBS). The state will notify CMS in advance of any changes to the list of services eligible for consumer direction. All CHOICES members requiring these services will be offered the option to participate in consumer direction of HCBS. The consumer direction option will be organized and administered in accordance with best practices principles recognized by CMS as reflected in Attachment E.
- g. **Conflict of Interest.** The state assures that the entity that authorizes HCBS is external to the agency or agencies that provide HCBS, and that contracts with MCOs reflect this separation of assessment, treatment planning, and service provision functions.
- h. **Service Plan:** The state must demonstrate, through monitoring and oversight of its contracts with MCOs, that services are delivered in accordance with the service plan, including the type, scope, amount, duration and frequency specified in the service plan.

- i. **Community Participation.** The state, through its contracts with MCOs, must ensure that covered CHOICES benefits are provided in a manner that supports and promotes community engagement and community participation consistent with the needs and preferences of each enrollee.
- j. **HCBS Settings.** The state assures compliance with the characteristics of HCBS settings as described in 1915(c) and 1915(i) regulations in accordance with implementation and effective dates as published in the Federal Register.
- k. **Other Provisions Related to CHOICES Enrollment and Implementation**
 - i. The state must ensure that the Person Centered Support Plan is considered part of the medical record of a CHOICES participant, subject to all associated requirements and protections, and available for review by the state upon request.

33. Operations of Employment and Community First (ECF) CHOICES

- a. **Determination of ECF CHOICES Benefits by Designation into an ECF CHOICES Benefit Group.** The ECF CHOICES Program provides long-term services and supports (LTSS) as identified in Tables 2c and 2d to five groups of people, as defined below:
 - i. **Essential Family Supports (ECF CHOICES Group 4):** Children under age 21 with I/DD living at home with family who meet the NF LOC and need and are receiving HCBS as an alternative to NF Care, or who, in the absence of HCBS, are “At risk of NF placement;” and adults age 21 and older with I/DD living at home with family caregivers who meet the NF LOC and need and are receiving HCBS as an alternative to NF care, or who, in the absence of HCBS, are “At risk of NF placement,” and elect to be in this group. To qualify in this group, an individual must be SSI eligible or qualify in the ECF CHOICES 217-Like Group, Interim ECF CHOICES At-Risk Demonstration Group, or upon implementation of Phase 2, the ECF CHOICES At-Risk Demonstration Group or ECF CHOICES Working Disabled Demonstration Group.
 - ii. **Essential Supports for Employment and Independent Living (ECF CHOICES Group 5):** Adults age 21 and older with I/DD who meet the NF LOC and whose needs can be safely met in this group, or who do not meet NF LOC but who, in the absence of HCBS, are “at risk of NF placement.” To qualify in this group, the adult must be SSI eligible or qualify in the Interim ECF CHOICES At-Risk Demonstration Group, or

upon implementation of Phase 2, the ECF CHOICES At-Risk or ECF CHOICES Working Disabled Demonstration Groups.

- iii. **Comprehensive Supports for Employment and Community Living (ECF CHOICES Group 6):** Adults age 21 and older with I/DD who meet the NF LOC and need and are receiving specialized services for I/DD. To qualify in this group, an individual must be SSI eligible or qualify in the ECF CHOICES 217-Like Demonstration Group, or upon implementation of Phase 2, the ECF CHOICES Working Disabled Demonstration Group.
- iv. **Intensive Behavioral Family Supports (ECF CHOICES Group 7):** Children under age twenty one (21) who live at home with family caregivers or other permanent guardian(s) in a long-term family living arrangement,¹⁴ guardians and have I/DD and severe co-occurring behavioral health and/or psychiatric conditions that place the child or others at imminent and significant risk of serious physical harm (that does not rise to the level of inpatient treatment or for which such treatment would not be appropriate), significantly strain the family's ability to adequately respond to the child's needs, threaten the sustainability of the family living arrangement, and place the child at imminent and significant risk of placement outside the home (e.g., State custody, hospitalization, residential treatment, incarceration). As a condition of enrollment, the child's family must provide informed consent, including a commitment to actively participate in a family-centered therapeutic approach to treatment and support. The child must meet the nursing facility level of care and need and receive HCBS as an alternative to NF Care. To qualify in this group, an individual must be SSI eligible or qualify in the ECF CHOICES 217-Like Demonstration Group, or upon implementation of Phase 2, the ECF CHOICES Working Disabled Demonstration Group. This group shall be implemented by MCOs based on TennCare's determination of the MCO's readiness to deliver services statewide and in accordance with program requirements.
- v. **Comprehensive Behavioral Supports for Employment and Community Living (ECF CHOICES Group 8):** Adults age twenty-one (21) and older, unless otherwise specified by TennCare, with I/DD and severe behavioral and/or psychiatric conditions, who are transitioning out of a highly structured and supervised environment, meet nursing facility level of care, and need and are receiving specialized services for I/DD. To qualify for enrollment, a person's psychiatric symptoms or behaviors must place the person or others at imminent and significant risk of serious physical harm (that does not rise to the level of inpatient treatment or for which such treatment would not be appropriate), and necessitate continuous monitoring and supervision by 24-hour staff to ensure the person's safety and/or the

¹⁴ See footnote 2.

safety of others. (The intensity of supports needed is expected to lessen as the person achieves stabilization in the community and readies for transition to a different benefit group.) To enroll in this group, a person must be in one of the following target groups: 1) adults with severe psychiatric or behavioral symptoms whose family is no longer capable of supporting the individual due to the severity and frequency of behaviors; 2) emerging young adults (age 18-21) with I/DD and severe psychiatric or behavioral symptoms aging out of the foster care system; and 3) adults with I/DD and severe psychiatric or behavioral symptoms following a crisis event and/or psychiatric inpatient stay and/or transitioning out of the criminal justice system or a long-term institutional placement (including residential psychiatric treatment facility). To qualify in this group, an individual must be SSI eligible or qualify in the ECF CHOICES 217-Like Demonstration Group, or upon implementation of Phase 2, the ECF CHOICES Working Disabled Demonstration Group. On a case-by-case basis, TennCare may grant an exception to permit adults ages eighteen (18) to twenty (20) with I/DD not living at home with family, including young adults with I/DD transitioning out of State custody, to enroll in Group 8, if they meet eligibility criteria. This group shall be implemented by MCOs based on TennCare's determination of the MCO's readiness to deliver services statewide and in accordance with program requirements.

- b. **Eligibility for TennCare ECF CHOICES Benefits.** Individuals can be eligible for one of the five ECF CHOICES benefit groups defined in STC 33.a. above depending upon their functional and/or medical needs, their TennCare eligibility group, their age, their I/DD status, the need for and receipt of HCBS under ECF CHOICES, and the ability of the state to provide them with safe, appropriate, and cost-effective LTSS.
 - i. I/DD and medical and/or functional needs are assessed according to criteria published by the state in the state rules.
 - ii. Financial eligibility:
 - A. Eligible for TennCare as an SSI recipient; or
 - B. Meet the criteria for the ECF CHOICES 217-Like Group; the Interim ECF CHOICES At-Risk Demonstration Group or, upon implementation of Phase 2 of ECF CHOICES, the ECF CHOICES At-Risk Demonstration Group or the ECF CHOICES Working Disabled Group.
 - iii. Need and receive home and community-based services under ECF CHOICES.
 - iv. The state's ability to provide applicants with appropriate ECF CHOICES home and community based services is determined by the availability of

slots under an established enrollment target (see paragraph 32.d., *Enrollment Targets for ECF CHOICES*).

- c. **Enrollment in ECF CHOICES.** The effective date of enrollment in ECF CHOICES shall be established by the state based on a determination that an applicant is eligible for and will begin receiving LTSS. To be eligible for ECF CHOICES, individuals must be determined by TennCare to meet all applicable eligibility and enrollment criteria.
 - i. For enrollment in Comprehensive Supports for Employment and Community Living (ECF CHOICES Group 6) or Comprehensive Behavioral Supports for Employment and Community Living (ECF CHOICES Group 8), the State may grant an exception to individuals transitioning either from the Statewide or Comprehensive Aggregate Cap Waivers or from an ICF/IID who are “at risk” of institutionalization and meet the ICF/IID but not the NF LOC.
 - ii. Individuals enrolled in a Section 1915(c) waiver shall not be permitted to transition into ECF CHOICES, even if they meet the criteria for ECF CHOICES eligibility, until such time that the State determines that such transitions can be permitted and in accordance with timeframes and procedures established by the State.
 - iii. Individuals enrolled in CHOICES Group 2 or 3 shall not be permitted to transition into ECF CHOICES, even if they meet the criteria for ECF CHOICES eligibility, unless the State determines that the individual qualifies for ECF CHOICES, the individual’s needs can be more appropriately met in ECF CHOICES, and in accordance with timeframes and procedures established by the State.
- d. **Enrollment Targets for ECF CHOICES.** The state may establish enrollment targets for ECF CHOICES. The purpose of the targets is to permit ECF CHOICES to grow in a controlled manner, while assuring that the persons enrolled in the program are served appropriately and cost effectively within available state and Federal resources. Information on ECF CHOICES groups, targets, and enrollment numbers must be supplied to CMS in the Quarterly Progress Report as set forth in STCs 50(*Quarterly Progress Reports*), 52 (*Enrollment Reporting*) and Attachment A.
 - i. The ECF CHOICES targets will include both upper limits and lower limits; with the actual target number to be published in state rules. The upper limit will serve as a ceiling on the enrollment target; TennCare will not set the target above the upper limit. The lower limit will serve as an enrollment floor; TennCare will not set the target below the lower limit. To help ensure continuity of eligibility and benefits, the target for each benefit group will not be less than enrollment in that group at the time the target is established. Persons transitioning into ECF CHOICES from a Section 1915(c) waiver or

from CHOICES Groups 2 or 3 shall not count against the enrollment target for the ECF CHOICES Group in which they are enrolled.

- ii. The State will submit to CMS at least 60 days prior to the implementation of ECF CHOICES and at least 60 days prior to the beginning of each program year a proposed enrollment target range for each benefit group. The State may, during the course of each year, adjust the specific enrollment target for each group so long as the target remains within the approved enrollment target range for that benefit group and the State provides notification to CMS at least 30 days prior to the desired effective date of the change. Except as specified in STC 33.d.iv, an amendment is required for any proposed adjustment in the enrollment target outside the approved range.
- iii. Any enrollment target for Essential Supports for Employment and Independent Living will be at least twice as high as any enrollment target for Comprehensive Supports for Employment and Community Living.
- iv. If the enrollment target established by the state for ECF CHOICES is reached or exceeded, the state shall not enroll additional persons in ECF CHOICES, except as provided below. The state may also establish a waiting list, subject to the following:
 - A. **Reserve Capacity.** The state may reserve slots in ECF CHOICES for individuals being discharged from a NF or an ICF/IID, and for individuals being discharged from an acute care setting who are in imminent risk of being placed in an NF or ICF/IID setting, absent the provision of home and community-based services. A copy of the operational procedures for determining individuals for whom the slots will be reserved must be included as an attachment to the Annual Report. The state may establish additional criteria or modify procedures for allocating reserve slots upon 30 days advance written notification to CMS; the operational procedure documents included as attachments to subsequent Annual Reports must reflect any such changes. In each Quarterly Progress Report, the state must provide an accounting of their management of the reserve capacity, including a summary (as of the last day of the quarter) that states the total enrollment targets for ECF CHOICES, the number enrolled in each ECF CHOICES group, and the numbers of slots being held in reserve for various purposes.
 - B. **HCBS as a Cost-Effective Alternative.** An MCO with a TennCare enrollee who meets the criteria for ECF CHOICES, but which cannot enroll the individual in ECF CHOICES because the enrollment target has been met, has the option, at its sole discretion, of offering HCBS as a cost-effective alternative to the individual

under a plan of care, in accordance with STC 30 (*Cost- Effective Alternatives*). The use of HCBS as a cost-effective alternative would be appropriate if the individual, without HCBS, would be receiving services in a NF. The state may require the MCO to provide documentation of its cost-effective alternative determination and assurance of provider capacity to meet the member's needs prior to enrollment in ECF CHOICES.

- C. **Exception to Enrollment Targets for ECF CHOICES 4 and 6 for Transitions from ECF CHOICES 7 or 8.** An enrollee being served in ECF CHOICES 7 or 8 who meets the requirements to enroll in ECF CHOICES 4 or 6 may enroll in ECF CHOICES 4 or 6 at any time such a transition can be accomplished, even if an enrollment target for ECF CHOICES 4 or 6 has been reached. Such an enrollee would be served in ECF CHOICES 4 or 6 outside the applicable enrollment target but moved within the applicable enrollment target at such a time as a slot becomes available.
- e. **Waiting Lists for ECF CHOICES.** The use of enrollment targets as described in STC 33.d. (*Enrollment Targets for ECF CHOICES*) may mean that there will be waiting lists for ECF CHOICES. These lists will be managed on a statewide basis in accord with criteria to be established by the state. Waiting list policies must be based on objective criteria and applied consistently in all geographic areas served.
- f. **Consumer Direction.** ECF CHOICES members will have the option for consumer direction, including budget authority. The consumer direction model will be a modified budget authority model. The consumer direction budget will be established in accordance with the benefit group, including expenditure cap, in which the person is enrolled and will be based on a comprehensive assessment of the individual's needs. Once determined, the member (or his/her representative) will be able to manage those services available through participant direction, so long as individual benefit limits (as applicable) and the member's total participant direction budget is not exceeded. The consumer direction option will be organized and administered in accordance with best practices principles recognized by CMS as reflected in Attachment E.
 - i. Individuals in the Comprehensive Supports for Employment and Community Living benefit group will have the option to use a "Health Partner Agency (HPA) with Choice" model. The HPA with Choice model will allow an individual with I/DD who has more significant needs to elect to work with a qualified provider of residential services to help direct his/her services and supports budget. In the HPA with Choice model, the enrollee will have the opportunity to help select and supervise his or her direct support staff, who will be employed by the Agency. The Agency will support the enrollee in deciding how s/he will direct his/her services and supports budget, based on the needs identified in the person-centered support plan. The enrollee's MCO Support Coordinator will be involved in the planning

process to ensure that the planning process remains conflict free and will monitor the ongoing provision of HCBS to ensure that the individual's needs are met. In addition, the HPA Agency must agree to:

- A. work with the MCO Support Coordinator and with the accountable primary care entity—Patient Centered Medical Home and/or Health Home to facilitate access to and coordination of physical and behavioral health services and LTSS;
- B. support a comprehensive approach to preventive care, chronic disease and care management; assist in health promotion;
- C. help facilitate comprehensive transitional care/follow-up; and
- D. use Health Information Technology (HIT), as can be made available, to help facilitate communication between and among providers, the member, and caregivers.

VII. COST SHARING

34. Cost Sharing. TennCare enrollees are subject to cost sharing as indicated in Table 4. (Copay amounts are specified in Table 5.)

Table 4		
TennCare Demonstration Cost Sharing		
Program/Group	Pharmacy Copays	Non-Pharmacy Copays
TennCare Medicaid (state plan enrollees not exempt from cost sharing)	Yes	No
TennCare Standard Spend Down Adults (SSD)	Yes	No
TennCare Standard Uninsured Children	Yes	Yes
TennCare Standard Medically Eligible Children	Yes	Yes
CHOICES 1	No	No
CHOICES 2	No	No
CHOICES 3	Yes	No
Interim CHOICES 3	Yes	No
ECF CHOICES Comprehensive Supports for Employment and Community Living	No	No

ECF CHOICES Essential Family Supports Group (meet NF LOC and/or who are under age 21)	No	No
ECF CHOICES Essential Family Supports Group (who do not meet NF LOC and are age 21 or older)	Yes	No
ECF CHOICES Essential Supports for Employment and Independent Living	Yes	No
ECF CHOICES Intensive Behavioral Family Supports	No	No
ECF CHOICES Comprehensive Behavioral Supports for Employment and Community Living	No	No

35. Copayments. Copayments are collected by the provider when services are rendered. The requirements at Section 1916A of the Act and in cost sharing regulation at 42 CFR 447 Subpart A will apply to cost sharing under the demonstration.

- a. **Non-Pharmacy Copays.** Non-pharmacy copay amounts are presented in Table 5 (*TennCare Non-Pharmacy Copays*).
- b. **Copays on Pharmacy.** Pharmacy copays differ based on a drug being brand name or generic. Brand name prescriptions are subject to a \$3.00 copay while generic prescriptions are subject to a \$1.50 copay.

Table 4 TennCare Demonstration Cost Sharing		
Benefit	Copay for Enrollees with Incomes from 134% FPL to 199% FPL	Copay for Enrollees with Incomes from 200% FPL and higher
Non-emergency use of the emergency department (no copayment for emergency use and, for non-emergency use, waived if the individual is admitted as an inpatient)	\$8.20	\$50
Primary care provider and community mental health agency services (other than preventive care)	\$5	\$15
Physician specialist	\$5	\$20

Table 4 TennCare Demonstration Cost Sharing		
Inpatient admission (waived if readmitted within 48 hours for the same episode)	\$5	\$100

VIII. DELIVERY SYSTEMS

36. Managed Care Entities. TennCare II operates totally in a managed care environment and uses various types of managed care entities for delivering covered services to TennCare enrollees. The types of managed care entities used are listed in Table 6 below, with the reimbursement and rate-setting methodologies for each one. Title XXI Medicaid Expansion demonstration population children use the same delivery systems as other enrollees.

Table 6 Types of Managed Care Entities			
Type of Entity	BBA Definition	Description of Services Covered	Reimbursement and Rate-Setting Methodology
Managed Care Organizations (MCOs)—at full risk	MCO	All TennCare physical health, behavioral health, and LTSS ⁸	MCO rates are actuarially certified by an independent third party actuary
TennCare Select—non-risk or partial risk	Prepaid Inpatient Health Plan (PIHP)	All TennCare physical health, behavioral health, and LTSS ¹⁵ for enrollees selected for participation in TennCare Select rather than enrolled in MCOs	Provider payment rates are negotiated between the PIHP and providers; an administrative fee is approved by CMS and paid to the PIHP
Dental Benefits Manager (DBM)—non-risk (may be renegotiated as at risk)	Prepaid Ambulatory Health Plan (PAHP)	Dental benefits for all TennCare enrollees with this coverage	Provider payment rates are established within DBM contract as approved by CMS; an administrative fee,

¹⁵ LTSS refers to services for persons who are elderly or who have physical disabilities and certain HCBS for individuals with intellectual or developmental disabilities enrolled in the ECF CHOICES program.

Table 6 Types of Managed Care Entities			
			approved by CMS, is paid to the DBM
Pharmacy Benefits Manager (PBM)—non-risk (may be renegotiated as at risk)	PAHP	Pharmacy benefits for all TennCare enrollees with this coverage.	Provider payment rates are established in accordance with the state plan; an administrative fee, approved by CMS, is paid to the PBM

37. Enrollment in Managed Care Organizations (MCOs). With the exception of individuals enrolled in TennCare Select, all individuals eligible for TennCare (TennCare Medicaid or TennCare Standard), including those dually eligible for Medicare, shall be enrolled in a managed care organization providing the benefits described in STCs 29 (*TennCare Benefits*) and 30 (*Cost-Effective Alternatives*) . Individuals with intellectual and developmental disabilities must enroll in an at-risk MCO in order to participate in ECF CHOICES. During the phased implementation of ECF CHOICES and as determined appropriate for efficient operation of the ECF CHOICES program, choice may be limited to two managed care organizations in each region. In addition to the managed care organization, enrollees are enrolled with a Pharmacy Benefits Manager for covered pharmacy services and a Dental Benefits Manager for covered dental services. The Pharmacy Benefits Manager administers the pharmacy benefits program, using a preferred drug list that is established by the state (in consultation with a Pharmacy Advisory Committee), taking into account the cost, therapeutic equivalency, and clinical efficacy in accordance with waiver authority.

38. TennCare Select. TennCare Select is a prepaid inpatient health plan (PIHP) (as defined in 42 CFR 438.2) which operates in all areas of the state and covers the same services as the MCOs. The state’s TennCare Select contractor is reimbursed on a non-risk, non- capitated basis or a partial risk basis for services rendered to covered populations, and in addition receives fees from the state to offset administrative costs. Covered outpatient drugs that are prescribed for medically accepted indication(s) (as defined in 1927(k)(6) of the Act) but not included on the state’s preferred drug list will be covered subject to the requirements of prior authorization programs in accordance with 1927(d)(5) of the Act.

- a. The TennCare Medicaid and TennCare Standard populations included in the TennCare Select delivery system and the services provided to these populations by the TennCare Select contractor are as follows:
 - i. Children who are eligible for Supplemental Security Income (SSI) and eligible for and enrolled in TennCare Select as of July 31, 2019. TennCare Select provides medical case management and all MCO covered services. On or after August 1, 2019, newly eligible children who are eligible for SSI and determined eligible for TennCare on or after August 1, 2019 will

choose and enroll in an at-risk MCO, and will not be assigned to TennCare Select except as specified in subparagraphs ii-iv below.

- ii. Children in state custody and children leaving state custody for 6 months post-custody as long as the child remains eligible. TennCare Select provides medical case management, all MCO covered services, and coordination with the Department of Children's Services (DCS) around medical and behavioral services.
- iii. Children who are receiving care in a nursing facility or an intermediate care facility for individuals with intellectual disabilities. For children and adults in a Home and Community Based Services 1915(c) waiver for individuals with intellectual disabilities, current enrollees may opt-in to receive services through TennCare Select, and new participants may opt-out of TennCare Select in order to receive services through another MCO. TennCare Select provides medical case management and all MCO covered services.
- iv. Enrollees living in areas where there is insufficient capacity to serve them. TennCare Select provides medical case management and all MCO covered services.

After being assigned to TennCare Select, persons in categories i. and iii. above may choose to disenroll from TennCare Select and enroll in an at-risk MCO if one is available. Persons in categories ii. and iv. must remain in TennCare Select. The state must request a demonstration amendment (as described in STCs 6 and 7) in order to change the list of populations included in TennCare Select. TennCare Select is not open to voluntary selection by TennCare enrollees.

b. TennCare Select also provides the following functions:

- i. It is the back-up plan should one of the MCOs have to leave the TennCare program unexpectedly. For TennCare enrollees previously enrolled with the MCO, TennCare Select provides medical case management and all MCO covered services.
- ii. It is the only entity responsible for payment of the services described in 42 CFR 431.52 (regarding services provided to residents temporarily absent from the state), and provides all MCO covered services (primarily emergency services).
- iii. It is also the only entity responsible for payment of the services described in 42 CFR 440.255 (regarding emergency services for aliens), and is responsible for payment of emergency medical services only. TennCare Select is paid an administrative fee for processing these claims.

39. Plan Enrollment and Disenrollment. The state maintains a managed care enrollment and disenrollment process that must comply with 42 CFR Part 438. Prior to July 1, 2019, TennCare participants have 45 days in which to disenroll from an MCO without cause. After 45 days, a participant may disenroll from an MCO only for cause, as set forth in 42 CFR 438.56(d)(2). Beginning July 1, 2019, TennCare participants have 90 days in which to disenroll from an MCO without cause pursuant to 438.56(c)(2)(i). After 90 days, a participant may disenroll from an MCO only for cause, as set forth in 42 CFR 438.56(d)(2). The “other reasons” that will be considered cause under 42 CFR 438.56(d)(2) do not include the following:

- a. The enrollee is unhappy with the current plan or primary care provider (PCP), but there is no hardship medical situation (as defined by the state);
- b. The enrollee claims lack of access to services but the plan meets the state’s access standards;
- c. The enrollee is unhappy with a current PCP or other providers, and has refused alternative PCP or provider choices offered by the MCO;
- d. The enrollee is concerned that a current provider might drop out of the plan in the future;
- e. The enrollee is a Medicare recipient who (with the exception of pharmacy) may utilize choice of providers, regardless of network affiliation; and
- f. The enrollee’s Primary Care Provider (PCP) is no longer in the MCO’s network, the enrollee wants to continue to see the current PCP, and has refused alternative PCP or provider choices offered by the MCO.

In the event that a CHOICES or ECF CHOICES member is determined, based on an assessment of needs, to require long term services and supports that are not currently available under the MCO in which he is currently enrolled, but that are available through another MCO, the state shall work with the current MCO to arrange for the provision of the required services, which may involve providing such services out-of-network. It shall be considered to be cause for disenrollment only if the current MCO, after working with the state, is unable to provide the required services. In such cases, the MCO that is unable to provide the required services after working with the state may be subject to sanctions.

40. Contracts. The following subparagraphs provide additional requirements pertaining to contracts awarded by the state for the provision of health care services under TennCare II.

- a. Procurement and the subsequent final contracts developed to implement selective contracting by the state with any provider group shall be subject to CMS approval prior to implementation.
- b. Payments under contracts with public agencies that are not competitively bid in a process involving multiple bidders shall not exceed the documented costs incurred in

furnishing covered services to eligible individuals (or a reasonable estimate with an adjustment factor no greater than the annual change in the consumer price index).

- c. The state will require the MCOs to develop and maintain emergency/contingency plans in the event that a large provider of services collapses or is otherwise unable to provide needed services. These contingency plans will be available for inspection by state officials upon request.
- d. The state will monitor loss ratios of the managed care plans.
- e. The state has met its obligation to provide coverage of FQHC and RHC services by ensuring each of its MCOs contracts with at least one FQHC and RHC in each of its service areas.

IX. GENERAL REPORTING REQUIREMENTS

- 41. General Financial Requirements.** The state shall comply with all general financial requirements under title XIX and title XXI set forth in these STCs.
- 42. Reporting Requirements Relating to Budget Neutrality and Title XXI Allotment Neutrality.** The state shall comply with all reporting requirements for monitoring budget neutrality and title XXI allotment neutrality set forth in this agreement. The state must submit any corrected budget and/or allotment neutrality data upon request.
- 43. Compliance with Managed Care Reporting Requirements.** The state shall comply with all managed care reporting regulations at 42 CFR 438 *et seq.*
- 44. Compliance with Specified HCBS Requirements.** Beneficiaries receiving Medicaid HCBS and LTSS services furnished through the 1115 demonstration, including individuals who derive eligibility through the demonstration must receive services in residential and non-residential settings located in the community, which meet CMS standards for HCBS settings as articulated in current 1915(c) policy and federal regulation. The state shall include a description of the steps taken to ensure compliance with these regulations as part of the Annual Report discussed in STC 51 (*Annual Report*).
- 45. Quality Improvement Systems and Strategy for the CHOICES and ECF CHOICES Programs.** The state is expected to implement systems that measure and improve its performance to meet the requirements set forth in 42 CFR § 438.330. The Quality Review provides a comprehensive assessment of the state's capacity to ensure adequate program oversight, detect and remediate compliance issues, and evaluate the effectiveness of implemented quality improvement activities.

46. Quality Improvement Strategy for 1915(c) or 1915(i)-approvable HCBS Services. For services that could have been authorized to individuals under a 1915(c) waiver or under 1915(i) authority, the state's Quality Assessment and Performance Improvement Plan must encompass LTSS-specific measures set forth in the federal rule and should also reflect how the State will assess and improve performance to demonstrate compliance with applicable federal waiver assurances set forth in 42 CFR 441.301 and 441.302, as follows:

- a. **Level of Care.** The state must demonstrate that it has an effective system in place to assure that applicants receive a level of care determination prior to receiving services provided by the program and that the processes for determining level of care are followed as documented.
- b. **Qualified Providers.** The state must have an effective system in place for assuring that providers meet licensure and certification standards, that non-certified providers are monitored to assure adherence to waiver requirements, and that the state verifies that training is given to providers in accordance with the waiver. Evidence currently included in the state's Quality Assessment and Performance Improvement Strategy is sufficient for this assurance and as any changes are made going forward, will be approved by CMS prior to implementation.
- c. **Service Plan.** The state must demonstrate it has designed and implemented an effective system for reviewing the adequacy of service plans for HCBS participants. Evidence included in the state's Quality Assessment and Performance Improvement Strategy is sufficient for this assurance, and as any changes are made going forward, will be approved by CMS prior to implementation.
- d. **Health and Welfare.** The state must demonstrate it has designed and implemented an effective system for assuring HCBS participants' health and welfare. Evidence that highlights the health and welfare deficiencies found during the monitoring and evaluation of the HCBS demonstration, with an explanation of how these deficiencies have been or are being corrected, as well as the steps that have been taken to ensure that these deficiencies do not reoccur will be reported to CMS as an attachment to its 1115 Annual Monitoring Report detailed in STC 51.

CMS will evaluate each annual quality report to determine whether the state has demonstrated appropriate oversight of its programs and implemented its quality assessment and performance improvement strategy effectively.

48. CHOICES and ECF CHOICES Data.

- a. **CHOICES Data Plan.** The state will collect and submit data to CMS, including the following data elements:
 - i. Numbers of persons actively receiving HCBS and numbers of persons actively receiving NF services at a point in time,

- ii. Unduplicated numbers of persons receiving HCBS and unduplicated numbers of persons receiving NF services during a 12 month period,
- iii. HCBS expenditures and NF expenditures on the elderly and disabled population during a 12 month period,
- iv. HCBS expenditures and NF expenditures on the elderly and disabled population during a 12 month period as a percentage of total long-term services and supports expenditures (excluding expenditures on the population of persons with intellectual disabilities),
- v. Average per person HCBS expenditures and NF expenditures on the elderly and disabled populations during a 12 month period,
- vi. Average length of stay in HCBS during a 12 month period,
- vii. Percent of new LTSS recipients admitted to NFs during a 12 month period,
- viii. Average length of stay in NFs during a 12 month period,
- ix. Number of persons transitioned from NFs to HCBS during a 12 month period.

“Point in time” refers to June 30 of each year.

b. **ECF CHOICES Data Plan.** The state will collect and submit data to CMS, including the following data elements:

- i. Number of persons with ID actively receiving HCBS upon implementation of ECF CHOICES and at a point in time. Data shall be reported for ECF CHOICES and across Medicaid HCBS programs (including Section 1915(c) waivers).
- ii. Number of persons with DD (other than ID) actively receiving HCBS upon implementation of ECF CHOICES and at a point in time. Data shall be reported only for ECF CHOICES;
- iii. Number of persons with I/DD actively receiving HCBS upon implementation of ECF CHOICES and at a point in time. Data shall be reported for ECF CHOICES and across Medicaid HCBS programs (including Section 1915(c) waivers);
- iv. Unduplicated number of persons with ID actively receiving HCBS during a 12 month period prior to implementation of ECF CHOICES and each demonstration year thereafter. Data shall be reported for ECF CHOICES and across Medicaid HCBS programs (including Section 1915(c) waivers);
- v. Unduplicated number of persons with DD (other than ID) actively receiving HCBS during a 12 month period prior to implementation of ECF CHOICES and

each demonstration year thereafter. Data shall be reported only for ECF CHOICES;

- vi. Unduplicated numbers of persons with I/DD receiving HCBS during a 12 month period prior to implementation of ECF CHOICES and each demonstration year thereafter. Data shall be reported for ECF CHOICES and across Medicaid HCBS programs (including Section 1915(c) waivers);
- vii. Average per person LTSS expenditures for individuals with I/DD during a 12 month period prior to implementation of ECF CHOICES and each demonstration year thereafter. Data shall be reported for ECF CHOICES, ICF/IID services, and across Medicaid HCBS programs (including Section 1915(c) waivers);
- viii. Total HCBS expenditures for individuals with I/DD during a 12 month period prior to implementation of ECF CHOICES and each demonstration year thereafter, including as a percentage of total LTSS expenditures for individuals with I/DD.
- ix. Number of persons with I/DD employed in an integrated setting at or above the minimum wage upon implementation of ECF CHOICES and at a point in time. Data shall be reported for ECF CHOICES and across Medicaid HCBS programs (including Section 1915(c) waivers);
- x. Percentage of persons with I/DD reporting improved quality of life as measured by a standardized instrument.

“Point in time” refers to June 30 of each year.

- c. **Electronic Collection of CHOICES and ECF CHOICES Data.** The systems must be in place to record the requisite data elements for the CHOICES and ECF CHOICES Programs.
- d. **CHOICES and ECF CHOICES Data Reporting.** The state must report to CMS, in the Quarterly and Annual Progress Reports, on data and trends of the designated CHOICES and ECF CHOICES data elements, as applicable. An electronic copy of the actual data addressing the required data elements must be submitted to CMS within 12 months following each point in time (e.g., by June 30 of the following DY).

49. Monthly Calls. CMS will schedule monthly conference calls with the state. The purpose of these calls is to discuss any significant actual or anticipated developments affecting the demonstration. Areas to be addressed include, but are not limited to, MCO operations (such as contract amendments and rate certifications), health care delivery, enrollment cost-sharing, quality of care, access, the benefit package, audits, lawsuits, financial reporting related to budget neutrality issues, title XXI allotment neutrality issues, MCO financial performance that is relevant to the demonstration, progress on evaluations, state legislative developments, and any demonstration amendments, concept papers or state plan amendments the state is considering submitting. CMS shall update the state on any

amendments or concept papers under review, as well as Federal policies and issues that may affect any aspect of the demonstration. The state and CMS shall jointly develop the agenda for the calls.

50. Quarterly Progress Reports. The state must submit progress reports containing the items listed below (see also Attachment A for format), no later than 60 days following the end of each quarter. The intent of these reports is to present the state's analysis and the status of the various operational areas. These quarterly reports must include, but not be limited to:

- a. An updated budget neutrality monitoring spreadsheet;
- b. An updated CHIP allotment neutrality monitoring spreadsheet, if necessary;
- c. Events occurring during the quarter or anticipated to occur in the near future that affect health care delivery, including but not limited to: approval and contracting with new plans; benefits; enrollment and disenrollment; grievances; quality of care; access; health plan contract compliance and financial performance that is relevant to the demonstration; pertinent legislative or litigation activity; and other operational issues;
- d. Action plans for addressing any policy, administrative, or budget issues identified;
- e. Quarterly enrollment reports for demonstration eligibles that include the member months for each demonstration population;
- f. Quarterly enrollment for populations subject to enrollment targets;
- g. Evaluation activities and interim findings; and
- h. Other reports as indicated in these STCs.

51. Annual Report. The state shall submit a draft annual report documenting accomplishments, project status, quantitative and case study findings, utilization data, evaluation findings from the demonstration period to date, and policy and administrative difficulties and solutions in the operation of the demonstration. The state shall submit the draft annual report no later than 120 days after the end of each demonstration year. Within 30 days of receipt of comments from CMS, a final annual report shall be submitted. The state shall also submit the title XXI annual state report for its Medicaid Expansion children in the demonstration, by December 31 of each year.

52. Enrollment Reporting.

- a. Each quarter the state will provide CMS with an enrollment report for the title XXI Medicaid Expansion demonstration population and for title XIX Medicaid children, showing end of quarter actual and unduplicated ever enrolled figures. These enrollment data will be entered by the state into the Statistical Enrollment Data System (SEDS) within 30 days after the end of each quarter. SEDS reporting is

required for any title XXI-funded population, including Medicaid Expansions, and is also required for title XIX Medicaid child enrollment.

- b. Enrollment reporting in the Quarterly and Annual Reports (see STCs 4 50 (*Quarterly Progress Reports*) and 51 (*Annual Report*) is required by Eligibility Group (EG) and Type for the TennCare title XIX and XXI state plan and demonstration populations.

X. GENERAL FINANCIAL REQUIREMENTS

53. Quarterly Expenditure Reports. The state must provide quarterly expenditure reports (QERs) using the form CMS-64 to report total expenditures for services provided under the Medicaid program, and to separately identify expenditures provided through the demonstration under Section 1115 authority, which are subject to budget neutrality. This project is approved for expenditures applicable to services rendered during the demonstration period and pool payments and certified public expenditures made for the demonstration period. CMS shall provide Federal financial participation (FFP) for allowable demonstration expenditures only as long as they do not exceed the pre-defined limits on the costs incurred as specified in Section X of these Terms and Conditions.

54. Reporting Expenditures in the Demonstration. The following describes the reporting of expenditures subject to the budget neutrality expenditure limit:

- a. **Tracking Expenditures.** In order to track expenditures under this demonstration, Tennessee must report demonstration expenditures through the Medicaid and Children's Health Insurance Program Budget and Expenditure System (MBES/CBES), following routine CMS-64 reporting instructions outlined in Section 2500 and Section 2115 of the State Medicaid Manual. All demonstration expenditures claimed under the authority of title XIX of the Act and subject to the budget neutrality expenditure limit must be reported each quarter on separate Forms CMS-64.9 Waiver and/or 64.9P Waiver, identified by the demonstration project number assigned by CMS, including the project number extension, which indicates the demonstration year (DY) in which services were rendered or for which capitation payments were made. For this purpose, demonstration year 1 (DY 1) is defined as the year beginning July 1, 2002, and ending June 30, 2003. DY 2 and subsequent DYs are defined accordingly. All title XIX service expenditures that are not demonstration expenditures should be reported on Forms CMS-64.9 Base/64.9P Base.

Expenditures for Medicaid Expansion children claimed under the authority of title XXI of the Act shall be reported each quarter on forms CMS-64.21U Waiver and/or CMS-64.21UP Waiver.

- b. **Premium and Cost Sharing Adjustments.** Premiums and other applicable cost-sharing contributions that are collected by the state from enrollees under the demonstration must be reported to CMS each quarter on Form CMS-64 Summary Sheet Line 9D, columns A and B. In order to assure that these collections are properly credited to the demonstration, premium and

cost-sharing collections (both total computable and Federal share) should also be reported separately by demonstration year on the Form CMS-64 Narrative, and divided into subtotals corresponding to the eligibility groups (EGs) from which collections were made (see STC 56). In the calculation of expenditures subject to the budget neutrality expenditure limit, premium collections applicable to demonstration populations shall be offset against expenditures. These Section 1115 premium collections will be included as a manual adjustment (decrease) to the demonstration's actual expenditures on a quarterly basis.

- c. **Cost Settlements.** For monitoring purposes, cost settlements attributable to the demonstration must be recorded on the appropriate prior period adjustment schedules (Form CMS-64.9P Waiver) for the Summary Sheet Line 10B, in lieu of Lines 9 or 10C. For any cost settlements not attributable to this demonstration, the adjustments should be reported as otherwise instructed in the State Medicaid Manual.
- d. **Pharmacy Rebates.** Pharmacy rebates must be reported on Forms CMS-64.9 Waiver or 64.9P Waiver schedules, and allocated to forms named for the different EGs described in e.i. through e.xii. below as appropriate. In the calculation of expenditures subject to the budget neutrality expenditure limit, pharmacy rebate collections applicable to demonstration populations shall be offset against expenditures.
- e. **Use of Forms.** The following separate waiver forms CMS-64.9 Waiver and/or 64.9P Waiver must be completed and submitted each quarter (when applicable) to report title XIX expenditures for individuals enrolled in the demonstration and title XIX expenditures made in other payment categories as follows. The expressions in quotation marks are the waiver names to be used to designate these waiver forms in the MBES/CBES system. The terms "EG1" through "EG12" refer to the demonstration Eligibility Groups defined in STC 19.
 - i. "EG2 Over 65" expenditures
 - ii. "EG3 Children" expenditures
 - iii. "EG4 Adults" expenditures
 - iv. "EG5 Duals" expenditures
 - v. "EG6E Expan Adult" expenditures -
 - vi. "EG7E Expan Child" expenditures
 - vii. "EG8 Med Exp Child" expenditures
 - viii. "EG9 H-Disabled" expenditures
 - ix. "EG10 H-Over 65" expenditures
 - x. "EG11 H-Duals" expenditures

- xi. “EG12E Carryover” expenditures
- xii. “GME” (Graduate Medical Education)

Beginning July 1, 2018, the state will discontinue reporting expenditures for supplemental payments for uncompensated care pools listed in STCs 54.e.xiii through e.xix (see STC 60).

- xiii. “EAH Pool” (Essential Access Hospital Pool)
- xiv. “CAH Pool” (Critical Access Hospital Pool)
- xv. “Meharry Pool”
- xvi. “CPE” (Certified Public Expenditures) for Unreimbursed Public Hospital Costs Pool
- xvii. “DSH” (Disproportionate Share Hospital Payments)
- xviii. “UHC Pool” (Unreimbursed Hospital Cost Pool)
- xix. “PHSP Pool” (Public Hospital Supplemental Payment Pool)

Beginning July 1, 2018, the state will report:

- xx. “Virtual DSH”
- xxi. “UC Pool”

f. Specific Reporting Requirements for the Title XXI Medicaid Expansion Demonstration Population.

- i. **Expenditures Subject to the Allotment Neutrality Limit.** The state will be subject to a limit on the amount of Federal title XXI funding that the state may receive on demonstration expenditures during the demonstration period. Federal title XXI funding available for demonstration expenditures is limited to the state’s available allotment, including available reallocated funds published in the *Federal Register*. Should the state expend its available title XXI Federal funds for the claiming period, no further enhanced Federal matching funds will be available for costs of the demonstration until the next allotment becomes available.
- ii. The state is eligible to receive title XXI funds for expenditures for TennCare Medicaid Expansion children described on the last row of Table 1a, STC 19

(Eligibility and Covered Populations), up to the amount of its title XXI allotment. Waiver expenditures for these children under title XXI must be reported as a Medicaid expansion population on separate Forms CMS-64.21U Waiver and/or 64.21UP Waiver, in accordance with the instructions in Section 2115 of the State Medicaid Manual, under waiver name “Med Exp Child,” identified by the demonstration project number assigned by CMS, including the project number extension, which indicates the demonstration year (DY) in which services were rendered or for which capitation payments were made. They are reported in Column C for the enhanced match under title XXI.

- iii. If the state exhausts its title XXI allotment, title XIX funds are available for title XXI children in this demonstration. To access this funding, the state must submit for approval a written request to CMS, referencing this STC, to access title XIX funds for the title XXI Medicaid Expansion Demonstration Group. This request must be submitted at least 90 days prior to the date on which the state anticipates its title XXI allotment will be exhausted, and must include:
 - A. An updated budget neutrality assessment that adds Medicaid Expansion children to budget neutrality and includes a data analysis which identifies the specific “with waiver” impact of the proposed change on the current budget neutrality expenditure limit. Such analysis shall include current total computable “with waiver” and “without waiver” status on both a summary and detailed level through the current extension approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the “with waiver” expenditure total as result of the proposed change which isolates (by Eligibility Group) the impact of the change; and
 - B. An updated CHIP allotment neutrality worksheet that removes Medicaid Expansion children.
- iv. Once the title XXI allotment is again available, the state will claim title XXI funding for the title XXI children in this demonstration. To access this funding, the state shall submit for approval a written request to CMS, referencing this STC, to access title XXI funds for the title XXI Medicaid Expansion Demonstration Group, which includes a request to update the STCs related to claiming. This formal request must be submitted prior to the change in funding source and include:
 - A. An updated budget neutrality assessment that removes Medicaid Expansion children from budget neutrality and includes a data analysis which identifies the specific “with waiver” impact of the proposed change on the current budget neutrality expenditure limit.

Such analysis shall include current total computable “with waiver” and “without waiver” status on both a summary and detailed level through the current extension approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the “with waiver” expenditure total as a result of the proposed change which isolates (by Eligibility Group) the impact of the change; and

- B. An updated CHIP allotment neutrality worksheet that adds Medicaid Expansion children.
- v. During periods in which the state is claiming title XIX funds for Title XXI Medicaid Expansion demonstration population children, the member months attributable to this demonstration population will count toward calculation of the budget neutrality expenditure limit, using the per member per month (PMPM) amounts for “EG8 Med Exp Child.” The expenditures will be considered expenditures subject to the budget neutrality expenditure limit, so that the state is not fully at risk for claiming title XIX Federal matching funds when title XXI funds are exhausted.
- g. **Title XIX Expenditures Subject to the Budget Neutrality Expenditure Limit.** For the purpose of this section, the term “expenditures subject to the budget neutrality expenditure limit” refers to:
 - i. All TennCare title XIX expenditures on behalf of individuals who are enrolled in this demonstration (excluding the services specified in STC 31, *Benefits for TennCare Medicaid Population Only that Are Not Included in the TennCare Standard Benefit Package*), including all service expenditures and applicable administrative costs (see subparagraph h. below) net of premium collections and other offsetting collections (e.g., pharmacy rebates, fraud and abuse), and
 - ii. All expenditures described in STCs 58.d. (*Extent of Federal Financial Participation for the Demonstration*) and 59.a. through e. (*Demonstration Supplemental Payments and Uncompensated Care Pools*).
 - iii. All title XIX expenditures that are subject to the budget neutrality expenditure limit are considered demonstration expenditures and must be reported on Forms CMS 64.9 Waiver and/or CMS-64.9P Waiver, with the exception of those described in h. below.
- h. **Administrative Costs.** In general, administrative costs are not included in the budget neutrality expenditure limit, but the state must separately track and report additional administrative costs that are directly attributable to the demonstration. All attributable administrative costs must be identified on the Forms CMS-64.10 Waiver and/or 64.10P Waiver. Administrative costs subject to budget neutrality (see below) must be reported on Forms CMS-64.10 Waiver and/or 64.10P

Waiver, according to the EGs for which the expenditure was made (following the list in e.i. through e.xii. above). Other administrative costs not subject to budget neutrality will not be broken out by EG, and will be reported under waiver name “TennCare II.”

In accordance with Federal regulations at 42 CFR 438.812(b)(2), during the periods that services are provided in accordance with MCO, pharmacy benefit manager, or dental benefit manager non-risk contracts, the portion of the state’s payments that is for reimbursement of the non-risk contractors’ administrative services can only be claimed by the state as an administration cost at the Federal matching rates available for the costs of administration of the Medicaid program. The administrative services portion of the amounts paid by the state to compensate any non-risk contractors for their administration costs incurred in accordance with non-risk contracts are costs of the demonstration waiver that are subject to the budget neutrality expenditure limit explained in Section XI of these STCs.

- i. **Claiming Period.** All claims for expenditures subject to the budget neutrality expenditure limit (including any cost settlements) must be made within two (2) years after the calendar quarter in which the state made the expenditures. Furthermore, all claims for services during the demonstration period (including any cost settlements) must be made within two (2) years after the conclusion or termination of the demonstration. During the latter 2-year period, the state must continue to identify separately net expenditures related to dates of service during the operation of the Section 1115 demonstration on the CMS-64 Form in order to account for these expenditures properly to determine budget neutrality.

55. Reporting Member Months. The following describes the reporting of member months for TennCare Medicaid and TennCare Standard enrollees:

- a. For the purpose of calculating the budget neutrality expenditure limit and for other purposes, the state must provide to CMS, as part of the quarterly report required under STC 50 (*Quarterly Progress Reports*), the actual number of eligible member months for all TennCare Medicaid and TennCare Standard Eligibility Groups (EGs) defined in STC 56. The state must submit a statement accompanying the quarterly report, which recognizes the accuracy of this information. Member months should be reported only for individuals who are included in TennCare, as defined in STC 19(*Eligibility and Covered Populations*). Persons for whom Medicaid only pays for services carved out of TennCare (as described in STC 31, *Benefits for TennCare Medicaid Population Only that Are Not Included in the TennCare Standard Benefit Package*) are not enrolled in TennCare (e.g., QMBs, SLMBs).
- b. A template for reporting member months in the quarterly progress reports is provided in Attachment A. Member months for Type 1 and Type 2 eligibles (as defined in STC 68*Eligibility Groups (EGs) Subject to the Budget Neutrality Agreement*) are reported in Section VIIIA of the template, and are used in the calculation of the budget neutrality expenditure limit. Member months for Type 3 demonstration expansion

populations and for title XXI Medicaid Expansion demonstration eligibles are reported in Section VIIIB of the template, and are not used to calculate the budget neutrality expenditure limit. Detailed instructions for assigning member months to Types and to EGs are provided in STCs 56 and 68. (*Eligibility Groups (EGs) Subject to the Budget Neutrality Agreement*).

- c. To permit full recognition of “in-process” eligibility, reported member month totals may be revised subsequently as needed. To document revisions to totals submitted in prior quarters, the state must report a new table with revised member month totals indicating the quarter for which the member month report is superseded.
- d. The term “eligible member months” refers to the number of months in which persons are eligible to receive services. For example, a person who is eligible for 3 months contributes 3 eligible member months to the total. Two individuals who are eligible for 2 months each contribute 2 eligible member months to the total, for a total of 4 eligible member months.
- e. The state will ensure that eligible member month totals reported to CMS for the TennCare II demonstration from July 1, 2002, forward conform to the EG definitions contained in STC 565 (*Assignment of Expenditures and Member Months to EGs*).

56. Assignment of Expenditures and Member Months to EGs: The following rules govern the reporting of expenditures subject to the budget neutrality expenditure limit on separate waiver forms by EG, as described in STC 54.e. (*Use of Forms* above, for the period beginning July 1, 2007, through the end of the TennCare II demonstration, and the reporting of eligible member months for the TennCare II demonstration from July 1, 2002, forward.

Beginning July 1, 2007, and as subsequently modified, the quarterly progress report template in Attachment A, Part VIII should be used to report separate member month totals for Type 1, Type 2, and Type 3 eligibles, and for other subgroups as specified below.

- a. **Title XIX State Plan Mandatory or Optional Groups (Type 1 Eligibles)– TennCare Medicaid:**
 - i. For Medicaid eligibles of any age who have qualified for Medicaid on the basis of disability but who are not eligible for Medicare, report under **EG1 Disabled, Type 1**. This includes non-dual SSI eligibles in CHOICES 1, 2, and 3, the CHOICES 1 and 2 Carryover Group, or the PACE Carryover Group.
 - ii. For Medicaid eligibles who have not qualified for Medicaid on the basis of disability, who are not eligible for Medicare, and who are 65 years of age or older, report under **EG2 Over 65, Type 1**.
 - iii. For Medicaid eligibles who have not qualified for Medicaid on the basis of disability, who are not eligible for Medicare, and who are age 18 or younger, report under **EG3 Children, Type 1**.

- iv. For Medicaid eligibles who have not qualified for Medicaid on the basis of disability, who are not eligible for Medicare, and who are between the ages of 19 and 64, report under **EG4 Adults, Type 1.**
 - v. For Medicaid eligibles of any age who are also eligible for Medicare, report under **EG5 Duals, Type 1.** This category includes dually eligible Medicaid/Medicare individuals who have been classified as “disabled.” It does not include any dually eligible members of demonstration populations such as the CHOICES 217-Like HCBS Group or the CHOICES At Risk Demonstration Group.
- b. **Title XIX Demonstration Eligible Groups (Type 2 or 3 Eligibles) – TennCare Standard**
- i. For demonstration eligibles who are enrolled in the Standard Spend Down category, report under **EG6E Expan Adult, Type 3.** This category includes SSD enrollees who have Medicare or who have been classified as “disabled.”
 - ii. For demonstration eligible children under age 19 who have been determined to be “Medically Eligible” and who have incomes at or above 211 percent of poverty, report under **EG7E Expan Child, Type 3.**
 - iii. For demonstration eligible children under age 19 who have been determined to be uninsured and who have incomes below 211 percent of poverty, report under **EG8 Med Expan Child, Type 2, only when Title XIX funds are being used.** This is the Title XXI population. This EG is in effect only when the state is using Title XIX funds for this population. In periods when the state is using Title XXI funds, these children would not be included in any EG but would be reported as indicated in c. below.
 - iv. For persons in the CHOICES 217-Like HCBS Group or the ECF CHOICES 217-Like HCBS Group who are not eligible for Medicare and who are under age 65, report under **EG9 H-Disabled, Type 2.** This category should also be used for members of any age in the CHOICES At Risk Demonstration Group, the ECF CHOICES At-Risk Demonstration Group, the ECF CHOICES Working Disabled Group, and the Interim ECF CHOICES At- Risk Demonstration Group who are not eligible for Medicare.
 - v. For persons in the CHOICES 217-Like HCBS Group or the ECF CHOICES 217-Like HCBS Group who are not eligible for Medicare and who are age 65 or older, report under **EG10 H-Over 65, Type 2.**
 - vi. For persons in the CHOICES 217-Like HCBS Group, the CHOICES At Risk Demonstration Group, the ECF CHOICES 217-Like HCBS Group, the Interim ECF CHOICES At-Risk Demonstration Group: and, upon implementation of Phase 2 of ECF CHOICES, the ECF At-Risk Demonstration Group or the ECF

CHOICES Working Disabled Group who are also eligible for Medicare, report under **EG11 H-Duals, Type 2.**

- vii. For demonstration eligible (non-SSI) persons in the CHOICES 1 and 2 Carryover Group or the PACE Carryover Group, report under **EG12E Carryover, Type 3.** This category should be used for both duals and non- duals in the Carryover Groups.
- c. Expenditures for title XXI Medicaid Expansion children matched at the title XXI enhanced FMAP should be reported on Forms 64.21U Waiver/64.21UP Waiver, using waiver name “Med Exp Child.” Report member months for quarterly reporting using Attachment A, Part VIII. For periods in which the state claims title XIX FMAP for this population (STC 54.f.*Specific Reporting Requirements for the Title XXI Medicaid Expansion Demonstration Population*), follow the instructions in b.iii. above.
- d. Type 2 eligibles can be identified as disabled for reporting purposes (see b.iv. above) if information exists in their enrollment record that would result in a capitation rate for disabled populations being paid on their behalf.

57. Standard Funding Process.

- a. **Standard Medicaid Funding Process.** The standard Medicaid funding process must be used during the demonstration. The state must estimate matchable demonstration expenditures (total computable and Federal share) subject to the budget neutrality expenditure limit and separately report these expenditures by quarter for each Federal fiscal year on the Form CMS-37 for both the Medical Assistance Payments (MAP) and state and Local Administration Costs (ADM). CMS shall make Federal funds available based upon the state’s estimate, as approved by CMS. Within 30 days after the end of each quarter, the state must submit the Form CMS-64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended. CMS shall reconcile expenditures reported on the Form CMS-64 with Federal funding previously made available to the state, and include the reconciling adjustment in the finalization of the grant award to the state.
- b. **Standard CHIP Funding Process.** The standard CHIP funding process must be used during the demonstration. The state must estimate matchable demonstration expenditures (total computable and Federal share) subject to the allotment neutrality expenditure limit and separately report these expenditures by quarter for each Federal fiscal year on the Form CMS-37 for both the Medical Assistance Payments (MAP) and state and Local Administration Costs (ADM). CMS shall make Federal funds available based upon the state’s estimate, as approved by CMS. Within 30 days after the end of each quarter, the state must submit quarterly CHIP expenditure reports as described in STC 54.f.(*Specific Reporting Requirements for the Title XXI Medicaid Expansion Demonstration Population*), showing CHIP expenditures made in the quarter just ended. CMS shall

reconcile expenditures with Federal funding previously made available to the state, and include the reconciling adjustment in the finalization of the grant award to the state.

58. Extent of Federal Financial Participation for the Demonstration. Subject to CMS approval of the source(s) of the non-Federal share of funding (see STC 65*Sources of Non-Federal Share*), CMS shall provide FFP at the applicable FMAP rates for the demonstration as a whole for the following, subject to the budget neutrality limits described in Section XI of these STCs. When referenced, actual cash disbursements is intended to signify that certified public expenditures may not be used to establish expenditures for these pools.

- a. Administrative costs, including those associated with the administration of the demonstration;
- b. Net expenditures and prior period adjustments of the Medicaid program that are paid in accordance with the approved Medicaid state plan and waiver authorities;
- c. Net expenditures and prior period adjustments, made under approved Expenditure Authorities granted through Section 1115(a)(2) of the Act, with dates of service during the operation of the demonstration.
- d. **Graduate Medical Education (GME) Pool.** Actual cash disbursements, up to \$50 million in total computable expenditures for each demonstration year, paid by the state from a supplemental pool to pay for GME costs in accordance with the pool distribution methodology described below. CMS will only approve FFP for supplemental pool payments made in accordance with the following approved pool distribution methodology, authorized by the demonstration's expenditure authorities. Should CMS promulgate new regulations, the TennCare GME program must come into compliance in accordance with the effective date of the new regulations.

GME Pool Methodology: GME Pool payments will be made to the following medical universities that operate graduate physician medical education programs. These payments are restricted for use by those universities to fund graduate medical education activities of associated teaching hospitals or clinics: East Tennessee State University, Meharry Medical College, University of Tennessee at Memphis, and Vanderbilt University. The annual GME Pool funds will be allocated based on the annual ratio derived by dividing each hospital's average of its Primary Care Position Allocation and its Total Filled Positions Allocation by the aggregate of the medical hospitals' averages. The Primary Care Position Allocation is computed by taking each hospital's total number of primary care residents in years 1 through 4 of residency and dividing it by the total of all primary care residents in the medical hospitals in years 1 through 4 of residency. The Total Filled Positions Allocation is computed by taking each hospital's total number of residents in years 1 through 4 of residency and dividing it by the total of the medical hospitals' number of residents in years 1 through 4 of residency. This annual ratio is applied to the total GME Pool funding to be allocated. The annual GME Pool funds will be disbursed

quarterly. The state must make these payments directly to the universities, and not through any third party or intermediary.

59. Demonstration Supplemental Payments and Uncompensated Care Pools. Subject to the limitations in STC 60 (*Uncompensated Care Pool Phase Down*), the state is authorized to reimburse hospitals for uncompensated care using the structure and distribution described in the paragraphs below, through June 30, 2018. Beginning July 1, 2018, the state is required to transition its pools to a revised structure and distribution methodology described in STC 61(*Permissible Uncompensated Care Payments*) subject to the limitations in STC 60 (*Uncompensated Care Pool Phase Down*).

- a. **Essential Access Hospital (EAH) Pool.** Actual cash disbursements paid each quarter from a \$25 million quarterly supplemental pool to pay for the uncompensated costs of the designated EAHs' TennCare covered inpatient and outpatient services for TennCare enrollees and appropriate charity care patients in accordance with the pool distribution methodology described below. The purpose of this pool is to address the uncompensated care situation of high volume and charity hospitals that serve a disproportionate number of low-income patients with special needs. Hospitals designated as Critical Access Hospitals (CAHs) or as state mental health institutes do not participate in this pool. CMS will only approve FFP for supplemental pool payments made in accordance with the following approved pool distribution methodology. The state must make these payments directly to the providers of the services as specified in 42 CFR 447.10.

For FFYs 2008 and beyond, EAH Pool payments will be assumed to pertain to the FFY during which the payments were made. To the extent required by Federal law, EAH Pool payments made during a given FFY shall be reduced on a dollar for dollar basis by the amount of DSH payments made under the DSH allotment for that FFY.

EAH Pool Methodology: TennCare will make pool payments to certain hospitals designated as Essential Access Hospitals.

Qualifications -- Hospitals eligible to receive EAH Pool payments include all hospitals licensed to operate in the State of Tennessee excluding the four (4) state mental health institutes and the CAHs. The four regional mental health institutes are Memphis Mental Health Institute, Moccasin Bend Mental Health Institute, Western Mental Health Institute, and Middle Tennessee Mental Health Institute. The CAHs receive cost-based reimbursement from the TennCare program subject to limitations outlined in subsection b. of this paragraph.

- All hospitals, with the exception of free standing psychiatric hospitals, must be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program.
- The free standing psychiatric hospitals must be a contracted provider with at least one of the Managed Care Organizations in the TennCare program and at least 30% of their total adjusted days must be covered by TennCare.

- All acute care hospitals must have either of the following: (i) at least 13.5% or more of their total adjusted days covered by TennCare; or (ii) 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days.
- All hospitals (unless they are capitated and accept the capitation as full reimbursement) must have unreimbursed TennCare cost.

Allocation of the EAH Pool to Segments of Hospitals -- The \$25 million Pool should be segmented into 4 distinct parts as follows:

- Essential Service Safety Net – \$12.5 Million -- These hospitals are defined as any hospital that is both a Level 1 Trauma Center and a Regional Perinatal Center or any metropolitan public hospital that is contractually staffed and operated by a safety net hospital for the purpose of providing clinical education and access to care for the medically underserved.
- Children’s Safety Net – \$1.25 Million -- These hospitals are defined as any hospital licensed by the Tennessee Department of Health whose primary function is to serve children under the age of 21 in Tennessee.
- Free Standing Psychiatric Hospitals - \$0.5 Million -- These hospitals are defined as hospitals licensed by the Tennessee Department of Mental Health for the provision of psychiatric hospital services in Tennessee, excluding the state mental health institutes.
- Other Essential Acute Care – \$10.75 Million -- These hospitals include all other hospitals licensed by the Tennessee Department of Health to provide services in Tennessee, excluding the Critical Access Hospitals.

Quarterly Reports – The state must include in its Quarterly Progress Reports a list of the current hospitals in each of the above categories (see Attachment A).

Data -- Calculation of the quarterly payment amounts will be based on the most recently completed Joint Annual Report of Hospitals at the time of the first quarterly payment for a given fiscal year.

Allocation will be based on an assignment of points for:

- TennCare adjusted days expressed as a percent of total adjusted patient days; and
- Charity, medically indigent care, and bad debt expressed as a percent of total expenses.

Calculation of Points

(1) TennCare volume is defined as the percent of a hospital’s total adjusted days that are covered by TennCare. Points are assigned based on that percent as follows:

- 1 point – greater than or equal to 9.5% but less than 13.5% and the actual number of TennCare adjusted days must be greater than the average for all acute care hospitals, excluding the critical access, pediatric and safety net providers;

- 1 point – greater than or equal to 13.5% and less than or equal to 24.5%;
- 2 points – greater than 24.5% and less than or equal to 34.5%;
- 3 points – greater than 34.5% and less than or equal to 49.5%;
- 4 points – greater than 49.5%.

(2) Bad Debt, Charity and Medically Indigent – BDCHMI costs as a percent of total expenses

- 0 points - less than 4.5%
- 1 point - greater than or equal to 4.5% and less than 9.5%
- 2 points - greater than or equal to 9.5% and less than 14.5%
- 3 points - greater than or equal to 14.5%

Calculation of Amounts of Pool Payments for Hospitals -- These points will then be used to adjust the General Hospital Rate (GHR) based on pre-TennCare hospital reimbursement rates. The GHR rate included all inpatient costs (operating, capital, direct education) but excluded add-ons (indirect education, MDSA, return on equity). The GHR for Safety Net Hospitals is \$908.52. The GHR for Other Essential Access Hospitals is \$674.11. The points for each qualifying hospital will be summed and then used to determine the percent of the GHR that is used to calculate the initial payment amount for each hospital.

- 7 points – 100% of GHR
- 6 points – 80% of GHR
- 5 points – 70% of GHR
- 4 points – 60% of GHR
- 3 points – 50% of GHR
- 2 points – 40% of GHR
- 1 point – 30% of GHR

For each of the 4 pools, the appropriately weighted GHR for each qualifying hospital is multiplied by the number of adjusted TennCare days provided by the hospital. These amounts are summed for all of the hospitals that qualify for the pool. Each hospital's initially calculated amount will then be adjusted to the total in the pool. This is done by multiplying the initial calculated amount for a hospital by the ratio of the total initial calculated amount for all qualifying hospitals to the total amount of the pool allocated for that group. For example, if the sum of the initial calculated amounts for the pediatric group is \$9 million and the total pool for children's hospitals is \$5 million, each hospital's initial calculated amount will be multiplied by \$5 million / \$9 million.

Pool Payments -- Hospitals will be paid on a quarterly basis following the end of each quarter. The initial payment will include all quarters that have ended at the time that the payment is made. All subsequent quarterly payments will be made following the end of the quarter. In order to receive a payment for the quarter, all hospitals, with the exception of the free standing psychiatric hospitals, must be a contracted provider with TennCare Select and, where available, with at least one Managed Care Organization, and must have contracted with TennCare Select for

the entire quarter that the payment represents. In order for a free standing psychiatric hospital to receive a payment for the quarter, it must be a contracted provider with at least one of the Managed Care Organizations.

Additional Payment. For the 12 month period beginning on April 1, 2014, and ending on March 31, 2015, an additional \$81.3 million may be allocated to hospitals meeting the qualifications listed in this subparagraph. Payments to individual hospitals will be calculated according to the stated methodology. TennCare will have the flexibility to distribute these payments on a quarterly or multi-quarterly basis, as long as the total expenditure under this authority does not exceed \$81.3 million.

- b. **Critical Access Hospital (CAH) Pool.** Actual cash disbursements, of up to \$10 million per demonstration year, paid from a supplemental pool to pay for the uncompensated costs of the designated CAHs' TennCare covered inpatient and outpatient services for TennCare enrollees and the appropriate charity care patients in accordance with the pool distribution methodology that has been given CMS prior approval. CAHs are designated by the Tennessee Department of Health, and they are typically small, rural hospitals that are part of a rural health network. CAHs allow communities to maintain access to primary care and emergency care when the maintenance of a full-service acute care hospital is no longer feasible. The purpose of this pool is to address the uncompensated care situation of CAHs in serving a disproportionate number of low-income patients in rural areas who have special needs. CMS will only approve FFP for supplemental pool payments made in accordance with the following approved pool distribution methodology. The state must make these payments directly to the providers of the services as specified in 42 CFR 447.10.

CAH Pool Methodology: TennCare will make pool payments to certain hospitals designated as Critical Access Hospitals.

Qualifications -- To qualify for payment as a Critical Access Hospital, a hospital must meet the following criteria:

- The hospital is an acute care hospital located and licensed in the state of Tennessee;
- The hospital has been designated a Critical Access Hospital by the Tennessee Department of Health; and
- The hospital contracts with a managed care organization participating in TennCare.

Reimbursement -- TennCare will pay to Critical Access Hospitals under the following terms. Payment to hospitals will be limited to specific annual legislative appropriation. In any state fiscal year that reimbursable TennCare costs incurred by Critical Access Hospitals exceed annual appropriations, equitable adjustments will be made to the rates described below, in order to cap reimbursement at the annual appropriation.

Inpatient Services -- Effective for dates of service beginning July 1, 2002, TennCare payment for uncompensated inpatient services costs that are furnished by Critical Access Hospitals will be made quarterly with interim per diem rates with year-end cost settlements. Using the Joint Annual Reports filed for the most recent year available, interim per diem rates for TennCare inpatient services will be determined with consideration for payments of TennCare services to hospitals by managed care organizations and any special payments to hospitals. Interim rates will be calculated to pay hospitals at a rate that will not exceed 95 percent (95%) of TennCare reasonable costs. Inpatient Critical Access Hospital services will not include more than 15 acute inpatient beds. An exception to the 15 bed requirement is made for swing bed hospitals. Critical Access Hospitals are allowed to have up to 25 inpatient beds that can be used interchangeably for acute or Skilled Nursing Facility (SNF) level of care, provided that not more than 15 beds are used at any one time for acute care.

Outpatient Services -- Effective for dates of service beginning July 1, 2002, payment for uncompensated TennCare outpatient services costs that are furnished by Critical Access Hospitals will be made quarterly based on a percentage of charges with year-end cost settlements. Using the Joint Annual Reports filed for the most recent year available, interim rates for TennCare outpatient services will be determined as a percentage of charges, with consideration for payments of TennCare services to hospitals by managed care organizations and any special payments to hospitals. Interim rates will be calculated to pay hospitals at a rate that will not exceed 95 percent (95%) of TennCare reasonable costs.

Cost Settlements -- Cost settlements are determined from provider submitted Medicare cost reports that include the title XIX schedules based on 100 percent (100%) of TennCare reasonable costs. The term “reasonable costs” is defined for this purpose as total reimbursable costs under Medicare principles of cost reimbursement for Critical Access Hospitals.

New Designations of Critical Access Hospitals -- For new hospitals that qualify after July 1, 2002, the state will begin reimbursement at the rates established by this part on the first day of the calendar month after notification to the Bureau of TennCare by the hospital of its Critical Access Hospital designation. At that time, interim rates will be established according to this part and the designation will be confirmed with the Tennessee Department of Health.

Audit Trail and Audit Requirements -- Each CAH is required to maintain adequate financial and statistical records which are accurate and in sufficient detail to substantiate the cost data reported. These records must be retained for a period of not less than 5 years from the date of the submission of the Joint Annual Report, and the provider is required to make such records available upon demand to representatives of the Bureau of TennCare or the United States Department of Health and Human Services. All hospital cost reports and Joint Annual Reports are

subject to audit at any time by Federal and state auditors, including the Comptroller of the Treasury and the Bureau of TennCare, or their designated representative.

- c. **Meharry Medical College (Meharry) Pool.** Actual cash disbursements paid from a \$10 million supplemental pool per demonstration year to pay for the uncompensated costs of the two Medicaid clinics operated by the Meharry Medical College for TennCare covered services provided to TennCare enrollees and the appropriate charity care patients. The Meharry Pool payments will be limited to the uncompensated costs of the care as determined by an independent audit each year and subject to the review and approval by the CMS staff. Before paying the annual pool amount to the providers, the state will provide CMS with a copy of the annual independent audit report. The state must make these payments directly to the providers of the services as specified in 42 CFR 447.10.
- d. **Unreimbursed Public Hospital Costs Pool for Certified Public Expenditures (CPE).** Actual uncompensated care costs incurred by government operated hospitals for the provision of inpatient and outpatient TennCare services for TennCare enrollees and uninsured patients that are certified by the applicable hospital, which the state must be able to document. Uncompensated care costs must be actually incurred on a cash basis (not an accrual basis) by TennCare covered hospital inpatient and outpatient services, and must be net of any payments from any other payer (except for local government indigent care funds), including but not limited to: the MCOs; the TennCare enrollees and the uninsured; third party insurers; Medicare; other federal or state health care programs; TennCare supplemental pool payments; the amount of GME funds received that exceeded the hospital's Medicaid GME expenditures; and any DSH payments received. With regard only to hospital CPE, the state will report actual CPE within 12 months after the end of each fiscal year. At that time, the state will revise its FFP claim to reconcile actual CPEs with the CPE estimates used during the preceding fiscal year (FY).

State Certification of Public Expenditures. Nothing in these STCs concerning certification of public expenditures relieves the state of its responsibility to comply with Federal laws and regulations, and to ensure that claims for Federal funding are consistent with all applicable requirements.

CPE Methodology and Protocol. The state must follow the CPE protocol, as contained in Attachment F of these STCs, which was approved by CMS for use beginning July 1, 2008.

- e. **Disproportionate Share Hospital (DSH) Payments.** The Tax Relief and Health Care Act of 2006 (TRHCA 2006) established a DSH allotment for Tennessee for FFY 2007, as described at Section 1923(f)(6) of the Act. The relationship between DSH payments made by Tennessee under TRHCA 2006 and payments from the EAH Pool is further specified in the second paragraph of subparagraph (a) above. If Congress should establish a DSH allotment for Tennessee for any subsequent

Federal fiscal year, the state may make DSH payments to hospitals on the basis of a state plan amendment approved by CMS. Depending on the specifics of the legislation establishing the DSH allotment, modifications to the budget neutrality expenditure limit may be required, in the manner specified in paragraph 4.a. (*Impact on Demonstration of Changes in Federal Law, Regulation, and Policy*). Unless otherwise specified by law, DSH payments shall be considered payments made under the demonstration and subject to the budget neutrality expenditure limit and the limit described in subparagraph (f) below. When determining hospital-specific DSH limits and DSH payments, the state must take into account all Medicaid payments under the Medicaid state plan and demonstration projects including amounts paid to hospitals through the GME, EAH, Meharry Medical College, UHC, PHSP, and CAH Pools, as well as any payments by or on behalf of individuals with no source of third party coverage. The state must make these payments directly to the providers of the services as specified at Section 1923(i) of the Social Security Act.

- f. Beginning in DY 6 (state fiscal year 2008), the combined total of the payments to hospitals listed in i. below shall not exceed annual limits described in iv. Beginning in DY 11 (state fiscal year 2013), the combined total of the payments to the hospitals listed in iii. below shall not exceed annual limits described in iv. Any unused amount from the annual cap for one DY may not be rolled over and added to the annual cap for any subsequent DY.
 - i. The following payments are subject to the limit in DY 6 through 9:
 - EAH Pool payments for the four quarters of the DY (see 53.a.);
 - CAH Pool payments for the DY (see 53.b.);
 - Meharry Pool payments for the DY (see 53.c.);
 - One-quarter of DSH payments (see 53.e. subject to the allotment for the FFY ending during the DY);
 - Three-quarters of DSH payments (see 53.e. subject to the allotment for the FFY beginning during the DY);
 - Hospital CPE (see 53.d.).
 - ii. The following payments are subject to the limit in DY 10:
 - EAH Pool payments for the four quarters of the DY (see 53.a.);
 - CAH Pool payments for the DY (see 53.b.);
 - Meharry Pool payments for the DY (see 53.c.);
 - One-quarter of the DSH payments (see 53.e., subject to the allotment for the FFY 2011);
 - Additional DSH payments equal to the DSH allotment for the first quarter of FFY 2012;
 - Hospital CPE (see 53.d.)
 - iii. The following payments are subject to the limit in DYs 11-14:
 - EAH Pool payments for the four quarters of the DY (see 53.a.);

- CAH Pool payments for the DY (see 53.b.);
- Meharry Pool payments for the DY (see 53.c.);
- Hospital CPE (see 53.d.).

iv. The annual limit for DY 6 – DY 15 shall be \$540 million (total computable).

v. After DY 15 the limits are set forth in STC 60 (*Uncompensated Care Pool Phase Down*).

- g. **Unreimbursed Hospital Cost (UHC) Pool.** Actual cash disbursements for payments to eligible Tennessee hospitals that incur costs that are unreimbursed by TennCare, and actual uncompensated care costs by public hospitals that are certified in accordance with paragraph d above, but are not claimed under paragraph d because of limitations on the size of the pool. The total amount of funds to be distributed to hospitals each DY from the pool will be determined annually, in a manner defined by the Tennessee General Assembly's Annual Coverage Assessment Act and this subparagraph, but in no event may exceed the limit defined below. For any demonstration year in which it elects to make payments under the UHC Pool authority described in this paragraph, the state may not implement a reduction in benefits or elimination of coverage for any of the following services: physical therapy, occupational therapy, speech therapy, inpatient hospital, lab and x-ray, non-emergency outpatient hospital, physician, podiatrist, certified nurse practitioner, or physician assistant services; or implement any co-payment for non-emergency medical transportation. (Nothing in this paragraph is intended to limit the state's ability to manage utilization of these services through changes to prior authorization requirements or other managed care practices.)

Eligible Hospitals. Hospitals eligible to receive a pool payment include all hospitals licensed to operate in the State of Tennessee, except the following groups:

- Critical Access Hospitals;
- Public hospitals eligible to certify public expenditures, including state mental health institutes;
- Rehabilitation and long term care hospitals; and
- Pediatric research hospitals that limit patients to those that meet research protocols.

Any hospitals that have closed between 2008 and the time that the amounts of the payments are calculated are not eligible to receive payments.

Minimum Qualifications. In order to receive a payment, the hospital must be contracted with at least one TennCare MCO and must have unreimbursed TennCare costs, unless the hospital is capitated and accepts the capitation from TennCare as full reimbursement for services to TennCare patients.

Data Source. The Joint Annual Report (JAR) of Hospitals, which is a report containing data that each licensed hospital in the state is required to file annually in accordance with T.C.A. 68-11-310.

Calculation. TennCare payments for uncompensated care costs shall be determined by multiplying TennCare charges for hospital inpatient and outpatient services reported by the hospital by the ratio of reported total expenses to reported total charges (cost to charge ratio). Unreimbursed TennCare Costs are calculated as the difference between the calculated TennCare costs, net of payments by beneficiaries and third party payers (including Medicare) for services to TennCare eligibles and the TennCare revenue as reported on the JAR.

Each hospital shall receive an annual payment each DY equal to a percentage of its Unreimbursed TennCare Costs, using the same percentage to calculate each hospital's payment.

Funding. TennCare shall adjust payments if necessary to ensure no hospital receives supplemental payments in excess of unreimbursed TennCare costs. Payments may be prorated subject to available appropriations.

Payments. The annual payment to each hospital shall be made in four equal quarterly payments.

Annual Limit: The total amount of UHC Pool payments made each DY may not exceed \$500 million total computable.

- h. **Public Hospital Supplemental Payment (PHSP) Pool.** Actual cash disbursements paid from a \$100 million (total computable) supplemental pool per demonstration year to selected public hospitals. The amount paid each DY to each hospital must not exceed the hospital's uncompensated cost of TennCare covered services provided to TennCare enrollees and uninsured patients, net of any payments received from sources other than local governmental indigent care programs. The state must make these payments directly to the providers of the services as specified in 42 CFR 447.10. PHSP Pool payments may be made to the following hospitals:
- Regional Medical Center at Memphis,
 - Nashville General Hospital at Meharry, and
 - Erlanger Medical Center at Chattanooga.

60. **Uncompensated Care Pool Phase Down.** Beginning July 1, 2017, the state is required to begin a transition period to phase down its uncompensated care pools and determine a new distribution methodology based on the limits described below.

- a. During the period of July 1, 2017 through June 30, 2018 the state is permitted to continue to make payments described in STC 59 (*Demonstration Supplemental Payments and Uncompensated Care Pools*) of the demonstration's STCs, not to

exceed \$708.375 million total computable. Authority to make the payments described in paragraph 53 shall cease on June 30, 2018.

- b. For the period of July 1, 2018 through June 30, 2019, the state is permitted to make payments described in STC 61 (*Permissible Uncompensated Care Payments*) of the demonstration's STCs not to exceed \$717 million total computable for uncompensated care incurred by Medicaid providers.
- c. The state will need to submit a new distribution methodology for payments described in STC 61 (*Permissible Uncompensated Care Payments*) of the demonstration STCs prior to March 31, 2018 for CMS review and approval.
- d. Beginning July 1, 2019, the state is permitted to make payments up to an amount of the sum of the virtual DSH amount described in STC 61.a. and the Uncompensated Care Fund for Charity Care described in STC 62.b. The Virtual DSH must be calculated using methodology consistent with the changes to the federal DSH allotments in other states under section 1923(f)(7) of the Act for federal fiscal year 2019 and thereafter, to the extent those changes to the federal DSH allotment are in effect for other states. Such a change shall be reflected in STC 55 and not require an amendment.
- e. The state may seek an amendment by January 1, 2019, under STC 7 (*Amendment Process*), which will include data analyses by an independent audit of the uncompensated care incurred by the Medicaid providers, to adjust the Uncompensated Care Fund for Charity Care, described in STC 59.b. for the period beginning July 1, 2019.

61. Permissible Uncompensated Care Payments. Funds for uncompensated care payments under the demonstration may be used for health care costs that would be within the definition of medical assistance in section 1905(a) of the Act. For purposes of Tennessee uncompensated care, beginning July 1, 2018 there are two funds for which different types of uncompensated care may be paid under the demonstration.

- a. **Virtual DSH Fund.** The virtual DSH fund includes the state's DSH adjustment amount in budget neutrality described in Table 8 below, and subsumes the statutory DSH allotment provided in section 1923 of the Act. Funds in virtual DSH (which includes statutory DSH) will be used to reimburse hospitals for uncompensated care (consistent with the definition of uncompensated care in 42 CFR 447.299) and can serve the same purposes of a DSH allotment provided under the statute. The state is authorized for the DSH Adjustment (federal share) set forth in Table 8; the total computable amount will depend on the State's FMAP in each DY. The DSH Adjustment (federal share) will be adjusted using a methodology consistent with the changes to the federal DSH allotments in other states under section 1923(f)(7) of the Act for federal fiscal year 2019 and thereafter, to the extent those changes to the federal DSH allotment are in effect for other states.

- b. **Uncompensated Care Fund for Charity Care.** Funds in the Uncompensated Care Fund for Charity Care will be used for health care costs that are incurred by the state, hospitals, or health care clinics to furnish uncompensated medical care as charity care for low-income individuals that are uninsured. The costs must be incurred pursuant to a charity care program for individuals with incomes up to at least 200 percent of the federal poverty level that adheres to the principles of the Healthcare Financial Management Association. The state is authorized for \$252,845,886 total computable for the Uncompensated Care Fund for Charity Care in DY 17 and each DY thereafter.

62. Distribution of Uncompensated Care Payments. CMS and the state will develop a distribution methodology for eligible providers that will continue to participate in the state's uncompensated care payment program under the demonstration. The state must submit a draft methodology for review and approval by CMS at least 60 days prior to the effective date of the methodology. The methodology must be approved before the state may claim federal match for uncompensated care costs incurred. The distribution methodology will be an attachment to these STCs (Attachment H) and is subject to the amendment provisions in STC 7 should the state need to make changes to the distribution methodology.

63. Reconciliation of Uncompensated Care Payments. Upon approval of the distribution methodology described in paragraph 62.c (*Distribution of Uncompensated Care Payments*), the state will develop an annual reconciliation process for each uncompensated care fund. The state must submit a draft of its proposed reconciliation processes for approval by CMS no later than 60 days after approval of the state's uncompensated care payments distribution methodology. The reconciliation processes will be included as an attachment to these STCs (Attachment I) and are subject to the amendment provisions in STC 7 (*Amendment Process*) should the state need to make changes to the reconciliation process.

64. Medicare Part D Drugs. No FFP is available under this demonstration for Medicare Part D drugs.

65. Sources of Non-Federal Share. The state certifies that the matching non-Federal share of funds for the demonstration is state/local monies. The state further certifies that such funds shall not be used as the match for any other Federal grant or contract, except as permitted by law. All sources of non-Federal funding must be compliant with Section 1903(w) of the Act and applicable regulations. In addition, all sources of the non-Federal share of funding are subject to CMS approval.

- a. CMS may review at any time the sources of the non-Federal share of funding for the demonstration. The state agrees that all funding sources deemed unacceptable by CMS shall be addressed within the time frames set by CMS.
- b. Any amendments that impact the financial status of the program shall require the state to provide information to CMS regarding all sources of the non-Federal share of funding.

- c. Under all circumstances, health care providers must retain 100 percent of the TennCare II reimbursement amounts claimed by the state as a demonstration expenditure. Moreover, no pre-arranged agreements (contractual or otherwise) may exist between the health care providers and the state and/or local government to return and/or redirect any portion of the Medicaid payments. This confirmation of Medicaid payment retention is made with the understanding that payments that are the normal operating expenses of conducting business (such as payments related to taxes (including health care provider-related taxes), fees, and business relationships with governments that are unrelated to Medicaid and in which there is no connection to Medicaid payments) are not considered returning and/or redirecting a Medicaid payment.

XI. MONITORING BUDGET NEUTRALITY FOR THE DEMONSTRATION

66. **Limit on Title XIX Funding.** The state shall be subject to a limit on the amount of Federal title XIX funding that the state may receive on selected Medicaid expenditures during the period of approval of the demonstration. The limit is determined by using a per capita cost method, with an aggregate adjustment for projected disproportionate share hospital payments. The budget neutrality expenditure targets are set on a yearly basis with a cumulative budget neutrality expenditure limit for the length of the entire demonstration. Actual expenditures subject to the budget neutrality expenditure limit shall be reported by the state using the procedures described in Section X, STC 54(*Reporting Expenditures in the Demonstration*).
67. **Risk.** Tennessee shall be at risk for the per capita cost (as determined by the method described below in this Section) for Type 1 and Type 2 TennCare enrollees in the eligibility groups (EGs) described in STC 68 (*Eligibility Groups (EGs) Subject to the Budget Neutrality Agreement*) under this budget neutrality agreement, but not at risk for the number of demonstration eligibles in each of the groups. By providing FFP for all Type 1 and Type 2 TennCare enrollees in the specified EGs, Tennessee shall not be at risk for changing economic conditions that impact enrollment levels. However, by placing Tennessee at risk for the per capita costs for TennCare enrollees in each of the EGs under this agreement, CMS assures that the Federal demonstration expenditures do not exceed the level of expenditures that would have occurred had there been no demonstration. Tennessee will be at risk for both per capita costs and enrollment for Type 3 TennCare eligibles.
68. **Eligibility Groups (EGs) Subject to the Budget Neutrality Agreement.** Individuals who are eligible under TennCare and whose expenditures are funded at title XIX matching rates will be one of three types:
 - a. Type 1 - are currently eligible under Tennessee's Medicaid state plan (Title XIX state plan mandatory or optional eligible population) - counted in the "with" and "without" waiver calculations;
 - b. Type 2 - could be eligible under Tennessee's Medicaid state plan if Tennessee amended its state plan or could be eligible for a Section 1915(c) waiver for aged and disabled adults pursuant to 42 C.F.R. 435.217 (Title XIX demonstration- eligible hypothetical population) – counted in the "with" and "without" waiver calculations; and

- c. Type 3 – are only eligible with Section 1115 demonstration authority (Title XIX demonstration-eligible expansion population) - counted only in the “with” waiver calculations.

69. Budget Neutrality Ceiling. The following describes the method for calculating the budget neutrality expenditure limit:

- a. For each DY of the budget neutrality agreement, an annual target is calculated as the sum of two components:
 - i. The sum of six sub-components calculated as the projected per member per month (PMPM) cost times the actual number of member months (reported by the state in accordance with STC 55 (*Reporting Member Months*) for Type 1 and Type 2 eligibles claimed under title XIX for the following six EGs: EG1 Disabled, EG2 Over 65, EG3 Children, EG4 Adults, EG5 Duals, and EG8 Med Exp Child (when title XXI allotment is exhausted); and
 - ii. A Disproportionate Share Hospital (DSH) adjustment for the year *described* in d. below.
- b. Member months for the following populations are not used for calculation of the budget neutrality expenditure limit:
 - i. EG6E Expan Adult, EG7E Expan Child, and EG12E Carryover Type 3 eligibles
 - ii. Med Exp Child: Medicaid Expansion children funded at the title XXI enhanced FMAP.
- c. The following tables give the projected PMPM costs for the calculation described in paragraph 69.a. by DY.

Table 7 Projected PMPM Costs						
	Trend	DY 15	DY 16	DY 17	DY 18	DY 19
EG1 Disabled*	4.0%	\$1,793.78	\$1,865.53	\$1,940.15	\$2,017.76	\$2,098.47

Table 7 Projected PMPM Costs						
EG2 Over 65**	3.4%	\$1,156.40	\$1,195.62	\$1,236.37	\$1,278.41	\$1,321.87
EG3 Children	3.4%	\$517.89	\$535.50	\$553.71	\$572.53	\$592.00
EG4 Adults	4.9%	\$1,059.43	\$1,111.34	\$1,165.79	\$1,222.92	\$1,282.84
EG5 Duals	3.7%	\$740.88	\$768.29	\$796.72	\$826.19	\$856.76
EG8 Med Exp Child***	3.4%	\$517.89	\$535.50	\$553.71	\$572.53	\$592.00

* Includes EG 9 H-Disabled

** Includes EG10 H-Over 65

***Optional Targeted Low Income Children funded using title XIX

- d. The DSH adjustment is based upon Tennessee's DSH allotment for 1992 and was calculated in accordance with current law. Table 8 gives the DSH adjustments for DY 1 through DY 19, and shows both total computable and Federal share. These totals reflect changes to the calculation of DSH allotments resulting from the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, and the temporary increase in DSH allotments provided under Section 5002 of the American Recovery and Reinvestment Act of 2009. Beginning in DY 10, the DSH adjustment was held constant while awaiting to determine the impact of Medicaid expansion under the Affordable Care Act on uncompensated care and DSH. Beginning with DY 15, the DSH adjustment is considered "Virtual DSH" for purposes of paying for uncompensated care due to Medicaid shortfall under the demonstration. The federal share of the DSH adjustment is based on the state's federal medical assistance percentages (FMAP) for the applicable demonstration year.

Table 8 DSH Adjustments and Virtual DSH		
	DSH Adjustment (total computable)	DSH Adjustment (Federal share)
DY 1	\$413,700,907	\$268,409,148
DY 2	\$479,893,052	\$310,106,890
DY 3	\$479,893,052	\$310,538,794
DY 4	\$479,893,052	\$308,091,339

Table 8		
DSH Adjustments and Virtual DSH		
DY 5	\$479,356,649	\$305,451,928
DY 6	\$479,657,638	\$305,451,928
DY 7	\$485,299,094	\$311,270,839
DY 8	\$488,969,517	\$319,052,610
DY 9	\$470,369,327	\$309,408,043
DY 10	\$463,996,853	\$305,451,928
DY 11	\$463,996,853	\$305,451,928
DY 12	\$463,996,853	\$305,451,928
DY 13	\$463,996,853	\$305,451,928
DY 14	\$463,996,853	\$305,451,928
DY 15 – DY 19 Virtual DSH	\$463,996,853	Based on Applicable FMAP

- e. The budget neutrality expenditure limit is the Federal share of the annual PMPM limits for the demonstration period, plus DSH adjustments, for DY 1 through 14, and represents the maximum amount of FFP that the state may receive for title XIX expenditures during the demonstration period, as described in STC .54.g. (*Reporting Expenditures in the Demonstration: Title XIX Expenditures Subject to the Budget Neutrality Expenditure Limit*). The budget neutrality expenditure limit is equal to (1) the sum of all of the subcomponents described in a.i. above for all DYs, times the Composite Federal Share (defined in f. below), plus (2) the sum of the Federal shares to the DSH adjustments for all DYs, as defined in d. above.
- f. The Composite Federal Share is the ratio calculated by dividing the sum total of FFP received by the state on actual demonstration expenditures during the approval period, as reported through MBES/CBES and summarized on Schedule C (with consideration of additional demonstration expenditures or offsets such as, but not limited to, premium collections and administrative costs subject to budget neutrality under STC 54.h, by total computable demonstration expenditures for the same period as reported on the same forms. FFP and expenditures for DSH payments made under the Medicaid state plan must be subtracted from the numerator and denominator, respectively, prior to calculation of this ratio. Since the actual final Composite Federal Share will not be known until the end of the demonstration's approval period, a reasonable estimate of Composite Federal Share may be developed and used through the same process or through an alternative mutually agreed upon method.
- g. Savings Phase-out: Beginning July 1, 2016 (DY 15), the net variance between the without-waiver cost and actual with-waiver cost will be reduced for selected Medicaid population based EGs. This reduced variance, to be calculated as a

percentage of the total variance, will be used in place of the *total* variance to determine overall aggregate budget neutrality for the demonstration. (Equivalently, the difference between the total variance and reduced variance could be subtracted from the without-waiver cost estimate.) The formula for calculating the reduced variance is: reduced variance equals total variance times applicable percentage. The EGs affected by this provision are EG1 Disabled, EG2 Over 65, EG3 Children, EG4 Adults, and EG5 Duals, and the applicable percentage for all EGs and for all DYs is 25 percent (or 100 percent, if the variance is negative).

70. **Future Adjustments to the Budget Neutrality Expenditure Limit.** CMS reserves the right to adjust the budget neutrality expenditure limit to be consistent with enforcement of impermissible provider payments, health care related taxes, new Federal statutes, or policy interpretations implemented through letters, memoranda, or regulations with respect to the provision of services covered under TennCare II. CMS reserves the right to make adjustments to the budget neutrality expenditure limit if any health care-related tax that was in effect during the base year, or provider-related donation that occurred during the base year, is determined by CMS to be in violation of the provider donation and health care-related tax provisions of Section 1903(w) of the Social Security Act. Adjustments to annual budget targets will reflect the phase out of impermissible provider payments by law or regulation, where applicable.
71. **Enforcement of Budget Neutrality.** CMS will enforce budget neutrality over the life of the demonstration extension, which for this purpose will be from July 1, 2016 through June 30, 2021, rather than on an annual basis. The budget neutrality test for the demonstration extension may incorporate net savings attributable to DYs 10 through 14 (but not from any prior period). If the state exceeds the calculated cumulative target limit for any of the DYs, the state shall submit a corrective action plan to CMS for approval.
72. **Exceeding Budget Neutrality.** If the budget neutrality expenditure limit has been exceeded at the end of this demonstration period, the excess Federal funds shall be returned to CMS. If the demonstration is terminated prior to the end of the budget neutrality agreement, the budget neutrality test shall be based on the time elapsed through the termination date.

XII. EVALUATION OF THE DEMONSTRATION

73. Submission of Evaluation Design. The state must submit to CMS for approval, a draft evaluation design no later than 120 days after approval of the demonstration extension. At a minimum, the state's evaluation design must include the elements required in accordance with regulations at 42 CFR 431.424(c).

74. Focus of the Demonstration Evaluation. The state in its evaluation design shall focus its demonstration evaluation efforts on the CHOICES program, ECF CHOICES program, and the state plan and demonstration populations enrolled in those programs. The state must include hypotheses and measures related to access to managed long term services and supports, improved health outcomes and beneficiary satisfaction for CHOICES and ECF CHOICES programs.

75. Final Evaluation Design and Implementation. The state's evaluation design may be subject to revisions until a format is mutually agreed upon by CMS and the state. Upon review of the state's draft evaluation design, CMS may require that the state include additional elements in the draft design in accordance with 42 CFR 431.424(c)(2)(vi) that are pertinent to the state's research on the policy operations of the demonstration. Additional elements may include, but are not limited to:

- a. Descriptions of specific sampling methodologies for selecting the populations included in the analysis.
- b. Analysis plans that describe statistical methods that will be employed or how the state's evaluation data will compare to national benchmark data.
- c. Copies of instruments used for collecting data, including survey designs, interview questions and/or focus group questions.
- d. The state's process for obtaining an independent entity to conduct the evaluation. Should the state select an evaluator within the state government, the state should include a description of the evaluator's qualifications and assurance that there are no conflicts of interest.
- e. Budget details that estimate costs for staffing, data collection and analysis over the course of the evaluation.

Upon CMS approval of the evaluation design, the state must implement the evaluation design and submit their evaluation implementation progress in each of the quarterly and annual progress reports as outlined in STCs 50 (*Quarterly Progress Reports*) and 51 (*Annual Report*). The final evaluation design will be included as an attachment to the STCs and must be posted to the state's website in accordance with 42 CFR 431.424(c).

76. Draft Interim Evaluation Reports. In the event the state requests to extend the demonstration beyond the current approval period under the authority of section 1115(a), (e), or (f) of the Act, the state must submit as part of its application, an interim evaluation report that encompasses a performance period equal to three years of the state's five year demonstration period. If the state requests changes to the demonstration as part of its application, it must identify research questions and hypotheses related to the changes requested and proposed changes to its evaluation design for addressing those requests. The report should include the following elements:

- f. An executive summary, including the programmatic goals, objectives, research questions and hypotheses being tested;
- g. A description of the demonstration, including interventions implemented appropriate to each population and/or condition, and resulting changes to the health care system;
- h. A summary of the evaluation design, including performance targets for the metrics used to assess achievement of the goals, program benchmarks, outcomes, data sources, analyses, challenges, etc.;
- i. A description of the population included in the evaluation (distribution of age, sex, racial/ethnic distribution, etc.);
- j. Evaluation findings to date including key outcome results and/or trends;
- k. A discussion of the findings, including findings in quarterly and annual reports (including interpretation of findings and policy implications);
- l. Implementation successes, challenges and lessons learned;
- m. A discussion of whether there would be any barriers to implementing any or all demonstration features under the state plan, or any other applicable Medicaid authority, and any advantages of doing so.

77. Final Interim Evaluation Report. The state must submit its final Interim Evaluation Report within 60 days of receipt of CMS' comments on its draft Interim Evaluation Report that is submitted with the states extension application.

78. Draft Final Evaluation Submission. The state must submit to CMS, a draft of the final evaluation report that includes data collected from the remainder of the demonstration period within 365 days of expiration of the approved demonstration period. The state must submit a final evaluation report within 60 days after receipt of CMS' comments on the draft submission.

79. **State Presentations for CMS.** CMS reserves the right to request that the state present and participate in a discussion with CMS on the final evaluation design, the state's interim evaluation and/or its summative evaluation.
80. **Public Access.** In accordance with 42 CFR 431.424, state evaluations must be published on the state's public Web site within 30 days of submission to CMS. The state will also publish the approved demonstration evaluation design within 30 days of CMS approval.
81. **Electronic Submission of Reports.** The state shall submit all required plans and reports using the process stipulated by CMS, if applicable.
82. **Cooperation with Federal Evaluators.** In accordance with 42 CFR 431.420(f), should CMS conduct an evaluation of any component of the demonstration, the state will cooperate fully with CMS or the contractor selected by CMS.

ATTACHMENT A QUARTERLY PROGRESS REPORT

Under Section IX, STC 50 (*Quarterly Progress Reports*), the state is required to submit quarterly progress reports to CMS. The purpose of the quarterly report is to inform CMS of significant demonstration activity from the time of approval through completion of the demonstration. The reports are due to CMS 60 days after the end of each quarter.

The following report guidelines are intended as a framework and can be modified when agreed upon by CMS and the state. A complete quarterly progress report must include an updated budget neutrality monitoring workbook. An electronic copy of the report narrative, as well as the Microsoft Excel workbook must be provided.

NARRATIVE REPORT FORMAT:

Title Line One – TennCare II

Title Line Two - Section 1115 Quarterly Report

Demonstration/Quarter Reporting Period:

Example: Demonstration Year: 6 (7/1/2007 – 6/30/2008)
Federal Fiscal Quarter: 1/2008 (10/07 - 12/07)

Footer: Approval Period December 16, 2016 – June 30, 2021

I. Introduction

Present information describing the goal of the demonstration, what it does, and the status of key dates of approval/operation.

II. Enrollment and Benefits Information

Discuss the following:

- Trends and any issues related to TennCare eligibility, enrollment, disenrollment, access, and delivery network.
- Any changes or anticipated changes in populations served and benefits. Progress on implementing any demonstration amendments related to eligibility or benefits.
 - o Progress on phasing out closed eligibility categories.
 - o Other

Please complete the following table that outlines all enrollment activity under the demonstration. The state should indicate “N/A” where appropriate. If there was no activity under a particular enrollment category, the state should indicate that by “0”.

Enrollment Counts for Quarter

Note: Enrollment counts should be person counts, not member months

Demonstration Approval Period: December 16, 2016 – June 30, 2021

ATTACHMENT A QUARTERLY PROGRESS REPORT

Demonstration Populations	Total No. TennCare Enrollees in current Quarter
EG1 Disabled, Type 1 state plan eligible	
EG 9 H-Disabled, Type 2 demonstration population	
EG2 Over 65, Type 1 state plan eligible	
EG10 H-Over 65, Type 2 demonstration population	
EG3 Children, Type 1 state plan eligible	
EG4 Adults, Type 1 state plan eligible	
EG4 Adults, Type 2 demonstration population	
EG5 Duals, Type 1 state plan eligibles and EG-11 H-Duals 65, Type 2 demonstration population	
EG6E Expan Adult, Type 3 demonstration population	
EG7E Expan Child, Type 3 demonstration population	
EG8, Med Exp Child, Type 2 demonstration population, Optional Targeted Low Income Children funded by Title XIX	
Med Exp Child, Title XXI demonstration population	
EG12E Carryover, Type 3, demonstration population	

III. Outreach/Innovative Activities to Assure Access

Summarize marketing, outreach, or advocacy activities to potential eligibles and/or promising practices for the current quarter to assure access for TennCare enrollees or potential eligibles.

IV. Collection and Verification of Encounter Data and Enrollment Data

Summarize any issues, activities, or findings related to the collection and verification of encounter data and enrollment data.

V. Operational/Policy/Systems/Fiscal Developments/Issues

Identify all other significant program developments/issues/problems that have occurred in the current quarter or are anticipated to occur in the near future that affect health care delivery, including but not limited to program development, quality of care, approval and contracting with new plans, health plan contract compliance and financial performance relevant to the Demonstration, fiscal issues, systems issues, and pertinent legislative or litigation activity.

VI. Action Plans for Addressing Any Issues Identified

Summarize the development, implementation, and administration of any action plans for addressing issues related to the Demonstration.

VII. Financial/Budget Neutrality Development/Issues

ATTACHMENT A QUARTERLY PROGRESS REPORT

Identify all significant developments/issues/problems with financial accounting, budget neutrality, and CMS 64 and budget neutrality reporting for the current quarter. Identify the state's actions to address these issues.

VIII. Member Month Reporting

Enter the member months for each of the EGs for the quarter.

A. For Use in Budget Neutrality Calculations

Eligibility Group	Month 1	Month 2	Month 3	Total for Quarter Ending XX/XX
<i>Medicaid eligibles (Type 1)</i>				
EG1 Disabled, Type 1 state plan eligibles				
EG2 Over 65, Type 1 state plan eligibles				
EG3 Children, Type 1 state plan eligibles				
EG4 Adults, Type 1 state plan eligibles				
EG5 Duals, Type 1 state plan eligibles				
<i>Demonstration eligibles (Type 2)</i>				
EG8, Med Exp Child, Type 2 Demonstration Population, Optional Targeted Low Income Children funded by Title XIX				
EG9 H-Disabled, Type 2 Demonstration Population				
EG10 H-Over 65, Type 2 Demonstration Population				
EG11 H-Duals, Type 2 Demonstration Population				

**ATTACHMENT A
QUARTERLY PROGRESS REPORT**

B. Not Used in Budget Neutrality Calculations

Eligibility Group	Month 1	Month 2	Month 3	Total for Quarter Ending XX/XX
EG6E Expan Adult, Type 3, Demonstration Population				
EG7E Expan Child, Type 3, Demonstration Population				
Med Exp Child, Title XXI Demonstration Population				
EG12E Carryover, Type 3, Demonstration Population				

IX. Consumer Issues

A summary of the types of complaints or problems consumers identified about the program or grievances in the current quarter. Include any trends discovered, the resolution of complaints or grievances, and any actions taken or to be taken to prevent other occurrences.

X. Quality Assurance/Monitoring Activity

Identify any quality assurance/monitoring activity or any other quality of care findings and issues in current quarter.

XI. Demonstration Evaluation

Discuss progress of evaluation plan and planning, evaluation activities, and interim findings.

XII. Uncompensated Care Fund for Charity Care

Discuss payments from by the uncompensated care fund for virtual DSH and charity care as authorized by STC 55.b by type of provider, including distributions of fund from the four sub-pools authorized in Attachment H: Public Hospital Sub-Pool, Other Safety Net Sub-Pool, Research and Rehabilitation Facilities Sub-Pool, and the Meharry Medical College Sub-Pool.

XIII. Graduate Medical Education (GME) Hospitals

List the GME hospitals and their affiliated teaching universities.

XIV. Critical Access Hospitals

List the Critical Access Hospitals.

Enclosures/Attachments

ATTACHMENT A
QUARTERLY PROGRESS REPORT

Identify by title the budget neutrality monitoring tables and any other attachments along with a brief description of what information the document contains.

State Contact(s)

Identify the individual(s) by name, title, phone, email, and address that CMS may contact should any questions arise.

Date Submitted to CMS

ATTACHMENT B
LIMITATIONS ON HOME HEALTH SERVICES

Home health services are delivered in accordance with 42 CFR 440.70. Prior authorization may be required. Definitions and coverage limitations used by the state are as follows:

1. Home health services shall include any of the following services ordered by a treating physician and provided by a licensed home health agency pursuant to a plan of care at an enrollee's place of residence.
 - a. Part-time or intermittent nursing services.
 - (1) To be considered "part-time and intermittent," nursing services must be provided as no more than one visit per day, with each visit lasting less than eight (8) hours, AND no more than 27 total hours of nursing care may be provided per week. In addition, nursing services and home health aide services combined must total less than or equal to eight (8) hours per day and 35 or fewer hours per week. On a case-by-case basis, the weekly total for nursing services may be increased to 30 hours and the weekly total for nursing services and home health aide care combined may be increased to 40 hours for patients determined by their MCO to need one or more of the skilled or rehabilitative services specified in state rule and in accordance with the criteria set forth therein. . The above limits may be exceeded when medically necessary for children under the age of 21.
 - (2) Part-time or intermittent nursing services are not covered if the only skilled nursing function needed is administration of medications on an as needed basis. Part-time or skilled nursing services may include medication administration; however, a nursing visit will not be extended in order to administer medication or perform other skilled nursing functions at more than one point during the day, unless skilled nursing services are medically necessary throughout the intervening period.
 - b. Home health aide services.
 - (1) Home health aide care must be provided as no more than two visits per day with care provided less than or equal to eight (8) hours per day. Nursing services and home health aide services combined must total less than or equal to eight (8) hours per day and 35 or fewer hours per week. On a case-by-case basis, the weekly total may be increased to 40 hours for patients determined by their MCO to need one or more of the skilled or rehabilitative services specified in state rule and in accordance with the criteria set forth therein.
 - (2) The above limits may be exceeded when medically necessary for children under the age of 21.

ATTACHMENT B
LIMITATIONS ON HOME HEALTH SERVICES

- c. Physical therapy, occupational therapy, speech pathology and audiology services.
 - d. Medical supplies, equipment, and appliances ordered by a treating physician and suitable for use at an enrollee's place of residence.
2. Home health providers shall only provide services to the recipient that have been ordered by the treating physician and are pursuant to a plan of care and shall not provide other services such as general child care services, cleaning services, or preparation of meals, or services to other household members. Because children typically have non-medical care needs which must be met, to the extent that home health services are provided to a person under 18 years of age, a responsible adult (other than the home health care provider) must be present at all times in the home during the provision of home health services unless all of the following criteria are met:
- a. The child is non-ambulatory; and
 - b. The child has no or extremely limited ability to interact with caregivers; and
 - c. The child shall not reasonably be expected to have needs that fall outside the scope of medically necessary TennCare covered benefits (e.g., the child has no need for general supervision or meal preparation) during the time the home health provider is present in the home without the presence of another responsible adult; and
 - d. No other children shall be present in the home during the time the home health provider is present in the home without the presence of another responsible adult.

ATTACHMENT C
LIMITATIONS ON PRIVATE DUTY NURSING SERVICES

Private duty nursing services are delivered in accordance with 42 CFR 440.80. Prior approval may be required. Definitions and coverage limitations used by the state are as follows:

PRIVATE DUTY NURSING SERVICES shall mean nursing services for recipients who require eight (8) or more hours of continuous skilled nursing care during a 24-hour period. A person who needs intermittent skilled nursing functions at specified intervals, but who does not require continuous skilled nursing care throughout the period between each interval, shall not be determined to need continuous skilled nursing care. Skilled nursing care is provided by a registered nurse or licensed practical nurse under the direction of the recipient's physician to the recipient and not to other household members.

1. If it is determined by the MCO to be cost-effective, non-skilled services may be provided by a nurse rather than a home health aide. However, it is the total number of hours of skilled nursing services, not the number of hours that the nurse is in the home that determines whether the nursing services are continuous or intermittent.
2. To ensure the health, safety, and welfare of the individual, in order to receive private duty nursing services, the recipient must have family or caregivers who:
 - a. Have a demonstrated understanding, ability, and commitment to the care of the individual related to ventilator management, support of other life-sustaining technology, medication administration, and feeding, as applicable; and
 - b. Are trained and willing to meet the recipient's nursing needs during the hours when paid nursing care is not provided, and to provide backup in the event of an emergency; and
 - c. Are willing and available as needed to meet the recipient's non-nursing support needs.
3. Private duty nursing services are covered for adults aged 21 and older only when medically necessary to support the use of ventilator equipment or other life-sustaining medical technology when constant nursing supervision, visual assessment, and monitoring of both equipment and patient are required. For purposes of this rule, an adult is considered to be using ventilator equipment or other life-sustaining medical technology if he:
 - a. Is ventilator dependent for at least 12 hours each day with an invasive patient end of the circuit (i.e., tracheostomy cannula); or
 - b. Is ventilator dependent with a progressive neuromuscular disorder or spinal cord injury, and is ventilated using noninvasive positive pressure ventilation (NIPPV) by mask or mouthpiece for at least 12 hours each day in order to avoid or delay tracheostomy (requires medical review); or

ATTACHMENT C
LIMITATIONS ON PRIVATE DUTY NURSING SERVICES

- c. Has a functioning tracheostomy
 - (1) Requiring suctioning, AND
 - (2) Oxygen supplementation, AND
 - (3) Receiving nebulizer treatments or requiring the use of Cough Assist/inexsufflator devices.
 - (4) In addition, for persons with a functioning tracheostomy, at least one from each of the following (I and II) must be met:
 - (I) Medication
 - (a) Receiving medication via a gastrostomy tube (G-tube), OR
 - (b) Receiving medication via a Peripherally Inserted Central Catheter (PICC) line or central port. AND
 - (II) Nutrition
 - (a) Receiving bolus or continuous feedings via a permanent access such as a G-tube, Mickey Button, or Gastrojejunostomy tube (G-J tube), OR
 - (b) Receiving total parenteral nutrition.
- 4. Private duty nursing services are covered as medically necessary for children under the age of 21 in accordance with EPSDT requirements. As a general rule, only a child who is dependent upon technology-based medical equipment requiring constant nursing supervision, visual assessment, and monitoring of both equipment and child will be determined to need private duty nursing services. However, determinations of medical necessity will continue to be made on an individualized basis.
- 5. A child who needs less than eight (8) hours of continuous skilled nursing care during a 24-hour period, or an adult who needs nursing care but does not qualify for private duty nursing care per the requirements of this Attachment may receive medically necessary nursing care as an intermittent service under home health.
- 6. General childcare services and other non-hands-on assistance such as cleaning and meal preparation shall not be provided by a private duty nurse. Because children typically have other non-medical caregiving needs which must be met, to the extent that private duty nursing services are provided to a person under 18 years of age, a responsible adult (other

ATTACHMENT C
LIMITATIONS ON PRIVATE DUTY NURSING SERVICES

than the private duty nurse) must be present at all times in the home during the provision of private duty nursing services unless all of the following criteria are met:

- a. The child is non-ambulatory; and
- b. The child has no or extremely limited ability to interact with caregivers; and
- c. The child would not reasonably be expected to have needs that fall outside the scope of medically necessary TennCare covered benefits (e.g., the child has no need for general supervision or meal preparation) during the time the private duty nurse would be present in the home without the presence of another responsible adult; and
- d. No other children will be present in the home during the time the private duty nurse would be present in the home without the presence of another responsible adult.

ATTACHMENT D
GLOSSARY OF TERMS FOR TENNCARE CHOICES

Adult care homes. A state-licensed community-based residential alternative which offers 24-hour residential care and support in a single family residence to no more than five (5) elderly or disabled adults who meet nursing facility level of care, but who would prefer to receive care in the community in a smaller, home-like setting. The provider must either live on-site in the home, or hire a resident manager who lives on-site so that the person primarily responsible for delivering care on a day-to-basis is living in the home with the individuals for whom they are providing care. Coverage shall not include the costs of room and board.

Adult day care. Community-based group programs of care lasting more than three (3) hours per day but less than twenty-four (24) hours per day provided pursuant to an individualized plan of care by a licensed provider not related to the participating adult.

Assisted care living facility services. Community-based residential alternative to nursing facility care in a licensed Assisted Care Living Facility that provides and/or arranges for daily meals, personal care, homemaker and other supportive services or health care including medication oversight (to the extent permitted under state law), in a home-like environment to persons who need assistance with activities of daily living. Coverage shall not include the costs of room and board.

Assistive technology. Assistive device, adaptive aids, controls or appliances which enable an enrollee to increase the ability to perform activities of daily living or to perceive or control their environment. Examples include, but are not limited to, ‘grabbers’ to pick objects off the floor, strobe lights to signify the smoke alarm has been activated, etc.

At-Risk. As it relates to the CHOICES program, SSI eligible adults age 65+ or age 21+ with physical disabilities, who do not meet the established level of care criteria for nursing facility services, but have a lesser number or level of functional deficits in activities of daily living as defined by the state in administrative rule, such that, in the absence of the provision of a moderate level of home and community based services and supports, the individual’s condition and/or ability to continue living in the community will likely deteriorate, resulting in the need for more expensive institutional placement. As it relates to Interim CHOICES 3, open for enrollment starting on July 1, 2012 and closed to enrollment on June 30, 2015, “at risk” is defined as adults age sixty-five (65) and older or age twenty-one (21) or older with physical disabilities who receive SSI or meeting nursing facility financial eligibility criteria, and also meet the nursing facility level of care in effect on June 30, 2012.

Attendant care. Hands-on assistance, safety monitoring and supervision for an enrollee who, due to age and/or physical disability, needs more extensive assistance than can be provided through intermittent personal care visits (more than four (4) hours per visit or visits at intervals of less than four (4) hours between visits). This may include assistance with activities of daily living (ADLs) such as bathing, dressing and personal hygiene, eating, toileting, transfers and ambulation. For enrollees requiring hands-on assistance with ADLs, attendant care may also include the following homemaker services: assistance with instrumental activities of daily living (IADLs) such as picking

ATTACHMENT D
GLOSSARY OF TERMS FOR TENNCARE CHOICES

up medications or shopping for groceries, and meal preparation or household tasks such as making the bed, washing soiled linens or bedclothes, that are essential, although secondary, to the personal care tasks needed by the enrollee in order to continue living at home, or continuous monitoring and supervision because there is no household member, relative, caregiver, or volunteer to meet the specified need. Attendant care shall not be provided for enrollees who do not require hands-on assistance with ADLs.

Attendant care does not include:

- 1) Care or assistance including meal preparation or household tasks for other residents of the same household;
- 2) Yard work; or
- 3) Care of non-service related pets and animals.

Only for persons who require homemaker services in addition to hands-on assistance with ADLs, the annual benefit shall be up to 1400 hours per full calendar year.

Community-based residential alternatives to institutional care (Community-based residential alternatives). Residential services which offer a cost-effective, community-based alternative to nursing facility care for persons who are elderly and/or adults with physical disabilities. This includes, but is not limited to, assisted care living facilities, adult care homes, community living supports, community living supports – family model, and companion care.

Community living supports (CLS). A community-based residential alternative service for seniors and adults with disabilities that encompasses a continuum of support options for up to four individuals living in a home that supports each resident's independence and full integration into the community, ensures each resident's choice and rights, and comports fully with standards applicable to HCBS settings delivered under section 1915(c) of the Act, including those requirements applicable to provider-owned or controlled homes, as applicable, including any exception as supported by the individual's specific assessed need and set forth in the person-centered plan of care.

CLS services are individualized based on the needs of each resident and specified in the person-centered plan of care. Services may include hands-on assistance, supervision, transportation, and other supports intended to help the individual exercise choices such as:

- Selecting and moving into a home
- Locating and choosing suitable housemates
- Acquiring and maintaining household furnishings
- Selecting and moving into a home
- Locating and choosing suitable housemates
- Acquiring and maintaining household furnishings
- Acquiring, retaining, or improving skills needed for activities of daily living or assistance with activities of daily living as needed, such as bathing, dressing, personal hygiene and grooming, eating, toileting, transfer, and mobility

ATTACHMENT D
GLOSSARY OF TERMS FOR TENNCARE CHOICES

- Acquiring, retaining, or improving skills needed for instrumental activities of daily living or assistance with instrumental activities of daily living as needed, such as household chores, meal planning, shopping, preparation and storage of food, and managing personal finances
- Building and maintaining interpersonal relationships with family and friends
- Pursuing educational goals and employment opportunities
- Participating fully in community life, including faith-based, social, and leisure activities selected by the individual
- Scheduling and attending appropriate medical services
- Self-administering medications, including assistance with administration of medications as permitted pursuant to T.C.A. 68-1-904 and 71-5-1414
- Managing acute or chronic health conditions, including nurse oversight and monitoring, and skilled nursing services as needed for routine, ongoing health care tasks, such as blood sugar monitoring and management, oral suctioning, tube feeding, bowel care, etc.
- Becoming aware of, and effectively using, transportation, police, fire, and emergency help available in the community to the general public
- Asserting civil and statutory rights through self-advocacy

Community living supports – Family Model (CLS-FM). A community-based residential alternative service for seniors and adults with disabilities that encompasses a continuum of support options for up to three individuals living in the home of trained family caregivers (other than the individual's own family) in an adult foster care arrangement. In this type of shared living arrangement, the provider allows the individual(s) to move into his or her existing home in order to integrate the individual into the shared experiences of a home and a family, and provide the individualized services that support each resident's independence and full integration into the community, ensure each resident's choice and rights, and support each resident in a manner that comports fully with standards applicable to HCBS settings delivered under section 1915(c) of the Act, including those requirements applicable to provider-owned or controlled homes, as applicable, including any exception as supported by the individual's specific assessed need and set forth in the person-centered plan of care.

CLS-FM services are individualized based on the needs of each resident and specified in the person-centered plan of care. Services may include hands-on assistance, guidance, supervision, transportation, and other supports intended to help the individual exercise choices such as:

- Selecting and moving into a home
- Locating and choosing suitable housemates
- Acquiring and maintaining household furnishings
- Acquiring, retaining, or improving skills needed for activities of daily living or assistance with activities of daily living as needed, such as bathing, dressing, personal hygiene and grooming, eating, toileting, transfer, and mobility
- Acquiring, retaining, or improving skills needed for instrumental activities of daily living or assistance with instrumental activities of daily living as needed, such as household

ATTACHMENT D
GLOSSARY OF TERMS FOR TENNCARE CHOICES

- chores, meal planning, shopping, preparation and storage of food, and managing personal finances
- Building and maintaining interpersonal relationships with family and friends
 - Pursuing educational goals and employment opportunities
 - Participating fully in community life, including faith-based, social, and leisure activities selected by the individual
 - Scheduling and attending appropriate medical services
 - Self-administering medications, including assistance with administration of medications as permitted pursuant to T.C.A. 68-1-904 and 71-5-1414
 - Managing acute or chronic health conditions, including nurse oversight and monitoring, and skilled nursing services as needed for routine, ongoing health care tasks, such as blood sugar monitoring and management, oral suctioning, tube feeding, bowel care, etc.
 - Becoming aware of, and effectively using, transportation, police, fire, and emergency help available in the community to the general public
 - Asserting civil and statutory rights through self-advocacy

Companion care. A consumer-directed residential model in which a CHOICES member may choose to select, employ, supervise and pay, utilizing the services of a fiscal intermediary, on a daily, weekly, or monthly basis, as applicable, a live-in companion who will be present in the member's home and provide frequent intermittent assistance or continuous supervision and monitoring throughout the entire period of service duration. Such model will be available only for a CHOICES member who requires and does not have available through family or other caregiving supports frequent intermittent assistance with activities of daily living or supervision and monitoring for extended periods of time that cannot be met more cost-effectively with other non-residential services. A CHOICES member who requires assistance in order to direct his or her companion care may designate a representative to assume consumer direction of companion care services on his/her behalf, pursuant to requirements for representatives otherwise applicable to consumer direction.

Consumer direction of eligible CHOICES HCBS. The opportunity for a member assessed to need specified types of HCBS including attendant care, personal care visits, homemaker services (provided only as part of attendant care or personal care visits), in-home respite care, companion care and/or any other service specified in TennCare rules and regulations as available for consumer direction to elect to direct and manage (or to have a representative direct and manage) certain aspects of the provision of such services— primarily, the hiring, firing, and day-to-day supervision of consumer directed workers delivering the needed service(s).

Electronic Visit Verification System (EVVS). An electronic system in which caregivers can check-in at the beginning and check-out at the end of each period of service delivery to monitor member receipt of HCBS and which may also be utilized for submission of claims. The state will demonstrate compliance with the EVVS requirements for personal care services (PCS) by January 1, 2020 and with home health services by January 1, 2023, in accordance with section 120006 of the 21st Century CURES Act.

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GLOSSARY OF TERMS FOR TENNCARE CHOICES

Home-delivered meals. Nutritionally well-balanced meals, other than those provided under Title III C-2 of the Older Americans Act, that provide at least one-third but no more than two-thirds of the current daily Recommended Dietary Allowance (as estimated by the Food and Nutrition Board of Sciences – National Research Council) and that will be served in the enrollee's home. Special diets shall be provided in accordance with the individual Plan of Care when ordered by the enrollee's physician.

Homemaker services. Effective July 1, 2012, homemaker services are only available as part of attendant care or personal care visits for individuals who need hands-on assistance with ADLs. Services covered include general household activities and chores such as sweeping, mopping, and dusting in areas of the home used by the member, changing the member's linens, making the member's bed, washing the member's dishes, doing the member's personal laundry, ironing, or mending, meal preparation and/or educating caregivers about preparation of nutritious meals for the member, assistance with maintenance of safe environment, and errands such as grocery shopping and having the member's prescriptions filled. Homemaker services are to be provided only for the member (and not for other household members) and only when the member is unable to perform such activities and there is no other caregiver or household member available to perform such activities for the member.

In-home respite care. Services provided to individuals unable to care for themselves, furnished on a short-term basis in the individual's place of residence, because of the absence or need for relief of those persons normally providing the care.

In-patient respite care. Services provided to individuals unable to care for themselves, furnished on a short-term basis in a licensed nursing facility or licensed community-based residential alternative, because of the absence or need for relief of those persons normally providing the care.

Minor home modifications. Provision and installation of certain home mobility aids (e.g., a wheelchair ramp and modifications directly related to and specifically required for the construction or installation of the ramp, hand rails for interior or exterior stairs or steps, grab bars and other devices) and minor physical adaptations to the interior of a member's place of residence which are necessary to ensure the health, welfare and safety of the individual, or which increase the member's mobility and accessibility within the residence, such as widening of doorways or modification of bathroom facilities. Excluded are installation of stairway lifts or elevators and those adaptations which are considered to be general maintenance of the residence or which are considered improvements to the residence or which are of general utility and not of direct medical or remedial benefit to the individual, such as installation, repair, replacement or roof, ceiling, walls, or carpet or other flooring; installation, repair, or replacement of heating or cooling units or systems; installation or purchase of air or water purifiers or humidifiers; and installation or repair of driveways, sidewalks, fences, decks, and patios. Adaptations that add to the total square footage of the home are excluded from this benefit. All services shall be provided in accordance with applicable state or local building codes.

Nursing facility care. See Social Security Act, Section 1919(a).

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GLOSSARY OF TERMS FOR TENNCARE CHOICES

Personal care visits. Intermittent visits of limited duration not to exceed four (4) hours per visit and two (2) visits per day at intervals of no less than four (4) hours between visits to provide hands-on assistance to an enrollee who, due to age and/or physical disability, needs help with activities of daily living (ADLs) such as bathing, dressing and personal hygiene, eating, toileting, transfers and ambulation. For enrollees requiring hands-on assistance with ADLs, personal care visits may also include the following homemaker services: assistance with instrumental activities of daily living (IADLs) such as picking up medications or shopping for groceries, and meal preparation or household tasks such as making the bed, washing soiled linens or bedclothes, that are essential, although secondary, to the personal care tasks needed by the enrollee in order to continue living at home because there is no household member, relative, caregiver, or volunteer to meet the specified need.

Personal care visits do not include:

- 1) Companion or sitter services, including safety monitoring and supervision;
- 2) Care or assistance including meal preparation or household tasks for other residents of the same household;
- 3) Yard work; or
- 4) Care of non-service related pets and animals.

Personal emergency response system (PERS). An electronic device which enables certain individuals at high risk of institutionalization to summon help in an emergency. The individual may also wear a portable ‘help’ button to allow for mobility. The system is programmed to signal a response center once the ‘help’ button is activated. The response center is staffed by trained professionals who assess the nature of the emergency, and obtain assistance for the individual, as needed.

PERS services are limited to those individuals who have demonstrated mental and physical capacity to utilize such system effectively and who live alone or who are alone with no caregiver for extended periods of time, such that the individual’s safety would be compromised without access to a PERS.

Pest Control: When not available from other funding sources (including the individual’s landlord), and when a determination has been made that no household member is able to administer without assistance (consistent with the definition of an HCBS chore service), the use of sprays, poisons and traps, as appropriate, in the enrollee’s residence (excluding NF, ACLF) to regulate or eliminate the intrusion of roaches, wasps, mice, rats and other species of pests into the household environment thereby removing an environmental issue that could be detrimental to a frail elderly or disabled enrollee’s health and physical well- being.

Reserve capacity. The state’s right to maintain some capacity within an established enrollment target to enroll individuals into HCBS under certain circumstances. These circumstances could include, but are not limited to: discharge from a nursing facility; discharge from an acute care setting where institutional placement is otherwise imminent, or other circumstances which the state may establish from time to time in accord with these STCs.

ATTACHMENT D
GLOSSARY OF TERMS FOR TENNCARE CHOICES

Room and board. Refers to lodging, meals, and utilities. The kinds of items that are considered “room and board” and are therefore not reimbursable by Medicaid include:

- Rent, or, if the individual owns his home, mortgage payments, depreciation, or mortgage interest
- Property taxes
- Insurance (title, mortgage, property and casualty)
- Building and/or grounds maintenance costs
- Resident “raw” food costs including individual special dietary needs (the cost of preparing, serving, and cleaning up after meals is not included)
- Household supplies necessary for the room and board of the individual
- Furnishings used by the resident
- Utilities (electricity, water and sewer, gas)
- Resident telephone
- Resident cable television

Short Term Nursing Facility Care. The provision of nursing facility care for no more than 90 days to a CHOICES 2, CHOICES 3, or ECF CHOICES participant who was receiving home and community based services upon admission and who requires temporary placement in a nursing facility—for example, due to the need for skilled or rehabilitative services upon hospital discharge or due to the temporary illness or absence of a primary caregiver—when such participant is reasonably expected to be discharged and to resume HCBS participation within no more than 90 days. Such CHOICES 2 or CHOICES 3 or ECF CHOICES member must meet the nursing facility level of care upon admission (which for CHOICES 3 and CHOICES 5 participants is anticipated to be due to a short-term condition), and in such case, while receiving short-term nursing facility care may continue enrollment in CHOICES 2, CHOICES 3 or ECF CHOICES, as applicable, pending discharge from the nursing facility within no more than 90 days or until such time it is determined that discharge within 90 days from admission is not likely to occur, at which time the person shall be transitioned to CHOICES 1, as appropriate. The community personal needs allowance shall continue to apply during the provision of short-term nursing facility care in order to allow sufficient resources for the member to maintain his or her community residence for transition back to the community.

Transition Allowance. A per member allotment not to exceed two thousand dollars (\$2,000) per lifetime which may, at the sole discretion of a managed care organization, be provided as a cost-effective alternative to continued institutional care for a CHOICES member in order to facilitate transition from a nursing facility to the community when such member will, upon transition, receive more cost-effective home and community based services (which can include companion care). Items which may be purchased or reimbursed are only those items that the member has no other means to obtain and which are essential in order to establish a community residence when such residence is not already established and to facilitate the person’s safe and timely transition, including rent and/or utility deposits, essential kitchen appliances, basic furniture, and essential basic household items, such as towels, linens, and dishes.

ATTACHMENT E
BEST PRACTICES GUIDANCE REGARDING CONSUMER DIRECTION OF HOME AND
COMMUNITY BASED SERVICES

The state will define services that eligible members may elect to direct. Members determined, as a part of the needs assessment and plan of care processes, to require such services will have the opportunity to exercise decision-making authority regarding the workers who deliver these services (i.e. consumer direction of HCBS).

All eligible members requiring these services will be offered the option to participate in consumer direction of HCBS.

- i. Upon enrollment in HCBS and on a periodic basis thereafter, members will receive information regarding consumer direction of HCBS.
- ii. Participation in consumer direction of HCBS is voluntary. Members may choose to participate in or disenroll from consumer direction of HCBS at anytime, service by service, without affecting their enrollment in HCBS. Only the state can make the decision to involuntarily disenroll a member from consumer direction of HCBS, with sufficient documented concerns regarding health, safety and welfare.
- iii. A member may designate a representative to assume consumer direction of HCBS on his/her behalf. A member's representative may not receive payment for serving as a representative or be a member's paid worker.
- iv. The state will utilize a fiscal employer agency (FEA) to fulfill the financial administrative functions for members participating in consumer direction of HCBS (e.g., paying workers for services rendered; and withholding, filing and paying applicable Federal, state and local income and employment taxes for workers) and to provide supports broker assistance.
- v. The plan of care process for members who participate in consumer direction of HCBS will include an individual risk assessment signed by the member and a backup plan detailing alternative available supports, contact information and the order in which contact should be made and for which services in the event a member's scheduled worker is unexpectedly unavailable.
- vi. Members will have the flexibility to hire persons close to them, including family members but excluding spouses, to serve as their workers. All workers must meet the state specified qualifications for providers of comparable non-consumer directed services and must sign a service agreement.
- vii. Members will have flexibility in establishing payment rates that do not exceed the state specified ceiling for each service.

ATTACHMENT E
BEST PRACTICES GUIDANCE REGARDING CONSUMER DIRECTION OF HOME AND
COMMUNITY BASED SERVICES

- viii. Members and/or representatives must receive training prior to participating in consumer direction of HCBS and re-enrolling in consumer direction of HCBS. Ongoing training is also available at any point in time upon request of the member, representative and/or caregiver. Additional training may also be provided at any time if the care coordinator feels it is warranted.
- ix. Workers must receive training, as a condition for hire, certain aspects of which may be provided by the member, with assistance from his/her supports broker, as appropriate. Additional training may be provided at the request of a member and/or representative.
- x. A member's care coordinator will continuously monitor the adequacy and appropriateness of services provided, a member's quality of care, and the adequacy of payment rates.

ATTACHMENT F
CERTIFIED PUBLIC EXPENDITURES PROTOCOL

Preamble

This protocol governs the use of certified public expenditures to furnish the non-Federal share of expenditures claimed for Federal participation under the Unreimbursed Public Hospital Costs Pool for Certified Public Expenditures (paragraph 53.d.). The protocol is based on the following elements:

- 1) Units of government, including governmentally operated health care providers, may certify that costs have been incurred for providing services to TennCare and uninsured individuals. The CPE process contained in this attachment is in accordance with Federal regulations and CMS guidance or policy.
 - i. Units of government have been determined by the state as eligible to certify public expenditures.
 - ii. Certification must be supported by cost documentation, which represents both the Federal and non-Federal share of funds (i.e., total computable expenditures) under the Demonstration. Federal matching funds are available as a percentage of such eligible costs.
- 2) To the extent the state continues to utilize certified public expenditures (CPEs) as the funding mechanism for title XIX and XXI (or under Section 1115 authority) payments beyond the date defined in this section, CMS must approve a cost reimbursement methodology. This methodology must include a detailed explanation of the process by which the state would identify those costs as eligible under title XIX or XXI (or under Section 1115 authority) for purposes of certifying public expenditures.
- 3) To the extent the state utilizes CPEs as the funding mechanism to claim Federal match for payments under the demonstration to non-governmental providers, the governmental entity appropriating funds to the provider must certify to the state the amount of such tax revenue (state or local) appropriated to the non- governmental provider used to satisfy demonstration expenditures. The non-governmental provider that incurred the cost must also provide cost documentation to support the state's claim for Federal match. Federal matching funds will be available as a percentage of such eligible costs.

ATTACHMENT F
CERTIFIED PUBLIC EXPENDITURES PROTOCOL

I. Cost Computation

A. TN CPE 1115 – Medicaid Fee-For-Service

For the state payment year, the routine per diems and ancillary cost-to-charge ratios for the cost centers are determined using the hospital's Medicare cost report(s) (CMS 2552) covering the payment year, as filed with the Medicare fiscal intermediary. The per diems and cost-to-charge ratios are calculated as follows:

Step 1

Total hospital costs for the payment year are identified from Worksheet B Part I Column 25. These are the costs that have already been reclassified, adjusted, and stepped down through the A and B worksheet series.

Step 2

The hospital's total days for the payment year by routine cost center are identified from Worksheet S-3 Part 1 Column 6. The hospital's total charges for the payment year by ancillary cost center are identified from Worksheet C Part I Column 8.

Step 3

For each routine cost center, a per diem is calculated by dividing total costs from Step 1 by total days from Step 2. For each ancillary cost center, a cost to charge ratio is calculated by dividing the total costs from Step 1 by the total charges from Step 2. The Adult and Pediatric (A&P) routine per diem, in accordance with CMS-2552 worksheet D-1, should be computed by including observation bed days in the total A&P patient day count and excluding swing bed nursing facility costs and non medically necessary private room differential costs from the A&P costs.

The per diems and cost to charge ratios determined through the above process (steps 1-3) for the filed cost report year are used to determine the hospital's costs for the payment year. The hospital costs for Medicaid for the payment year are determined as follows:

Step 4

To determine the Medicaid FFS inpatient routine cost center costs for the payment year, the hospital's actual inpatient Medicaid days by cost center, as obtained from MMIS for the period covered by the as-filed cost report will be used. The days are multiplied by the inpatient per diems from Step 3 for each respective routine cost center to determine the Medicaid allowable inpatient costs for each routine cost center. Only hospital routine cost centers and their associated costs and days are used. Other routine cost centers such as nursing facility, skilled nursing facility, and long term services and supports are excluded.

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Step 5

To determine Medicaid FFS ancillary costs for the payment year, the hospital's actual Medicaid FFS allowable charges, as obtained from MMIS for the period covered by the as-filed cost report will be used. Medicaid FFS allowable charges for observation beds must be included in line 62. These Medicaid FFS allowable charges are multiplied by the cost to charge ratios from Step 3 for each respective ancillary cost center to determine the Medicaid FFS allowable costs for each cost center. The Medicaid FFS allowable charges used should only pertain to inpatient and outpatient hospital services, and should exclude charges pertaining to any professional services, or non-hospital component services such as hospital-based providers.

Step 6

The Medicaid allowable share of organ acquisition costs is determined by first finding the ratio of Medicaid usable organs as identified from provider records to the hospital's total usable organs from Worksheet D-6 Part III under the Part B cost column line 54. This ratio is then multiplied by total organ acquisition costs from Worksheet D-6 Part III under the Part A cost column line 53. "Medicaid usable organs" are counted as the number of Medicaid patients (recipients) who received an organ transplant. A donor's routine days and ancillary charges shall not be duplicative of any Medicaid days and charges in Steps 4 and 5 above, or any Medicaid managed care or uninsured days and charges in Steps 4 and 5 of those portions of this protocol.

Step 7

The Medicaid FFS allowable costs determined by adding the Medicaid routine costs from Step 4, the Medicaid ancillary costs from Step 5 and the Medicaid organ acquisition costs from Step 6.

B. TN CPE 1115 – Medicaid Managed Care

For the state payment year, the routine per diems and ancillary cost-to-charge ratios for the cost centers are determined using the hospital's Medicare cost report(s) (CMS 2552) covering the payment year, as filed with the Medicare fiscal intermediary. The per diems and cost-to-charge ratios are calculated as follows:

Step 1

Total hospital costs for the payment year are identified from Worksheet B Part I Column 25. These are the costs that have already been reclassified, adjusted, and stepped down through the A and B worksheet series.

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CERTIFIED PUBLIC EXPENDITURES PROTOCOL

Step 2

The hospital's total days for the payment year by routine cost center are identified from Worksheet S-3 Part 1 Column 6. The hospital's total charges for the payment year by ancillary cost center are identified from Worksheet C Part I Column 8.

Step 3

For each routine cost center, a per diem is calculated by dividing total costs from Step 1 by total days from Step 2. For each ancillary cost center, a cost to charge ratio is calculated by dividing the total costs from Step 1 by the total charges from Step 2. The Adult and Pediatric (A&P) routine per diem, in accordance with CMS-2552 worksheet D-1, should be computed by including observation bed days in the total A&P patient day count and excluding swing bed nursing facility costs and non medically necessary private room differential costs from the A&P costs.

The per diems and cost to charge ratios determined through the above process (steps 1-3) for the filed cost report year are used to determine the hospital's costs for the payment year. The hospital costs for Medicaid for the payment year are determined as follows:

Step 4

To determine the Medicaid managed care inpatient routine costs for the payment year, the hospital's actual Medicaid managed care inpatient days by cost center, as obtained from auditable hospital records and other applicable sources for the period covered by the as-filed cost report will be used. The days are multiplied by the inpatient per diems from Step 3 for each respective routine cost center to determine the Medicaid managed care allowable inpatient costs for each routine cost center. Only hospital routine cost centers and their associated costs and days are used. Other routine cost centers such as nursing facility, skilled nursing facility, and long term services and supports are excluded.

Step 5

To determine the Medicaid managed care ancillary costs for the payment year, the hospital's actual Medicaid managed care charges, as obtained from auditable hospital records and other applicable sources for the period covered by the as-filed cost report will be used. Medicaid managed care allowable charges for observation beds must be included in line 62. These Medicaid managed care allowable charges are multiplied by the cost to charge ratios from Step 3 for each respective ancillary cost center to determine the Medicaid managed care allowable costs for each cost center. The Medicaid managed care allowable charges used should only pertain to inpatient and outpatient hospital services, and should exclude charges pertaining to any professional services, or non-hospital component services such as hospital-based providers.

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Step 6

The Medicaid managed care allowable share of organ acquisition costs is determined by first finding the ratio of Medicaid managed care usable organs as identified from provider records to the hospital's total usable organs from Worksheet D-6 Part III under the Part B cost column line 54. This ratio is then multiplied by total organ acquisition costs from Worksheet D-6 Part III under the Part A cost column line 53. "Medicaid managed care usable organs" are counted as the number of Medicaid managed care patients (recipients) who received an organ transplant. A donor's routine days and ancillary charges shall not be duplicative of any Medicaid managed care days and charges in Steps 4 and 5 above (or any Medicaid days or uninsured days in Steps 4 and 5 of those portions of this protocol).

Step 7

The Medicaid managed care allowable costs determined by adding the Medicaid managed care routine costs from Step 4, the Medicaid managed care ancillary costs from Step 5 and the Medicaid managed care organ acquisition costs from Step 6.

C. TN CPE 1115 – Hospital Uninsured Care

For the payment year, the routine per diems and ancillary cost-to-charge ratios for the cost centers are determined using the hospital's most recently as-filed Medicare cost report (CMS 2552), as-filed with the Medicare fiscal intermediary. The per diems and cost-to-charge ratios are calculated as follows:

Step 1

Total hospital actual costs are identified from Worksheet B Part I Column 25. These are the costs that have already been reclassified, adjusted and stepped down through the A and B worksheet series.

Step 2

The hospital's total actual days by routine cost center are identified from Worksheet S-3 Part 1 Column 6. The hospital's total actual charges by ancillary cost center are identified from Worksheet C Part I Column 8.

Step 3

For each routine cost center, a per diem is calculated by dividing total actual costs from Step 1 by total actual days from Step 2. For each ancillary cost center, a cost to charge ratio is calculated by dividing the total actual costs from Step 1 by the total actual charges from

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Step 2. The A&P routine per diem, in accordance with CMS-2552 worksheet D-1, should be computed by including observation bed days in the total A&P patient day count and excluding swing bed nursing facility costs and private room differential costs from the A&P costs.

The per diems and cost to charge ratios determined through the above process (steps 1-3) for the as-filed cost report year are used to determine the hospital's actual costs for the payment year. The data sources utilized to determine eligible costs under this section must be derived from the hospital's audited financial statements and other auditable documentation. The hospital costs for care provided to those with no source of third party coverage (i.e., uninsured cost) for the payment year are determined as follows:

Step 4

To determine the uninsured routine cost center costs for the payment year, the hospital's actual inpatient days by cost center for individuals with no source of third party coverage are used. The actual uninsured days are multiplied by the inpatient per diems from Step 3 for each respective routine cost center to determine the low income uncompensated care inpatient costs for each cost center. Only hospital routine cost centers and their associated costs and days are used. Other routine cost centers such as nursing facility, skilled nursing facility, and long term services and supports are excluded.

Step 5

To determine the uninsured ancillary cost center actual costs for the payment year, the hospital's inpatient and outpatient actual charges by cost center for individuals with no source of third party coverage are used. These allowable uninsured charges are multiplied by the cost to charge ratios from Step 3 for each respective ancillary cost center to determine the uninsured allowable costs for each cost center. The uninsured care charges for the payment year should only pertain to inpatient and outpatient hospital services and should exclude charges pertaining to any professional services or non-hospital component services such as hospital-based providers.

Step 6

The uninsured care share of organ acquisition costs is determined by first finding the ratio of Uninsured care usable organs to total usable organs. This is determined by dividing the number of Uninsured usable organs as identified from provider records by the hospital's total usable organs from Worksheet D-6 Part III under the Part B cost column line 54. This ratio is then multiplied by total organ acquisition costs from Worksheet D-6 Part III under the Part A cost column line 53. "Uninsured usable organs" are counted as the number of patients who received an organ transplant and had no insurance. A donor's routine days and ancillary charges shall not be duplicative of any Medicaid or uninsured days and charges in Steps 4 and 5 above or Steps 4 and 5 of the Medicaid (or Medicaid managed care) portion of this protocol.

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Step 7

The eligible Uninsured care costs are determined by adding the Uninsured care routine costs from Step 4, uninsured ancillary costs from Step 5 and uninsured organ acquisition costs from Step 6.

Actual Uninsured data for services furnished during the payment year are used to the extent such data can be verified to be complete and accurate. The data sources utilized to determine eligible costs under this section must be derived from hospitals' audited financial statements and other auditable documentation.

II. Payments and Recoveries

All payments and recoveries, from MCO's; BHO's; the TennCare enrollees and the uninsured; TennCare supplemental pool payments; the amount of GME funds received that exceeded the hospital's Medicaid GME expenditures; any DSH payments received; and other sources (except for local government indigent care funds) including any related patient co-payments, or payments from other non-state payers will be offset against the costs computed in Section I above. Payments to the hospital from uninsured individuals for their care for the fiscal year are identified from the hospital's records. Such uninsured data must be supported by auditable documentation.

III. Interim Reconciliation

The CMS 2552 costs determined through the method described for the payment year will be reconciled to the as-filed CMS 2552 cost report for the payment year once the cost report has been filed with the Medicare fiscal intermediary (FI). If, at the end of the interim reconciliation process, it is determined that a hospital received an overpayment, the overpayment will be properly credited to the federal government and if an underpayment is determined, the state will make the applicable claim from the federal government. For purposes of this reconciliation the same steps as outlined for the payment year method are carried out except for the changes noted below:

Steps 1 – 3

Days, costs, and charges from the as-filed CMS 2552 cost report for the payment year are used.

Steps 4, 5

Actual Medicaid paid days and charges from MMIS paid claims data for services furnished during the payment year are used.

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Step 6

Organ acquisition costs and total usable organs from the as-filed CMS 2552 cost report for the payment year are used.

IV. Final Reconciliation

Upon finalization of the CMS-2552 by the Medicare fiscal intermediary, the methodologies as prescribed above will be used to determine final Medicaid FFS cost, Medicaid managed care cost, and uninsured cost. The routine per diems and ancillary cost-to-charge ratios will be determined using cost, day and charge data from the finalized cost report. The Medicaid FFS, Medicaid managed care, and uninsured days, charges, and payment offsets will be updated with the latest MMIS reports and other auditable financial records.

Cost is computed using the methodology as prescribed by the CMS-2552 Worksheet D series.

Worksheet D series include:

- 1) computing a per diem for each routine cost center and applying the applicable Medicaid inpatient days from MMIS data to the per diem amount;
- 2) using the appropriate Worksheet D-1 lines to compute the per diem for the routine cost centers, particularly the Adults & Pediatrics cost center; and
- 3) applying Worksheet C cost center-specific cost-to-charge ratios to the applicable Medicaid hospital charges for each ancillary cost center.

Use of Worksheet D series also includes the application of all Medicare cost report adjustments (including swing bed and private room differential adjustments) unless expressly excepted for Medicaid.

If, at the end of the reconciliation process, it is determined that a hospital received an overpayment, the overpayment will be properly credited to the federal government. Recoveries are updated and offset to cost as calculated per Steps above.

For hospitals whose cost report year is different from the state's fiscal year, the state will proportionally allocate to the state plan rate year the costs of two cost report periods encompassing the state Plan payment year. To do so, the state will obtain the actual Medicaid FFS, Medicaid managed care, and uninsured days and charges for the hospital's cost reporting periods, and compute the aggregate Medicaid FFS, Medicaid managed care, and uninsured costs for the reporting periods; these costs will then be proportionally allocated to the state plan rate year. All allocations will be made based upon number of months. (For example, a hospital's cost reporting period ending 12/31/07 encompasses three-fourths of the state plan rate year ending 9/30/2007, and one-fourth of the state plan rate year ending 9/30/2008. To fulfill reconciliation requirements

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for state plan rate year 2007, the hospital would match three-fourths of the Medicaid FFS, Medicaid managed care, and uninsured costs from its reporting period ending 12/31/2007, and one-fourth of the Medicaid FFS, Medicaid managed care, and uninsured costs from its reporting period ending 12/31/2006, to the state plan rate year.) The state will ensure that the total costs claimed in a state plan rate year will not exceed the costs justified in the underlying hospital cost reports for the applicable years.

Attachment G
Employment and Community First CHOICES Service Definitions

I. NON-RESIDENTIAL HABILITATION SERVICES:

All references to individualized integrated employment or self-employment in any of the following definitions shall have this meaning:

Individualized Integrated Employment: Sustained paid employment in a competitive or customized job with an employer for which an individual is compensated at or above the state's minimum wage, with the optimal goal being not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities.

Individualized Integrated Self-Employment: Sustained paid self-employment that is home-based or conducted in an integrated setting(s) where net income in relation to hours worked is equivalent to no less than the state's minimum wage, after a reasonable self-employment start-up period.

Limitations on Braiding of Non-Residential Habilitation Services for an ECF Member: An individual's PCSP may include more than one non-residential habilitation service; however, they may not be billed for during the same period of time (e.g., the same 15 minute or hour unit of time).

When any combination of non-residential habilitation services, which does not include at least one employment service, are authorized for an ECF member who is not working in Individualized Integrated Employment or Self-Employment, the maximum combined authorization shall be limited to twenty (20) hours per week.

When any combination of non-residential habilitation services, which includes at least one employment service, are authorized for an ECF member who is not working in Individualized Integrated Employment or Self-Employment, the maximum combined authorization shall be limited to thirty (30) hours per week.

When any combination of non-residential habilitation services are authorized for an ECF member who is working in Individualized Integrated Employment and/or Self-Employment, the maximum combined authorization shall be limited to forty (40) hours per week. The member's hours spent working without paid supports in Individualized Integrated Employment and Self-Employment shall be included in the forty (40) hour limit. The only exception to this policy shall be for individuals working thirty (30) or more hours per week in Individualized Integrated Employment and/or Self-Employment; for these individuals, the maximum combined authorization shall be limited to fifty (50) hours per week. The member's hours spent working without paid supports in Individualized Integrated Employment and Self-Employment shall be included in the fifty (50) hour limit.

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Other limitations that may apply to authorizing specific non-habilitation services in combination with other specific non-habilitation services will be noted in the individual service definitions below.

A. Employment Services/Supports

Supported Employment—Individual Employment Support

These services are provided on an individual basis¹⁶ for a person who, because of his or her disabilities, needs support that is not available to the person through a program funded under section 110 of the Rehabilitation Act of 1973 or the IDEA (20 U.S.C. 1401 et seq.) in order to obtain, maintain and/or advance in a competitive or customized job, or self-employment, in an integrated community setting for which the individual is compensated at or above the minimum wage.

The expected outcome of these services is individualized integrated employment or self-employment defined as follows:

- (1) Sustained paid employment in a competitive or customized job with an employer for which an individual is compensated at or above the state's minimum wage, with the optimal goal being not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities; or
- (2) Sustained paid self-employment that is home-based or conducted in an integrated setting(s) where net income in relation to hours worked is equivalent to no less than the state's minimum wage, after a reasonable self-employment start-up period.

These services are designed to support the achievement of individualized integrated employment and self-employment outcomes consistent with the individual's personal and career goals, as determined through Exploration, Discovery and/or other similar career planning processes and which include an introduction to the variety of work incentives available to individuals receiving SSI and/or SSDI, Medicaid and/or Medicare.

The Supported Employment—Individual Employment Support provider shall be responsible for any personal assistance needs during the time that Supported Employment-Individual Employment Support services are provided; however, personal assistance services may not comprise the entirety of the Supported Employment—Individual Employment Support

¹⁶ Note that Integrated Employment Path Services may include services provided to support participation in internship programs as approved by TennCare with a minimum staffing ratio of 1:4, as further defined in this attachment. In some circumstances, Integrated Employment Path Services may also be provided with a staffing ratio of 1:2. Except for Integrated Employment Path Services as described herein, all individual employment support services must be provided on a 1:1 basis.

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service(s) being rendered at any given time. All providers of personal assistance under Supported Employment—Individual Employment Support shall meet the Personal Assistance service provider qualifications, except that a separate PSSA license shall not be required.

Transportation of the individual to and from these services is not included in the rates paid for these services. Transportation during the provision of these services is included in the rates paid for these services.

An individual's person-centered support plan may include more than one non-residential habilitation service; however, they may not be billed for during the same period of time (e.g., the same 15 minute or hour unit of time).

ECF CHOICES will not cover Supported Employment-Individual Employment Support services which are otherwise available to the individual under section 110 of the Rehabilitation Act of 1973, or the IDEA (20 U.S.C. 1401 et seq.). If one or more of these services are authorized, documentation is maintained that the service is not available to the individual under a program funded under section 110 of the Rehabilitation Act of 1973 or the IDEA (20 U.S.C. 1401 et seq.).

These services will not duplicate other services provided through ECF CHOICES or the Medicaid State Plan.

Federal financial participation is not claimed for incentive payments, subsidies, or unrelated vocational training expenses such as the following:

- Incentive payments made to an employer to encourage or subsidize the employer's participation in supported employment;
- Payments that are passed through to users of supported employment services; or
- Payments for training that is not directly related to an individual's supported employment program.

A provider of Supported Employment-Individual Employment Support services may also receive Social Security's Ticket to Work Outcome and Milestone payments. These payments do not conflict with CMS regulatory requirements and do not constitute an overpayment of Federal dollars for services provided.

Supported Employment—Individual Employment Support services are individualized and may include one or more of the following components:

1. Exploration:

This is a time-limited and targeted service designed to help a person make an informed choice about whether s/he wishes to pursue individualized integrated employment or self-employment, as defined above. The Exploration service shall be completed no more than thirty (30) calendar days from the date of service initiation. This service is not

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appropriate for ECF members who already know they want to pursue individualized integrated employment or self-employment.

This service includes career exploration activities to identify a person's specific interests and aptitudes for paid work, including experience and skills transferable to individualized integrated employment or self-employment. This service also includes exploration of individualized integrated employment or self-employment opportunities in the local area that are specifically related to the person's identified interests, experiences and/or skills through four to five uniquely arranged business tours, informational interviews and/or job shadows. (Each person receiving this service should participate in business tours, informational interviews and/or job shadows uniquely selected based on his or her individual interests, aptitudes, experiences, and skills most transferable to employment. All persons should not participate in the same experiences.) Each business tour, informational interview and/or job shadow shall include time for set-up, prepping the person for participation, and debriefing with the person after each opportunity.

This service also includes introductory education on the numerous work incentives for individuals receiving publicly funded benefits (e.g. SSI, SSDI, Medicaid, Medicare, etc.). This service further includes introductory education on how Supported Employment services work (including Vocational Rehabilitation services). Educational information is provided to the person and the legal guardian/conservator and/or most involved family member(s), if applicable, to ensure legal guardian/conservator and/or family support for the person's choice to pursue individualized integrated employment or self-employment. The educational aspects of this service shall include addressing any concerns, hesitations or objections of the person and the legal guardian/conservator and/or most involved family member(s), if applicable.

This service is expected to involve, on average, forty (40) hours of service. The provider shall document each date of service, the activities performed that day, and the duration of each activity. This service culminates in a written report summarizing the process and outcomes, using a standard template prescribed by TennCare. The written report is due no later than fourteen (14) calendar days after the last date of service is concluded. Exploration is paid on an outcome basis, after the written report is received and approved, and the provider submits documentation detailing each date of service, the activities performed that day, and the duration of each activity.

After an individual has received the service for the first time, re-authorization may occur a maximum of once per year (with a minimum 365-day interval between services) and only if the person, at the time of re-authorization, is not already engaged in individualized integrated employment or self-employment, or other services to obtain such employment.

2. Benefits Counseling:

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A service designed to inform the individual (and guardian, conservator and/or family, if applicable) of the multiple pathways to ensuring individualized integrated employment or self-employment results in increased economic self-sufficiency (net financial benefit) through the use of various work incentives. This service should also repudiate myths and alleviates fears and concerns related to seeking and working in individualized integrated employment or self-employment through an accurate, individualized assessment. The service provides information to the individual (and guardian, conservator and/or family, if applicable) regarding the full array of available work incentives for essential benefit programs including SSI, SSDI, Medicaid, Medicare, ECF, housing subsidies, food stamps, etc.

The service also will provide information and education to the person (and guardian, conservator and/or family, if applicable) regarding income reporting requirements for public benefit programs, including the Social Security Administration.

Benefits counseling provides work incentives counseling and planning services to persons actively considering or seeking individualized integrated employment or self-employment, or career advancement in either of these types of employment.

This service is provided by a certified Community Work Incentives Coordinator (CWIC). In addition to ensuring this service is not otherwise available to the individual under section 110 of the Rehabilitation Act of 1973, or the IDEA (20 U.S.C. 1401 et seq.), ECF may not fund this service if CWIC Benefits Counseling services funded through the Federal Work Incentives Planning and Assistance (WIPA) program are available to the individual.

Service must be provided in a manner that supports the person's communication style and needs, including, but not limited to, age-appropriate communications, translation/interpretation services for persons of limited English-proficiency or who have other communication needs requiring translation including sign language interpretation, and ability to communicate with a person who uses an assistive communication device.

Benefits Counseling services are paid for on an hourly basis and limited in the following ways:

- a. Initial Benefits Counseling for someone actively considering or seeking individualized integrated employment or self-employment, or career advancement in these types of employment: up to twenty (20) hours. This service may be authorized no more than once every two (2) years (with a minimum of two 365-day intervals between services).
- b. Supplementary Benefits Counseling for someone evaluating an individualized integrated job offer/promotion or self-employment

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opportunity: up to an additional six (6) hours. This service may be authorized up to three (3) times per year if needed.

- c. PRN Problem-Solving services for someone to maintain individualized integrated employment or self-employment: up to eight (8) hours per situation requiring PRN assistance. This service may be authorized up to four (4) times per year if necessary for the individual to maintain individualized integrated employment or self-employment.

3. Discovery

This is a time-limited and targeted service for an individual who wishes to pursue individualized integrated employment or self-employment but for whom more information is needed to determine the following prior to pursuing individualized integrated employment or self-employment:

- Strongest interests toward one or more specific aspects of the labor market;
- Skills, strengths and other contributions likely to be valuable to employers or valuable to the community if offered through self-employment;
- Conditions necessary for successful employment or self-employment.

Discovery involves a comprehensive analysis of the person in relation to the three bullets above. Activities include observation of person in familiar places and activities, interviews with family, friends and others who know the person well, observation of the person in an unfamiliar place and activity, identification of the person's strong interests and existing strengths and skills that are transferable to individualized integrated employment or self-employment, Discovery also involves identification of conditions for success based on experience shared by the person and others who know the person well, and observation of the person during the Discovery process. The information developed through Discovery allows for activities of typical life to be translated into possibilities for individualized integrated employment or self-employment.

Discovery results in the production of a detailed written Profile, using a standard template prescribed by TennCare, which summarizes the process, learning and recommendations to inform identification of the person's individualized integrated employment or self-employment goal(s) and strategies to be used in securing this employment or self-employment for the person.

If Discovery is paid for through ECF, the person will be assisted by his or her Support Coordinator to apply to Vocational Rehabilitation (VR) for services to obtain individualized integrated employment or self-employment. The Discovery Profile will be shared with VR staff to facilitate the expeditious development of an Individual Plan for Employment (IPE). Discovery shall be limited to no more than ninety (90) calendar

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days from the date of service initiation. This service is expected, on average, to involve fifty (50) hours of service.

The provider shall document each date of service, the activities performed that day, and the duration of each activity. The written Profile is due no later than fourteen (14) days after the last date of service is concluded. Discovery is paid on an outcome basis, after the written Profile is received and approved, and the provider submits documentation detailing each date of service, the activities performed that day, and the duration of each activity.

After an individual has received the service for the first time, re-authorization may occur a maximum of once every three years (with a minimum of three 365-day intervals between services), and only if the person, at the time of re-authorization, is not already engaged in individualized integrated employment or self-employment, or other services to obtain such employment, and the person has a goal to obtain individualized integrated employment or self-employment within twelve (12) months.

4. Situational Observation and Assessment

This is a time-limited service that involves observation and assessment of an individual's interpersonal skills, work habits and vocational skills through practical experiential, community integrated volunteer experiences and/or paid individualized, integrated work experiences that are uniquely arranged and specifically related to the interests, preferences and transferable skills of the job seeker as established through Discovery or a similar process. This service involves a comparison of the actual performance of the individual being assessed with core job competencies and duties required of a skilled worker in order to further determine the work competencies and skills needed by the individual to be successful in environments similar to where the Assessment is taking place. It also permits the individual to evaluate and confirm areas of employment interest based on real-life experience. The individual shall be reimbursed at least the minimum wage and all applicable overtime for work performed, except as permitted pursuant to the Fair Labor Standards Act for unpaid internships.

Situational Observation and Assessment shall be completed within thirty (30) calendar days from the date of service initiation, provided that this period may be extended for up to thirty (30) additional calendar days when needed for completion of all four (4) work experiences. Situational Observation and Assessment shall be limited to more than sixty (60) calendar days from the date of service initiation. Each job seeker may be authorized for up to four (4) such experiences within the sixty (60) calendar day period. A summary report, using a standard template prescribed by TennCare, is due within ten (10) days after the last date of service is concluded. Reimbursement is paid on an outcome basis for each individual experience, which is expected to involve an average of twelve (12) hours of service per individual experience. The Situational Observation and Assessment outcome payment is made after the written summary report is received and approved,

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and the provider submits documentation detailing each date of service, the activities performed that day, and the duration of each activity.

The learning from this service described in the summary report is to be used to help inform the job development plan or self-employment plan.

After an individual has received the service for the first time, re-authorization may occur a maximum of once every three years (with a minimum of three 365-day intervals between services), and only if the person, at the time of re-authorization, is not already engaged in individualized integrated employment or self-employment, or other services to obtain such employment, and the person has a goal to obtain individualized integrated employment or self-employment within twelve (12) months.

5. Job Development Plan or Self-Employment Plan

This is a time-limited and targeted service designed to create a clear and detailed plan for Job Development or for the start-up phase of Self-Employment. This service is limited to thirty (30) calendar days from the date of service initiation. This service includes a planning meeting involving the individual and other key people who will be instrumental in supporting the individual to become employed in individualized integrated employment or self-employment.

This service culminates in a written plan, using a template prescribed by TennCare, that incorporates the results of Exploration, Discovery, and/or Situational Observation and Assessment, if previously authorized. The written plan is due no later than thirty (30) calendar days after the service commences. For self-employment goals, this service results in the development of a self-employment business plan, including potential sources of business financing (such as VR, Small Business Administration loans, PASS plans), given that Medicaid funds may not be used to defray the capital expenses associated with starting a business. This service is paid on an outcome basis, after the written plan is received and approved, and the provider submits documentation detailing each date of service, the activities performed that day, and the duration of each activity.

After an individual has received the service for the first time, re-authorization may occur a maximum of once every three years (with a minimum of three 365-day intervals between services), and only if the person, at the time of re-authorization, is not already engaged in individualized integrated employment or self-employment, or other services to obtain such employment, and the person has a goal to obtain individualized integrated employment or self-employment within twelve (12) months.

Job Development may not include placement services of an employment agency or business/financial services.

6. Job Development or Self-Employment Start Up

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This is a time-limited service designed to implement a Job Development or Self-Employment Plan as follows:

- **Job Development** is support to obtain an individualized competitive or customized job in an integrated employment setting in the general workforce, for which an individual is compensated at or above the minimum wage, but ideally not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities. The Job Development strategy should reflect best practices and adjusted based on whether the individual is seeking competitive or customized employment.
- **Self-Employment Start Up** is support in implementing a self-employment business plan.

The outcome of this service is expected to be the achievement of an individualized integrated employment or self-employment outcome consistent with the individual's personal and career goals, as determined through Exploration, Discovery and/or the Situational Observation and Assessment, if authorized, and as identified in the Job Development or Self-Employment Plan that guides the delivery of this service.

This service will be paid on an outcome basis once the person begun participation in individualized integrated employment or self-employment. Outcome payment amounts are tiered based upon the assessed level of challenge anticipated to achieve the intended outcome of this service for the individual being served. Outcome payments are also paid over three phases (two calendar weeks, six calendar weeks, and ten calendar weeks following the start of individualized integrated employment or self-employment, so long as employment or self-employment is sustained) to incentivize retention of the job or self-employment situation.

After an individual has received the service for the first time, re-authorization may occur a maximum of once per year (with a minimum 365-day interval between services), and only if the person, at the time of re-authorization, is not already engaged in individualized integrated employment or self-employment, or other services to obtain such employment, and the person has a goal to obtain individualized integrated employment or self-employment within nine (9) months.

7. Job Coaching

- **Job Coaching for Individualized, Integrated Employment** includes identifying, through job analysis, and providing services and supports that assist the individual in maintaining individualized integrated employment that pays at least minimum wage but ideally not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by

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individuals without disabilities. Job coaching includes supports provided to the individual and his/her supervisor and/or co-workers, either remotely (via technology) or face-to-face. Supports during each phase of employment must be guided by a Job Coaching Fading Plan which incorporates an appropriate mix of best practices for the individual to achieve fading goals as identified in the Plan (e.g. systematic instruction utilizing task analysis to teach the individual to independently complete as much of his/her job duties as possible; high or low tech assistive technology; and effective engagement of natural supports including co-workers and supervisor(s) as needed). If progress on fading ceases at some point, adaptations to job duties, negotiated with the supervisor/employer, or transition to Co-Worker Supports may be utilized if no reduction in hours or hourly pay results.

The amount of time authorized for this service is a percentage of the individual's hours worked and is tiered, based on the individual's level of disability and the length of time the person has been employed on the job. An exception policy applies for individuals with exceptional circumstances.

Transportation of the supported employee to and from the job site is not included in the rate paid for the service. Transportation of the supported employee, if necessary, during the provision of job coaching is included in the rate paid for the service.

- **Job Coaching for Individualized, Integrated Self-Employment** includes identification and provision of services and supports that assist the individual in maintaining self-employment., Job coaching for self-employment includes supports provided to the individual, either remotely (via technology) or face-to-face. Supports must enable the individual to successfully operate the business (with assistance from other sources of professional services or suppliers of goods necessary for the type of business). Job Coaching supports should never supplant the individual's role or responsibility in all aspects of the business. Supports during each phase of self-employment must be guided by a Job Coaching Fading Plan which incorporates an appropriate mix of best practices for the individual to achieve fading goals as identified in the Plan (e.g. systematic instruction utilizing task analysis to teach the individual to independently complete as much of his/her roles and responsibilities as possible; high or low tech assistive technology; and effective engagement of any business partners and/or associates and/or suppliers of goods or services. If progress on fading ceases at some point, business plan adaptations may be utilized if no reduction in paid hours or net hourly pay results.

The amount of time authorized for this service is a percentage of the individual's hours engaged in self-employment and is tiered, based on the individual's level of disability and the length of time the person has been self-employed in the

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current business. An exception policy applies for individuals with exceptional circumstances.

Transportation of the supported self-employed person to and from the place of work is not included in the rate paid for the service. Transportation of the supported self-employed person, if necessary, during the provision of job coaching is included in the rate paid for the service.

8. Co-Worker Supports

This service involves a provider of Job Coaching for Individualized Integrated Employment entering into an agreement with an individual's employer to reimburse the employer for supports provided by one or more supervisors and/or co-workers, acceptable to the individual, to enable the person to maintain individualized integrated employment with the employer. This service cannot include payment for the supervisory and co-worker supports rendered as a normal part of the business setting and that would otherwise be provided to an employee without a disability. As well, additional natural supports for the individual, already negotiated with the employer, and provided through supervisors and co-workers, are not eligible for reimbursement under Co-Worker Supports. Only supports that must otherwise be provided by a Job Coach may be reimbursed under this service category. Co-Worker Supports would be authorized in situations where any of the following is true:

1. From the start of employment or at any point during employment, if the employer prefers (or the individual prefers and the employer agrees) to provide needed Job Coach supports, rather than having a Job Coach, either employed by a third party agency or self-employed, present in the business. Fading expectations should still be in place to maximize independence of the employed individual.
2. At any point in the individual's employment where needed Job Coaching supports can be most cost effectively provided by Co-Worker Supports and both the employer and individual agree to the use of Co-Worker Supports. Fading of Job Coaching supports may or may not still be occurring, but Co-Worker Supports should always be considered when on-going fading of Job Coaching has stopped occurring.
3. For individuals who are expected to be able to transition to working only with employer supports available to any employee and additional negotiated natural supports if applicable. In this situation, Co-Worker Supports are authorized as a temporary (maximum twelve months) bridge to relying only on employer supports, and additional negotiated natural (unpaid) supports if applicable, to maintain employment.

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The supervisor(s) and/or co-worker(s) identified to provide the support to the individual must meet the qualifications for a legally responsible individual as provider of this service. The provider is responsible for ensuring these qualifications are met and also for oversight and monitoring of paid co-worker supports.

The amount of time authorized for this service is negotiated with the employer and reflective of the specific needs the individual has for co-workers supports above and beyond negotiated natural supports and supervisory/co-worker supports otherwise available to employees without disabilities. A 10% add-on to the 15 minute unit rate for the employer is applied to cover the service provider's role in administering Co-Worker Supports.

9. Career Advancement:

This is a time-limited career planning and advancement support service for persons currently engaged in individualized integrated employment or self-employment who wish to obtain a promotion and/or a second individualized integrated employment or self-employment opportunity. The service is time-limited and focuses on developing and successfully implementing a plan for achieving increased income and economic self-sufficiency through promotion to higher paying position or through a second individualized integrated employment or self-employment opportunity.

The outcomes of this service are: (1) the identification of the person's specific career advancement objective; (2) development of a viable plan to achieve this objective; and (3) implementation of the plan which results in the person successfully achieving his/her specific career advancement objective.

Career Advancement is paid on an outcome basis, after key milestones are accomplished:

- a. Outcome payment number one is paid after the written plan to achieve the person's specific career advancement objective is reviewed and approved. Note: The written plan must follow the template prescribed by TennCare.
- b. Outcome payment number two is paid after the person has achieved his/her specific career advancement objective and has been in the new position or second job for a minimum of two (2) weeks.

This service may not be included on a Person-Centered Support Plan if the PCSP also includes any of the above services numbered one (1) through six (6). This service may not be authorized retroactive to a promotion or second job being made available to a person. Supports for Career Advancement may be authorized and paid once every three (3) years (with a minimum of three 365-day intervals between services), if evidence exists that the individual is eligible for promotion or able to present as a strong candidate for employment in a second job (e.g. has strong reference, performance reviews and

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attendance record from current employer). The only exception is in situations where the provider previously authorized and paid for outcome payment number one did not also earn outcome payment number two (because they did not successfully obtain a promotion or second job for the person). In this situation, reauthorization for outcome payments number one and two may occur a maximum of once per year (with a minimum 365-day interval between services), so long as the reauthorization involves the use of a new/different provider.

Supported Employment – Individual Employment Supports Service Limitations:

- These services are *only* for individuals seeking or engaged in individualized integrated employment or self-employment. These services are not for group employment of any size or variation.
- Job Coaching services do not include supports for volunteering or any form of unpaid internship, work experience or employment.
- These services do not include supporting paid employment or training in a sheltered workshop or similar facility-based setting.

These services do not include supporting paid employment or training in a business enterprise owned or operated by a provider of these services. These services do not include payment for supervisory activities rendered as a normal part of the business setting and supports otherwise available to employees without disabilities filling the same or similar positions in the business.

Supported Employment – Small Group Supports (max of 3 persons supported together as a small group)

This service provides employment services and training activities to support successful transition

to individualized integrated employment or self-employment, or to supplement such employment and/or self-employment when it is only part-time. Service may involve small group career planning and exploration, small group Discovery classes/activities, other educational opportunities related to successful job acquisition and working successfully in individualized integrated employment. Service may also include employment in integrated business, industry and community settings. Examples include mobile crews, small enclaves and other small groups participating in integrated employment that is specifically related to the identified interests, experiences and/or skills of each of the persons in the small group and that results in acquisition of knowledge, skills and experiences that facilitate transition to individualized integrated employment or self-employment, or that supplement such employment or self-employment when it is only part-time. Minimum staffing ratio is 1:3 for this service.

83. Career planning and exploration activities, Discovery classes/activities, other educational opportunities related to successful job acquisition and working successfully in individualized

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integrated employment or self-employment must be conducted in appropriate non-disability-specific settings (e.g. Job Centers, businesses, post-secondary education campuses, libraries, etc.) All settings must meet all HCBS setting standards and must not isolate participants from others who do not have disabilities.

84. In the **enclave** model, a small group of people with disabilities (no more than 3 people) is trained and supervised to work among employees who are not disabled at the host company's work site. Persons in the enclave may work as a team at a single work area or may work in multiple areas throughout the company. The Supported Employment— Small Group provider is responsible for training, supervision, and support of participants. The provider is expected to conduct this service in integrated business, industry or community settings that meet all HCBS setting standards and do not isolate participants from others in the setting who do not have disabilities. The experience should allow opportunities for routine interactions with others without disabilities in the setting and involvement from supervisors and co-workers without disabilities (not paid to deliver this service) in the supervision and support of individuals receiving this service.
85. In the **mobile work crew** model, a small crew of workers (including no more than three persons with disabilities and ideally also including workers without disabilities) work as a distinct unit and operate as a self-contained business that generates employment for their crew members by selling a service. The crew typically works at several locations within the community. The Supported Employment—Small Group provider is responsible for training, supervision, and support of participants. The provider is expected to conduct this service in integrated business, industry or community settings that meet all HCBS setting standards and do not isolate participants from others who do not have disabilities. The experience should allow opportunities for routine interactions with people without disabilities (including fellow crew members, customers, etc.) in the course of performing services.

Paid work under Supported Employment—Small Group must be compensated at minimum wage or higher.

Supported Employment—Small Group does not include vocational or prevocational services, employment or training provided in facility based work settings. Supported Employment—Small Group service settings cannot be provider-owned, leased or operated settings. The settings must be integrated in, and support full access of participants to the greater community, including opportunities to learn about and seek individualized integrated employment or self-employment, engage in community life, and control their earned income.

The expected outcome of this service is the acquisition of knowledge, skills and experiences that facilitate career development and transition to individualized integrated employment or self-employment, or that supplement such employment and/or self-employment when it is only part-time. The individualized integrated employment or self-employment shall be consistent with the individual's personal and career goals.

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Supported Employment—Small Group services shall be provided in a way that presumes all participants are capable of working in individualized integrated employment and/or self-employment. Participants in this service shall be encouraged, on an ongoing basis, to explore and develop their interests, strengths, and abilities relating to individualized integrated employment and/or self-employment. In order to reauthorize this service, the Person-Centered Support Plan (PCSP) must document that such opportunities are being provided through this service, to the individual, on an on-going basis. The PCSP shall also document and address any barriers to the individual transitioning to individualized integrated employment or self-employment if the person is not already participating in individualized integrated employment or self-employment. Any individual using this service to supplement part-time individualized integrated employment or self-employment shall be offered assistance to increase hours in individualized integrated employment and/or self-employment as an alternative or partial alternative to continuing this service.

As a component part of this service, **Supported Employment—Small Group** service providers shall support individuals in identifying and pursuing opportunities that will move them into individualized integrated employment or self-employment. A one-time incentive payment for full transition of a person from **Supported Employment—Small Group** services to individualized integrated employment or self-employment shall be paid to the **Supported Employment—Small Group** provider upon successful transition (defined as successfully completing at least four weeks in the individualized integrated employment or self-employment situation) out of **Supported Employment—Small Group** services to individualized integrated employment or self-employment.

Transportation of participants to and from the service is not included in the rate paid for the service; however transportation provided during the course of **Supported Employment—Small Group** services is considered a component part of the service and the cost of this transportation is included in the rate paid to providers of this service.

The **Supported Employment—Small Group** provider shall be responsible for any personal assistance needs during the hours that **Supported Employment—Small Group** services are provided; however, the personal assistance services may not comprise the entirety of the **Supported Employment—Small Group** service. All providers of personal care under **Supported Employment—Small Group** shall meet the Personal Assistance service provider qualifications, except that a separate PSSA license shall not be required.

Supported Employment—Small Group services exclude services available to an individual under a program funded under section 110 of the Rehabilitation Act of 1973 or the IDEA (20 U.S.C. 1401 et seq.).

Federal financial participation is not claimed for incentive payments, subsidies, or unrelated vocational training expenses such as the following:

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- Incentive payments made to an employer to encourage or subsidize the employer's participation in supported employment;
- Payments that are passed through to users of supported employment services; or
- Payments for training that is not directly related to an individual's supported employment program.

Supported Employment—Small Group does not include supports provided in facility based (sheltered, prevocational, vocational or habilitation) work settings and does not include supports for volunteering.

Integrated Employment Path Services (Time-Limited, Community-Based Prevocational Training)

The provision of time-limited learning and work experiences, including volunteering opportunities, where a person can develop general, non-job-task-specific strengths and skills that contribute to employability in individualized integrated employment or self-employment. Services are expected to specifically involve strategies that facilitate a participant's successful transition to individualized integrated employment or self-employment.

Individuals receiving Integrated Employment Path Services must have a desire to obtain some type of individualized integrated employment or self-employment and this goal must be documented in the PCSP as the goal that Integrated Employment Path Services are specifically authorized to address.

Services should be customized to provide opportunities for increased knowledge, skills and experiences specifically relevant to the person's *specific* individualized integrated employment and/or self-employment goals and career goals. If such *specific* goals are not known, this service can also be used to assist a person to identifying his/her specific individualized integrated employment and/or self-employment goals and career goals.

The expected outcome of this service is measurable gains in knowledge, skills and experiences that contribute to the individual achieving individualized integrated employment or self-employment.

Integrated Employment Path Services are intended to develop and teach general skills that lead to individualized integrated employment or self-employment including but not limited to: ability to communicate effectively with supervisors, co-workers and customers; generally accepted community workplace conduct and dress; ability to follow directions; ability to attend to tasks; workplace problem solving skills and strategies; and general workplace safety and mobility training.

Service limitations:

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- This service is limited to no more than twelve (12) months. One extension of up to twelve (12) months can be allowed only if the individual is actively pursuing individualized integrated employment or self-employment in an integrated setting and has documentation that a service(s) (i.e., Job Development or Self-Employment Start-Up funded by Tennessee Rehabilitation Services, ECF CHOICES or another similar source) is concurrently authorized for this purpose. The twelve (12) month authorization and one twelve (12) month reauthorization may be repeated only if a person loses individualized integrated employment or self-employment and is seeking replacement opportunities.
- This service must be delivered in integrated, community settings and may not be provided in sheltered workshops or other segregated facility-based day, vocational or prevocational settings.
- Integrated Employment Path Services shall not be provided or reimbursed if the person is receiving Job Coaching (for Individualized Integrated Employment or Self-Employment) Co-Worker Supports or is working in individualized integrated employment or self-employment without any paid supports. Integrated Employment Path Services are only appropriate for individuals who are not yet engaged in individualized integrated employment or self-employment.

Transportation of the individual to and from this service is not included in the rate paid for this service but transportation during the service is included in the rate.

ECF CHOICES will not cover services which are otherwise available to the individual under section 110 of the Rehabilitation Act of 1973, or the IDEA (20 U.S.C. 1401 et seq.). If this service is authorized, documentation is maintained that the service is not available to the individual under a program funded under section 110 of the Rehabilitation Act of 1973 or the IDEA (20 U.S.C. 1401 et seq.).

This service will not duplicate other services provided through the waiver or Medicaid state plan services.

Integrated Employment Path Services may be used in ECF CHOICES to support participation in paid and unpaid internship opportunities¹⁷ as approved by TennCare¹⁸. The provider must

¹⁷ A *paid internship* mirrors the aspects of individualized integrated employment, including integrated setting, competitive wage, and benefit opportunities, with potential for interns to become hired as employees, but is expected to be time-limited. An *unpaid internship* mirrors certain aspects of individualized integrated employment such as integrated setting, and teaches general job skills that may be used for diverse opportunities to obtain employment. An *unpaid internship* is also expected to be time-limited and preparation for individualized integrated employment.

¹⁸ Internship opportunities approved by TennCare include Project Search; REDI (Walgreens Retail-Store Internship

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ensure, and service documentation must reflect, that skills being taught through Integrated Employment Path Services as part of the approved internship program are transferable to more than one type of job after the internship, and not job/task-specific. Integrated Employment Path Services may be provided for coaching and skill development during work-based components of the internship program. It is expected that interns will be dispersed throughout the place of business hosting the internship program, and support staff being funded under Integrated Employment Path Services will float between the participants to provide individualized supports as needed for learning and skill development. Only for Integrated Employment Path Service provided as part of an approved internship program, the minimum staffing ratio is 1:4.

Integrated Employment Path Services cannot be used during classroom instruction time or to offset tuition for post-secondary internship programs, but may be used when a person enrolled in a post-secondary internship program needs more support than the program can provide during their internship experience.

For youth still enrolled in school, the MCO must document that the specific supports being funded through Integrated Employment Path Services are not otherwise available to the individual through the school (IDEA (20 U.S.C. 1401 et seq.)) or through Vocational Rehabilitation (Section 110 of the Rehabilitation Act of 1973).

For adults no longer enrolled in school, the MCO must document that the specific supports being funded through Integrated Employment Path Services are not otherwise available to the individual through Vocational Rehabilitation (Section 110 of the Rehabilitation Act of 1973).

B. Other (non-Employment) Non-Residential Habilitation Services and Supports

Community Integration Support Services: Services which coordinate and provide supports for valued and active participation in integrated daytime and nighttime activities that build on the person's interests, preferences, gifts, and strengths while reflecting the person's goals with regard to community involvement and membership. This service involves participation in one or more integrated community settings, in activities that involve persons without disabilities who are not paid or unpaid caregivers. Community Integration Support Services are designed to promote maximum participation in integrated community life while facilitating meaningful relationships, friendships and social networks with persons without disabilities who share similar interests and goals for community involvement and participation.

Community Integration Support Services shall support and enhance, rather than supplant, an individual's involvement in public education, post-secondary education/training and individualized integrated employment or self-employment (or services designed to lead to these types of employment).

Program for People with Disabilities); BEST (Building Economic Strength Together);the Union EDGE Program; and Next Steps at Vanderbilt University. Additional internship programs may be submitted to TennCare for review and consideration of approval.

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Community Integration Support Services enable the person to increase or maintain his/her capacity for independent participation in community life and to develop age-appropriate social roles valued by the community by learning, practicing and applying skills necessary for full inclusion in the person's community, including skills in arranging and using public transportation for individuals aged 16 or older.

Community Integration Support Services provide assistance for active and positive participation in a broad range of integrated community settings that allow the person to engage with people who do not have disabilities who are not paid or unpaid caregivers. The service is expected to result in the person developing and sustaining a range of valued, age-appropriate social roles and relationships; building natural supports; increasing independence; and experiencing meaningful community integration and inclusion. Activities are expected to increase the individual's opportunity to build connections within his/her local community and include (but are not limited to) the following:

- Supports to participate in age-appropriate community activities, groups, associations or clubs to develop social networks with community organizations and clubs;
- Supports to participate in community opportunities related to the development of hobbies or leisure/cultural interests or to promote personal health and wellness (e.g. yoga class, walking group, etc.);
- Supports to participate in adult education and postsecondary education classes;
- Supports to participate in formal/informal associations or community/neighborhood groups;
- Supports to participate in volunteer opportunities;
- Supports to participate in opportunities focused on training and education for self-determination and self-advocacy;
- Supports for learning to navigate the local community, including learning to use public transportation and/or private transportation available in the local area;
- Supports to maintain relationships with members of the broader community (e.g. neighbors, co-workers and other community members who do not have disabilities and who are not paid or unpaid caregivers) through natural opportunities and invitations that may occur.

This service includes a combination of training and supports as needed by the individual. The Community Integration Support Services provider shall be responsible for any personal assistance needs during the hours that Community Integration Support Services are provided;

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however, the personal assistance services may not comprise the entirety of the Community Integration Support Service. All providers of personal care under Community Integration Support Services meet the Personal Assistance provider qualifications.

This service shall be provided in a variety of integrated community settings that offer opportunities for the person to achieve his or her personally identified goals for community integration, involvement, exploration and for developing and sustaining a network of positive natural supports. All settings where Community Integration Support Services are provided must be non-disability specific and meet all federal standards for HCBS settings. This service is provided separate and apart from the person's place of residence. This service does not take place in licensed facilities, sheltered workshops or any type of facility owned, leased or operated by a provider of this service.

This service is available only:

- For children not yet old enough to work and/or not yet eligible for employment services who are enrolled in Essential Family Supports;
- As “wrap-around” supports to employment or employment services (Supported Employment Individual or Small Group services and/or Integrated Employment Path Services) for individuals not receiving Community Living Supports or Community Living Supports-Family Model; or
- For individuals who are of legal working age (16+) not receiving Community Living Supports or Community Living Supports-Family Model who are completing an Employment Informed Choice Process as defined by TennCare (see below), or who, after completing such Employment Informed Choice Process, have decided not to pursue employment; or
- For individuals of retirement age not receiving Community Living Supports or Community Living Supports-Family Model who have made a choice not to pursue further employment opportunities.

For individuals receiving Community Integration Support Services and not participating in employment or employment services, the option to pursue employment should be discussed at least semi-annually.

For individuals receiving Community Living Supports or Community Living Supports-Family Model, all services necessary to support community integration and participation are part of the scope of benefits provided under the CLS or CLS-FM benefit.

For individuals of appropriate age (18+), it is expected that individuals will be supported to become more independent in their community activities and to develop natural supports. Fading of the service and less dependence on paid support for on-going participation in

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community activities and relationships is expected. Strategies to increase independence, build natural supports, and fade paid services, similar to those used in Supported Employment Job Coaching, should be utilized. Milestones for increasing independence, building natural supports, and the reduction/fading of paid supports must be established and monitored for this service and reviewed on an ongoing basis.

Payment for registration, materials and supplies for participation in classes, conferences and similar types of activities, or club/association dues can be covered, but cannot exceed \$500 per year for children under age 21 or \$1,000 per year for adults age 21 and older. These costs are not included in the rates paid to the providers of Community Integration Support Services and must be prior approved before being incurred.

Transportation to and from the service is not included in the rate paid for the service; but transportation during the service (when no-cost forms of transportation are not available or not being accessed) is included in the rate paid for the service.

Independent Living Skills Training

Independent Living Skills Training services provide education and skill development or training to improve the person's ability to independently perform routine daily activities and utilize community resources as specified in the person's person-centered support plan. Services are instructional, focused on development of skills identified in the person-centered support plan and are not intended to provide substitute task performance. Independent Living Skills training may include only education and skill development related to:

- Personal hygiene;
- Food and meal preparation;
- Home upkeep/maintenance;
- Money management;
- Accessing and using community resources;
- Community mobility;
- Parenting;
- Computer use; and
- Driving evaluation and lessons.

This service is available only:

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- For children not yet old enough to work and/or not yet eligible for employment services who are enrolled in Essential Family Supports;
- As “wrap-around” supports to employment or employment services (Supported Employment Individual or Small Group services and/or Integrated Employment Path Services) for individuals not receiving Community Living Supports or Community Living Supports-Family Model; or
- For individuals who are of legal working age (16+) not receiving Community Living Supports or Community Living Supports-Family model who are completing an Employment Informed Choice Process as defined by TennCare (see below) or who, after completing such Employment Informed Choice Process, have decided not to pursue employment; or
- For individuals of retirement age not receiving Community Living Supports or Community Living Supports-Family Model who have made a choice not to pursue further employment opportunities.

Independent Living Skills Training is intended as a short-term service designed to allow a person not receiving Community Living Supports or Community Living Supports-Family Model to acquire specific additional skills that will support his/her transition to or sustained independent community living. Individuals receiving Independent Living Skills Training must have specific independent-living goals in their person-centered support plan that Independent Living Skills Training is specifically designed to support.

The provider must prepare and follow a specific plan and strategy for teaching specific skills for the independent living goals identified in the person-centered support plan. Systematic instruction and other strategies used in Supported Employment Job Coaching should also be employed in this service. The provider must document monthly progress toward achieving each independent living skill identified in the person-centered support plan.

This service will typically originate from the person’s home and take place in the person’s home and their home community. Providers of this service should meet people in these natural environments to provide this service rather than maintaining a separate service location. Transportation during the service (when no-cost forms of transportation are not available or not being accessed) is included in the rate paid for the service.

Individuals receiving Community Living Supports or Community Living Supports-Family Model are not eligible to receive this service, since the scope of benefits provided to a person under the CLS and CLS-FM benefits include habilitation training and supports to help the person achieve maximum independence and sustained community living.

NON-RESIDENTIAL HABILITATION SERVICES

Employment Informed Choice Process

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As part of Support Coordination responsibilities, an Employment Informed Choice Process must be initiated by the MCO for all working age individuals prior to authorization of Non-Work Services/Supports included in the ECF Non-Residential Habilitation Services Category (Community Integration Support Services and Independent Living Skills Training that do not wrap employment or employment services (Supported Employment Individual or Small Group services, Integrated Employment Path Services, or comparable Vocational Rehabilitation/Special Education services). For purposes of this Employment Informed Choice Process, “employment” shall mean Individualized Integrated Employment or Individualized Integrated Self-Employment as defined in this attachment.

Employment Informed Choice Process required components:

1. Initial meeting with individual and involved family, guardian and conservator (as applicable) to provide an orientation to employment, including Supported Employment services, how it works, including the role of VR and basic benefits education. Describe Exploration and Discovery Services, and discuss questions/concerns/hopes.
2. Authorize Exploration service included under Supported Employment-Individual Employment Supports. Non-work services/supports included in the ECF Non-Residential Habilitation Services Category (i.e., Community Integration Support Services and Independent Living Skills Training) may be authorized up to applicable limits, along with the Exploration service, as long as the Exploration service is authorized and the individual receives the Exploration service simultaneously with Community Integration Support Services and/or Independent Living Skills Training.
3. Upon completion of Exploration services and receipt of the written report, if the individual wishes to pursue individualized, integrated employment or self-employment, proceed with authorization of necessary employment service(s) and/or referral to Vocational Rehabilitation, as appropriate, to ensure progress toward employment continues to be made without delay or gap.
4. If the individual has not decided to pursue individualized, integrated employment or self-employment, meet with the individual and involved family, guardian, conservator (if applicable) to review results of Exploration services, provide re-education or additional education on the benefits of employment and supports available for employment. If the person still declines to pursue employment and declines to participate in any employment service, obtain written confirmation of the person’s informed choice not to pursue individualized, integrated employment or self-employment at this time. For persons not receiving Community Living Supports or Community Living Supports-Family Model services, Non-Work Services/Supports included in the ECF Non-Residential Habilitation Services Category (i.e., Community Integration Support Services and Independent Living Skills Training) may continue to be authorized up to a combined maximum of twenty (20) hours per week.

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II. OTHER ECF SERVICES:

Personal Assistance:

A range of services and supports designed to assist an individual with a disability to perform activities and instrumental activities of daily living at the person's own home, on the job or in the community that the individual would typically do for themselves if he/she did not have a disability. Personal Assistance services may be provided outside of the person's home as long as the outcomes are consistent with the supports defined in the person-centered support plan with the goal of ensuring full participation and inclusion.

Personal Assistance services may be used to:

- Support the person at home in getting ready for work and/or community participation;
- Support the person in getting to work and/or community participation opportunities; and
- Support the person in the workplace and/or in the broader community.

The only exception is if Supported Employment Services or Community Integration Support Services are being provided, in which case the provider of Supported Employment and/or Community Integration Support Services shall be responsible for personal assistance needs during the hours that Supported Employment services are provided as long as the Personal Assistance Services do not comprise the entirety of the Supported Employment or Community Integration Support Service. If a person only needs personal assistance to participate in employment or community opportunities, then this service should be authorized rather than Supported Employment or Community Integration Support Services.

Personal Assistance services that are covered also include the following:

- Support, supervision and engaging participation with eating, toileting, personal hygiene and grooming, and other activities of daily living as appropriate and needed to sustain community living, except when provided as a component of another covered service the person is receiving at that time; and
- Direction and training to individuals in the person's social network or to his/her co-workers who choose to learn how to provide some of the Personal Assistance services.

In the Comprehensive Supports for Employment and Community Living Benefit Group, Personal Assistance services will be limited to 215 hours per month. An MCO may authorize services in excess of the benefit limit as a cost-effective alternative to institutional placement or other medically necessary covered benefits.

Community Transportation:

Community Transportation services are non-medical transportation services offered in order to enable individuals, and their personal assistants as needed, to gain access to employment, community life, activities and resources that are identified in the person-centered support plan. These services allow individuals to get to and from typical day-to-day, non-medical activities such as individualized integrated employment or self-employment (if not home-based), the grocery store or bank, social events, clubs and associations and other civic activities, or attending

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a worship service. This service is made available when public or other no-cost community-based transportation services are not available and the person does not have access to transportation through any other means (including natural supports).

Whenever possible, family, neighbors, co-workers, carpools or friends are utilized to provide transportation assistance without charge. When this service is authorized, the most cost-effective option should be considered first. This service is in addition to the medical transportation service offered under the Medicaid State Plan, which includes transportation to medical appointments as well as emergency medical transportation.

Community Living Supports:

As defined in Attachment D.

Community Living Supports-Family Model:

As defined in Attachment D.

Assistive Technology, Adaptive Equipment and Supplies:

An item, piece of equipment or product system, whether acquired commercially, modified or customized, that is used to increase, maintain, or improve functional capabilities and to support the individual's increased independence in the home, community living and participation, and individualized integrated employment or self-employment. The service covers purchases, leasing, shipping costs, and as necessary, repair of equipment required by the person to increase, maintain or improve his/her functional capacity to perform daily tasks in the community and in employment that would not be possible otherwise. All items must meet applicable standards of manufacture, design and installation. The person-centered support plan must include strategies for training the individual and any others who the individual will or may rely on in effectively using the assistive technology or adaptive equipment (e.g. his/her support staff; co-workers and supervisors in the place of employment; natural supports).

Assistive Technology Equipment and Supplies also covers the following:

- Evaluation and assessment of the assistive technology and adaptive equipment needs of the individual by an appropriate professional, including a functional evaluation of the impact of the provision of appropriate assistive technology and adaptive equipment through equipment trials and appropriate services to him/her in all environments with which the person interacts over the course of any 24 hour day, including the home, integrated employment setting(s) and community integration locations;
- Services consisting of selecting, designing, fitting, customizing, adapting, applying, maintaining, updating, repairing, or replacing assistive technology devices and adaptive equipment;
- Adaptive equipment to enable the individual to feed him/herself and/or complete oral hygiene as indicated while at home, work or in the community (e.g. utensils, gripping aid for utensils, adjustable universal utensil cuff, utensil holder, scooper trays, cups, bowls, plates, plate guards, non-skid pads for plates/bowls, wheelchair cup holders,

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- adaptive cups that are specifically designed to allow a person to feed him/herself or for someone to safely assist a person to eat and drink, and adaptive toothbrushes);
- Coordination and use of necessary therapies, interventions, or services with assistive technology devices, such as therapies, interventions, or services associated with other services in the person-centered support plan;
 - Training, programming, demonstrations or technical assistance for the individual and for his/her providers of support (whether paid or unpaid) to facilitate the person's use of the assistive technology and adaptive equipment;
 - Adaptive switches and attachments;
 - Adaptive toileting equipment;
 - Communication devices and aids that enable the person to perceive, control or communicate with the environment, including a variety of devices for augmentative communication;
 - Assistive devices for persons with hearing and vision loss (e.g. assistive listening devices, TDD, large visual display services, Braille screen communicators, FM systems, volume control telephones, large print telephones and tele touch systems and long white canes with appropriate tips to identify footpath information for people with visual impairment);
 - Computer equipment, adaptive peripherals and adaptive workstations to accommodate active participation in the workplace and in the community;
 - Software also is approved when required to operate accessories included for environmental control;
 - Pre-paid, pre-programmed cellular phones that allow an individual who is participating in employment or community integration activities without paid or natural supports and who may need assistance due to an accident, injury or inability to find the way home. The person's Person Centered Support Plan outlines a protocol that is followed if the individual has an urgent need to request help while in the community;
 - Such other durable and non-durable medical equipment not available under the State Plan that is necessary to address functional limitations in the community, in the workplace, and in the home;
 - Repairs of equipment is covered for items purchased through this waiver or purchased prior to waiver participation, as long as the item is identified within this service definition and the cost of the repair does not exceed the cost of purchasing a replacement piece of equipment. The individual must own any piece of equipment that is repaired.

A written recommendation by an appropriate professional must be obtained to ensure that the equipment will meet the needs of the person. The recommendation of the Job Accommodation Networks (JAN) will meet this requirement for worksite technology. Depending upon the financial size of the employer or the public entity, those settings may be required to provide some of these items as part of their legal obligations under Title I or Title III of the ADA. Federal financial participation is not claimed for accommodations that are the legal responsibility of an employer or public entity, pursuant to Title I or Title III of the ADA.

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ECF CHOICES will not cover Assistive Technology or Adaptive Equipment and services which are otherwise available to the individual under section 110 of the Rehabilitation Act of 1973, or the IDEA (20 U.S.C. 1401 et seq.). If this service is authorized, documentation is maintained that the service is not available to the individual under a program funded under section 110 of the Rehabilitation Act of 1973 or the IDEA (20 U.S.C. 1401 et seq.).

Assistive Technology, Adaptive Equipment and Supplies shall be limited to \$5,000 per person per calendar year. An MCO may authorize services in excess of the benefit limit as a cost-effective alternative to institutional placement or other medically necessary covered benefits.

Minor Home Modifications:

As defined in Attachment D, including applicable limitations.

Individual Education and Training Services:

Reimbursement up to \$500 per year to offset the costs of training programs, workshops and conferences that help the person develop self-advocacy skills, exercise civil rights, and acquire skills needed to exercise control and responsibility over other support services. This service may include education and training for participants, their caregivers and/or legal representatives that is directly related to building or acquiring such skills. Managed care organizations assure that information about educational and/or training opportunities is available to participants and their caregivers and legal representatives. Covered expenses may include enrollment fees, books and other educational materials and transportation related to participation in training courses, conferences and other similar events. Limited to \$500 per individual per year.

Peer-to-Peer Support and Navigation for Person-Centered Planning, Self-Direction, Integrated Employment/Self-Employment and Independent Community Living:

These services assist an individual and his/her family member(s) or conservator in one or more of the following areas:

- Directing the person-centered planning process;
- Understanding and considering self-direction;
- Understanding and considering individualized integrated employment/self-employment; and
- Understanding and considering independent community living options.

The service involves addressing questions and concerns related to such options. Services are provided by a peer who has successfully directed his or her person-centered planning process, self-directed his or her own services, successfully obtained individualized integrated employment or self-employment and/or utilized independent living options.

Peer-to-Peer Support and Navigation for Person-Centered Planning, Self-Direction, Integrated Employment/Self-Employment and Independent Community Living services are provided by individuals with intellectual or developmental disabilities (with paid supports if needed) who have successfully directed their person-centered planning processes, and/or self-directed their own services, and/or successfully utilized independent living options. Individuals with

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intellectual or developmental disabilities qualified to provide these services will have also completed training in best practices for offering peer to peer supports in the areas covered by this service.

Peer-to-Peer Support and Navigation for Person-Centered Planning, Self-Direction, Integrated Employment/Self-Employment and Independent Community Living services are focused on mentoring and training others based upon their personal experience and success in one or more areas this service is focused on. A qualified service provider understands, empathizes with and can support three important areas important for enhancing self-esteem:

- The human need for connections;
- Overcoming the disabling power of learned helplessness, low expectations and the stigma of labels; and,
- Supporting self-advocacy, self-determination and informed choice in decision making.

The Peer-to-Peer Support and Navigation for Person-Centered Planning, Self-Direction, Integrated Employment/Self-Employment and Independent Community Living service provider offers:

- One-on-one training and information to encourage the person to lead their person-centered planning process, pursue self-direction, seek integrated employment/self-employment and/or independent community living options;
- Education on informed decision making, risk taking, and natural consequences;
- Education on self-direction, including recruiting, hiring and supervising staff;
- Planning support regarding integrated employment;
- Planning support regarding independent community living opportunities, including selection of living arrangements and housemates; and
- Assistance with identifying potential opportunities for community participation, the development of valued social relationships, and expanding unpaid supports to address individual needs in addition to paid services.

These services are intended to support an individual in knowledge and skill acquisition and should not be provided on an ongoing basis, nor should these services be provided for companionship purposes. Reimbursement shall be limited to \$1,500 per person per lifetime.

Specialized Consultation and Training:

Expertise, training and technical assistance in one or more specialty areas (behavior services, occupational therapy, physical therapy, speech language pathology, nutrition, orientation and mobility, or nurse education, training and delegation) to assist paid or natural or co-worker supports in supporting individuals who have long-term intervention needs, consistent with the person-centered support plan, therefore increasing the effectiveness of the specialized therapy or service. This service also is used to allow the specialists listed above to be an integral part of the person-centered planning team, as needed, to participate in team meetings and provide additional intensive consultation for individuals whose functional, medical or behavioral needs are determined to be complex. The consultation staff and the paid support staff are able to bill for their service time concurrently. Activities that are covered include:

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- Observing the individual to determine and assess functional, medical or behavioral needs;
- Assessing any current interventions for effectiveness;
- Developing a written, easy-to-understand intervention plan, which may include recommendations for assistive technology/equipment, workplace and community integration site modifications; the Intervention plan will clearly define the interventions, activities and expected timeline for completion of activities;
- Identification of activities and outcomes to be carried out by paid and natural supports and co-workers;
- Training of family caregivers or paid support personnel on how to implement the specific interventions/supports detailed in the intervention plan; in the case of nurse education, training and delegation, shall include specific training, assessment of competency, and delegation of skilled nursing tasks to be performed as permitted under state law;
- Development of and training on how to observe, record data and monitor implementation of therapeutic interventions/support strategies;
- Monitoring the individual, family caregivers and/or the supports personnel during the implementation of the plan;
- Reviewing documentation and evaluating the activities conducted by relevant persons as detailed in the intervention plan with revision of that plan as needed to assure progress toward achievement of outcomes or revision of the plan as needed;
- Participating in team meetings; and/or,
- Tele-Consulting, as permitted under state law, through the use of two-way, real time-interactive audio and video between places of greater and lesser clinical expertise to provide clinical consultation services when distance separates the clinical expert from the individual.

Specialized Consultation Services are provided by a certified, licensed, and/or registered professional or qualified assistive technology professional appropriate to carry out the relevant therapeutic interventions.

Specialized Consultation Services are limited to \$5,000 per person per calendar year, except for adults in the Comprehensive Supports for Employment and Community Living benefit group determined to have exceptional medical and/or behavioral support needs.

For adults in the Comprehensive Supports for Employment and Community Living benefit group determined to have exceptional medical and/or behavioral support needs, Specialized Consultation Services shall be limited to \$10,000 per person per calendar year.

An MCO may authorize services in excess of the benefit limit as a cost-effective alternative to institutional placement or other medically necessary covered benefits.

Adult Dental Services:

Preventive dental services, fillings, root canals, extractions, periodontics, the provision of dentures, and other dental treatments to relieve pain and infection) which have dental procedure

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codes listed in the current TennCare Maximum Reimbursement Rate Schedule for Dental Services that is used specifically for adult dental services provided under the State's Section 1915(c) waivers for individuals with intellectual disabilities; and intravenous sedation or other anesthesia services provided in the dentist's office by, and billed by, the dentist or by a nurse anesthetist or anesthesiologist who meets the waiver provider qualifications.

Orthodontic services are excluded from coverage.

All Dental Services for children enrolled in the waiver are provided through the TennCare EPSDT program. Dental Services shall not be covered for children under age 21 years (since it would duplicate TennCare/EPSDT benefits).

Adult Dental Services shall be limited to a maximum of \$5,000 per member per calendar year, and a maximum of \$7,500 per member across three (3) consecutive calendar years.

Respite:

Respite shall mean services provided to a person supported when unpaid caregivers are absent or need relief from routine caregiving responsibilities.

Respite shall be limited to 30 days of service per person per calendar year or to 216 hours per person per calendar year, depending on the needs and preferences of the individual as reflected in the Person Centered Support Plan. (The 2 limits cannot be combined in a calendar year.) Respite services shall be provided in settings that meet the federal HCBS regulatory standards, which promote community involvement and inclusion and which allow individuals to sustain their lifestyle and routines when an unpaid caregiver is absent for a period of time.

Supportive Home Care (SHC):

This service involves the provision of services and supports in the home and community by a paid caregiver who does not live in the family home to an individual living with his or her family that directly assist the individual with activities of daily living and personal needs to insure adequate functioning in their home and maintain community living. Supportive Home Care services may be provided outside of the person's home as long as the outcomes are consistent with the supports defined in the person-centered support plan with the goal of ensuring full participation and inclusion.

Services include:

- Hands-on assistance with activities of daily living such as dressing/undressing, bathing, feeding, toileting, assistance with ambulation (including the use of a walker, cane, etc.), care of hair and care of teeth or dentures. This can also include preparation and cleaning of areas used during personal care activities such as the bathroom and kitchen.
- Observation of the person supported to assure safety, oversight direction of the person to complete activities of daily living or instrumental activities of daily living.
- Routine housecleaning and housekeeping activities performed for the person supported (and not other family members or persons living in the home, as applicable), consisting

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of tasks that take place on a daily, weekly or other regular basis, including: washing dishes, laundry, dusting, vacuuming, meal preparation and shopping for food and similar activities that do not involve hands-on care of the person.

- Necessary cleaning of vehicles, wheelchairs and other adaptive equipment and home modifications such as ramps.

Family Caregiver Stipend in lieu of Supportive Home Care:

A monthly payment to the primary family caregiver of a person supported when the person lives with the family in the family home, the family is providing daily services and supports that would otherwise be defined within the scope of Supportive Home Care services, the person supported wishes to maintain this living arrangement and to have the family caregiver provide these supports, and the person is receiving all necessary services to support: 1) age-appropriate community integration and involvement with persons not limited to family members or other persons with disabilities; 2) development of age-appropriate skills for independence and personal growth; and 3) individualized integrated employment for members age 14-62. The Family Caregiver Stipend is appropriate only when it supports and sustains the family to “*guide their member with a disability toward being self-determined individuals and achieving the nation’s goals for people with disabilities as set out in federal legislation, namely, equal opportunity, economic productivity, independent living, and full participation.*”¹⁹

This service is available only in lieu of Supportive Home Care (including Personal Assistance) services and shall not be authorized for a person receiving Supportive Home Care (including Personal Assistance) services.

The Family Caregiver Stipend is not intended to supplant natural family caregiving supports by providing a payment for family caregiver supports that were already being provided prior to program enrollment and that are expected to continue at the same level. ECF CHOICES benefits are intended to sustain and enhance natural supports, rather than replacing or supplanting them with paid supports. The Family Caregiver Stipend is used to compensate lost wage earning opportunities that are entailed in providing support to a family member with a disability and to help offset the cost of other services and supports the person needs that are not covered under this program.

When needed and appropriate, this service wraps around ECF CHOICES HCBS and other services the individual is actively receiving that support(s) age-appropriate community integration and involvement, development of age-appropriate skills for independence and personal growth and, for members age 14 and older, services that support employment. The ongoing service(s), around which the Family Caregiver Stipend wraps shall be identified in the Person-Centered Support Plan, customized to the person’s age and individualized goals/needs, and authorized through the program unless they are otherwise available through other programs,

¹⁹ From the *Joint Position on Family Support from the AAIDD* (American Association on Intellectual and Developmental Disabilities) and *The Arc*, available at: <https://aaid.org/news-policy/policy/position-statements/family-support>

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as verified by the MCO and documented in the Person-Centered Support Plan. Other programs may include special education, vocational rehabilitation, workforce or other programs pre-approved by TennCare.

For a child under age 18, the Family Caregiver Stipend shall be limited to an amount between \$100 and \$500 per month. For an adult age 18 or older, the Family Caregiver Stipend shall be limited to an amount between \$100 and \$1,000 per month. The specific amount authorized shall be determined based on: (1) the needs of the person supported; (2) the family's need for support in order to support the person's continued growth, independence, and self-determination; (3) the availability of funds within the member's Expenditure Cap, after supports for age-appropriate community integration, the development of age-appropriate skills for independence and personal growth and, for members age 14 and older, supports for employment have been addressed; and (4) the extent of the supports being provided by the family caregiver; and may take into account the family's intent to use some or all of the funds to provide other services and supports that are not covered under this program.

Family-to-Family Support:

These services provide information, resources, guidance, and support from an experienced and trained parent or other family member to another parent or family caregiver who is the primary unpaid support to a child with intellectual or developmental disabilities enrolled in ECF CHOICES. The service shall include facilitation of parent or family member "matches" and follow-up support to assure the matched relationship meets peer expectations.

Community Support Development, Organization and Navigation:

Assists individuals and families in 1) promoting a spirit of personal reliance and contribution, mutual support and community connection; 2) developing social networks and connections within local communities, and 3) emphasizes, promotes and coordinates the use of unpaid supports to address individual and family needs in addition to paid services.

Supports provided include:

- Helping individuals and family caregivers to develop a network for information and mutual support from others who receive services or family caregivers of individuals with disabilities;
- Assisting individuals with disabilities and family caregivers with identifying and utilizing supports available from community service organizations, such as churches, schools, colleges, libraries, neighborhood associations, clubs, recreational entities, businesses and community organizations focused on exchange of services (e.g. time banks); and
- Assisting individuals with disabilities and family caregivers with providing mutual support to one another (through service/support exchange), and contributions offered to others in the community.

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These services are provided by a Community Navigator and reimbursed on a per person (or family) per month basis, based on specific goals and objectives as specified in the person-centered support plan.

Family Caregiver Education and Training:

This service provides reimbursement up to \$500 per year to offset the costs of educational materials, training programs, workshops and conferences that help the family caregiver to:

- Understand the disability of the person supported;
- Achieve greater competence and confidence in providing supports;
- Develop and access community and other resources and supports;
- Develop advocacy skills; and
- Support the person in developing self-advocacy skills.

Family Caregiver Education and Training is offered only for a family caregiver who is providing unpaid support, training, companionship, or supervision for a person participating in ECF CHOICES who is living in the family home. The intent of the service is to provide education and support to the caregiver that preserves the family unit and increases confidence, stamina and empowerment. Education and training activities are based on the family/caregiver's unique needs and are specifically identified in the person-centered support plan prior to authorization.

Decision Making Supports and Options:

This service offers up to \$500 in one-time consultation, education and assistance to family caregivers in understanding legal, financial, and other decision making supports and options for a person supported who cannot make some or all of their own decisions. These services shall be provided in a manner that seeks to provide support in the least-restrictive manner, preserving the rights and freedoms of the individual to the maximum extent possible and appropriate.

This service begins with education and consultation from a qualified professional to help ensure understanding of the array of options available, including less restrictive options that can be used to preserve the person's rights and freedoms to the maximum extent possible and appropriate, while addressing decision making needs.

Reimbursable services may then include: (1) assistance with completing necessary paperwork and processes to establish an alternative to conservatorship, such as supported decision making, limited (and revocable) power of attorney, health care proxy, or trust; or limited or full or conservatorship that is specifically tailored to the individual's capacities and needs, if it is determined to be the least restrictive alternative; (2) evaluating the appropriateness of a decision-making instrument currently in place and assistance with costs associated with terminating or revoking a conservatorship when less restrictive options would be appropriate; and (3) training associated with decision-making support,

Health Insurance Counseling/Forms Assistance:

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Health Insurance Counseling/Forms Assistance services offers training and assistance to individuals enrolled in ECF CHOICES and/or their family caregiver and policy holder in understanding the benefits offered through their private or public insurance program, completing necessary forms, accessing covered benefits, and navigating member appeal processes regarding covered benefits. An insurance company or its affiliate shall not be reimbursed for providing this service.

This is a time-limited service intended to develop the person and/or family caregiver's understanding and capacity to self-manage insurance benefits. Reimbursement shall be limited to 15 hours per person per year.

Persons choosing to receive this service must agree to complete an online assessment of its efficacy following the conclusion of counseling and/or forms assistance.

Intensive Behavioral Family-Centered Treatment, Stabilization and Supports:

Intensive Behavioral Family-Centered Treatment, Stabilization and Supports (IBFCTSS) is an integrated behavioral health and HCBS benefit targeted to providing intensive in-home, family-centered²⁰ behavior supports, behavioral-focused supportive home care, caregiver training and support, combined with crisis intervention and stabilization assistance that is available 24 hours a day, 7 days a week, and in-home behavioral respite when needed for a relatively small group of children (under age 21) who live with their family and have intellectual and/or developmental disabilities (I/DD) and severe co-occurring behavioral health and/or psychiatric conditions that place the child or others at imminent and significant risk of serious physical harm (that does not rise to the level of inpatient treatment or for which such treatment would not be appropriate), and threaten the sustainability of the family living arrangement.²¹

These are children at imminent and significant risk of placement outside the home (e.g., state custody, hospitalization, residential treatment, incarceration). The benefit is available only for children eligible for and enrolled in Intensive Behavioral Family Supports (ECF CHOICES 7).

²⁰ *Family-centered* behavior supports include working with family members to understand their strengths, needs, preferences, goals and challenges; developing a collaborative relationship with the family; and providing support in a way that helps to engage, strengthen, support, and build the capacity and confidence of the family in order to help ensure safety, well-being, and permanency.

²¹ “*Significant risk of harm*” means that serious physical injury to the person or other persons in the home is more than likely to happen imminently (very soon). Generally, “*imminent and significant risk of serious physical harm*” is evidenced by a well-documented, persistent and continuing pattern of behaviors that has resulted in serious physical injury to the person or others, and regarding which previous interventions (also documented) have been unsuccessful in reducing the risk to an acceptable level. The terms “*threaten the sustainability of the family living*” and “*significant risk of placement outside the home*” mean that as a result of the ongoing challenge of trying unsuccessfully to manage the behaviors which place the child and others at “*imminent and significant risk of serious physical harm*” as described above, the family has recently placed (in the last 180 days) or is actively pursuing placement outside the home for the child in order to keep the child or other family members safe, as evidenced by out-of-home placement, requests for out of home placement, or intervention by DCS.

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IBFCTSS combines family-centered behavioral health treatment services with family-centered HCBS. Qualified providers are licensed by the Department of Mental Health and Substance Abuse Services (DMHSAS) for the delivery of behavioral health services and by the Department of Intellectual and Developmental Disabilities for the delivery of HCBS for individuals with I/DD.²² Behavioral health assessment, planning and treatment components of the new benefit are provided by a Masters level licensed Mental Health professional and tailored to the needs of children with I/DD. Supportive service components (i.e., “Intensive Behavioral Supportive Home Care”) are provided by Bachelor level²³ Behavior Support Specialists and organized around the needs of the person served, their preferences, and their stated goals including (a) enhancement of their understanding of and ability to manage and cope with their psychiatric disabilities and/or behavioral challenges; (b) self-care and independent living skills; (c) relationship building and use of leisure time; (d) employment; and (e) economic self-sufficiency and income budget maintenance. These HCBS will utilize a trauma informed care approach and be integrated with treatment services and with ongoing implementation of Behavior Support (or other behavior management) Plans and the PCSP, and will provide supportive services in a way that helps to engage, strengthen, support, and build the capacity and confidence of the family in the consistent and effective implementation of the child’s behavior support (or other behavior management) plan in all aspects of daily life²⁴ in order to help ensure safety, well-being, and permanency. Behavior Support Specialists will have ongoing access to direct guidance from the Masters level mental health professionals who are employed by or contracted with the IBFCTSS provider. Providers of IBFCTSS must maintain a written agreement with or employ a psychiatrist or other appropriately licensed psychiatric professional to facilitate timely access to psychiatric care, as needed. While the service is intended to provide support for family caregivers, it is not intended to supplant the supports provided by natural caregivers, but rather to build the capacity of families to better provide natural supports by teaching, training and supporting them in their caregiving role.

Intensive Behavioral Community Transition and Stabilization Services

²² Pursuant to State law, the provider’s Personal Services Supports Agency license could be issued by DMHSAS, in which case, a provider must have significant experience and expertise serving individuals with I/DD and complex behavior support needs, in order to meet provider qualifications for this benefit.

²³ Behavior Support Specialists are expected to have substantial education, training, and experience in providing these types of supports to persons with I/DD in a family-centered way (i.e., a Bachelor’s degree in a relevant field plus at least one year experience working with individuals with I/DD who have challenging behavior support needs, including internship experience. Equivalent experience may be substituted for educational requirements, when appropriate—e.g., an Associates’ degree with three years of experience, or five years of experience if no post-secondary degree.) TennCare may establish alternative competency-based requirements to deliver these services, while ensuring the appropriate level of expertise to deliver high quality and effective supports.

²⁴ IBFCTSS is an integrated family-centered behavioral health treatment and home and community-based service, not an educational or related service. These benefits will not be provided in education settings. However, the MCO and IBFCTSS provider is expected to coordinate with the Local Education Agency to help ensure consistent implementation of behavior support (or other behavior management) plans across daily environments.

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Employment and Community First CHOICES Service Definitions

Intensive Behavioral Community Transition and Stabilization Services (IBCTSS) is an integrated benefit that combines generally short-term²⁵ intensive 24/7 community-based residential services with behavioral health treatment and supports to assist certain adults aged 18 years and older with intellectual and/or developmental disabilities (I/DD) and severe behavioral and/or psychiatric conditions who are transitioning out of a highly structured and supervised environment to achieve and maintain stable, integrated lives in their communities. The benefit is available only for adults eligible for and enrolled in Comprehensive Behavioral Supports for Employment and Community Living (ECF CHOICES 8).

IBCTSS offers a short-term (initial authorization period of up to 90 days with limited extensions) behavioral-focused residential planning, stabilization and treatment program that addresses the mental health and stabilization needs of: 1) adults²⁶ with severe psychiatric or behavioral symptoms whose family is no longer capable of supporting the individual due to the severity and frequency of behaviors; 2) emerging young adults (age 18-21) with I/DD and severe psychiatric or behavioral symptoms aging out of the foster care system; and 3) adults with I/DD and severe psychiatric or behavioral symptoms following a crisis event and/or psychiatric inpatient stay and/or transitioning out of the criminal justice system or a long-term (two or more years) institutional placement (including residential psychiatric treatment facility). The purpose of Comprehensive Behavioral Supports for Employment and Community Living (Group 8) is to help stabilize the individual in the community and to help plan and prepare for transition to the appropriate ECF CHOICES Group (likely to be Group 6 in most cases), once it is possible to conduct appropriate assessments and determine the level of services and supports that will be needed going forward.

Qualified providers are licensed by the Department of Mental Health and Substance Abuse Services for the delivery of behavioral health services and by the Department of Intellectual and Developmental Disabilities for the delivery of residential services for individuals with I/DD. Behavioral health assessment, planning and treatment components of the new benefit are provided by a Masters level licensed Mental Health professional and tailored to the needs of individuals with I/DD. Residential service components are provided by Bachelor level²⁷

²⁵ In rare instances, IBCTSS may be utilized to support longer term implementation of a plan to fade from high intensity community-based supports following a transition or when necessary to support continued stability in the community and diversion from (re)institutionalization. A tiered structure of reimbursement will provide for stepdown intensity of supports in these limited instances.

²⁶ As it relates to ECF CHOICES, “adults” generally refers to individuals no longer eligible for the EPSDT benefit, i.e., individuals age 21 and older. However, IBCTSS and enrollment into ECF CHOICES Group 8 may be permitted for emerging young adults, and on a case-by-case basis, for late adolescents with severe psychiatric or behavioral symptoms in one of the circumstances described above in order to avoid placement in DCS custody.

²⁷ Behavior Support Specialists are expected to have substantial education, training, and experience in providing these types of supports to persons with I/DD in a family-centered way (i.e., a Bachelor’s degree in a relevant field plus at least one year experience working with individuals with I/DD who have challenging behavior support needs, including internship experience. Equivalent experience may be substituted for educational requirements, when appropriate—e.g., an Associates’ degree with three years of experience, or five years of experience if no

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Behavior Support Specialists with training and expertise in serving individuals with I/DD who have a severe behavioral and/or psychiatric condition.

This team provides comprehensive person-centered (including behavior supports) planning; coordination with the treating mental health practitioner (i.e., psychiatrist or other licensed prescriber); and intensive therapeutic support and intervention, up to 24 hours a day, as needed, across the person's day-to-day life domains, including home, school,²⁸ work²⁹ and community, in order to achieve stability, support the person in building healthy relationships, and successfully plan and transition to other long-term services and supports with appropriate behavioral health treatment services. Providers of IBCTSS must maintain a written agreement with or employ a psychiatrist or other appropriately licensed psychiatric professional to facilitate timely access to psychiatric care, as needed.

postsecondary degree.) TennCare may establish alternative competency-based requirements to deliver these services,

while ensuring the appropriate level of expertise to deliver high quality and effective supports.

²⁸ IBCTSS is an integrated behavioral health treatment and home and community-based service, not an educational

or related service. These benefits are not provided for individuals under age 22 in secondary education settings.

However, the MCO and IBCTSS provider is expected to coordinate with the Local Education Agency to help ensure consistent implementation of behavior support (or other behavior management) plans across daily environments.

²⁹ The IBCTSS provider is responsible for the provision of therapeutic support and intervention during the provision

of employment services/supports, as needed.

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Distribution Methodology for Uncompensated Care Payments

The supplemental pool framework effective in SFY2018-2019 (Demonstration Year 17) includes two pools with defined caps:

- A “Virtual DSH” pool not to exceed \$463,996,853 total computable annually.
- An Uncompensated Care Fund for Charity Care (the Charity Care pool) not to exceed \$252,845,886 total computable annually.

Virtual DSH Pool

The State proposes to make the following payments within the Virtual DSH Pool in each SFY:

- Critical Access Hospital Sub-pool – \$15 million
- Statutory DSH Method Sub-pool – approximately \$81 million (fixed annual federal allocation of \$53.1 million, total varies with FMAP)
- Children’s Safety Net Sub-pool - \$25 million
- Other Essential Acute Sub-pool - \$43.5 million
- Safety Net Sub-pool - \$30.5 million
- Psychiatric Facilities Sub-pool - \$1.5 million
- Public Hospital Costs Sub-Pool –\$240 million

Some hospitals may be eligible to receive supplemental payments to be distributed from more than one sub-pool. In such cases, as payment from one sub-pool is calculated, the amount of that payment will be taken into account as additional sequential sub-pool payments are calculated to ensure that duplication and overpayment do not occur.

Critical Access Hospital Sub-pool –\$15 million

Qualifications -- To qualify for payment as a Critical Access Hospital, a hospital must meet the following criteria:

- The hospital is an acute care hospital located and licensed in the state of Tennessee,
- The hospital has been designated a Critical Access Hospital by the Tennessee Department of Health,
- The hospital contracts with a managed care organization participating in TennCare,
- The hospital contracts with TennCare Select,
- The hospital provides accurate and timely admission, discharge, and transfer data to TennCare, and
- The hospital participates in the State’s payment reform initiatives, including episodes of care, as appropriate.

Reimbursement -- TennCare will pay to Critical Access Hospitals under the following terms.

Inpatient Services -- Payment for uncompensated TennCare inpatient services costs that are furnished by Critical Access Hospitals will be made quarterly with interim per diem rates with year-end cost settlements. Using the as- filed Medicare Cost Reports for the most recent year available, interim per diem rates for TennCare inpatient services will be determined with

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Distribution Methodology for Uncompensated Care Payments

consideration for payments for TennCare services to hospitals by managed care organizations and any special payments to hospitals.

The inpatient interim per diem rate is calculated as follows:

- Values for Inpatient Routine and Ancillary Service Medicaid costs and total Medicaid inpatient days are obtained from Worksheet D-1 of the most recent as-filed Medicare Cost Report (lines 39, 48 and 9 respectively). From this information, a Medicaid cost per diem can be calculated.
- The “Interim MCO Payment Payments” for the CAH is determined by the payments for inpatient services (excluding any TennCare Quarterly Interim Settlement Reimbursements) as reported on Worksheet E-3 (line 41).
- These payments are divided by the number of reported Medicaid days for the quarter to determine the per diem amount the CAH received as payment from the TennCare managed care organization.
- The inpatient interim per diem rate for the CAH is the difference between the total allowed Medicaid cost per diem and the per diem amount paid to the hospital by the MCO.

Inpatient Critical Access Hospital services will not include more than 15 acute inpatient beds. An exception to the 15 bed requirement is made for swing bed hospitals. Critical Access Hospitals are allowed to have up to 25 inpatient beds that can be used interchangeably for acute or Skilled Nursing Facility (SNF) level of care, provided that not more than 15 beds are used at any one time for acute care.

Outpatient Services -- Payment for uncompensated TennCare outpatient services costs that are furnished by Critical Access Hospitals will be made quarterly based on a percentage of charges with year-end cost settlements.

Using the as filed Medicare Cost Reports for the most recent year available, interim rates for TennCare outpatient services will be determined as a percentage of charges, with consideration for payments of TennCare services to hospitals by managed care organizations and any special payments to hospitals.

The interim outpatient rate will be calculated as follows:

- First, total Medicaid Outpatient costs and total Medicaid Outpatient charges are referenced from the MCR from Worksheet E-3; (line 2 and line 12, respectively).
- The MCO outpatient payments to the CAH (excluding any TennCare Interim Quarterly Payments) are divided by the CAH’s total Outpatient Medicaid Charges to derive an MCO Payment to Charge ratio.
- This MCO Payment to Charge Ratio is then compared to the CAH’s calculated overall Outpatient Cost to Charge Ratio. The difference between the Outpatient CCR and the MCO Payment to Charge ratio equals the Interim Supplemental Reimbursement Rate for the CAH for Outpatient Services.

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Total Payment – Each hospital’s total payment will be calculated as follows:

1. Each hospital’s interim inpatient per diem is multiplied by their Medicaid inpatient days.
2. Each hospital’s interim outpatient rate (percentage) is multiplied by their Medicaid outpatient charges.
3. The products of steps 1 and 2 are added together to derive an amount for each hospital.

Cost Settlements -- Cost settlements are determined from provider submitted Medicare cost reports that include the title XIX schedules based on 100 percent (100%) of TennCare reasonable costs. The term “reasonable costs” is defined for this purpose as total reimbursable costs under Medicare principles of cost reimbursement for Critical Access Hospitals.

New Designations of Critical Access Hospitals -- For new hospitals that qualify after July 1, 2018, the state will begin reimbursement at the rates established by this part on the first day of the calendar month after notification to the Bureau of TennCare by the hospital of its Critical Access Hospital designation. At that time, interim rates will be established according to this part and the designation will be confirmed with the Tennessee Department of Health.

Audit Trail and Audit Requirements -- Each CAH is required to maintain adequate financial and statistical records which are accurate and in sufficient detail to substantiate the cost data reported. These records must be retained for a period of not less than 5 years from the date of the submission of the Joint Annual Report and the related Medicare Cost Report, and the provider is required to make such records available upon demand to representatives of the Bureau of TennCare or the United States Department of Health and Human Services. All hospital cost reports and Joint Annual Reports are subject to audit at any time by Federal and state auditors, including the Comptroller of the Treasury and the Bureau of TennCare, or their designated representative.

Statutory DSH Method Sub-pool – \$53,100,000 divided by FMAP (approximately \$81 million)

In addition to federal requirements for DSH participation, hospitals in Tennessee must meet the following eligibility criteria:

- The hospital contracts with a managed care organization participating in TennCare.
- The hospital contracts with TennCare Select.
- The hospital provides accurate and timely admission, discharge, and transfer data to TennCare.
- The hospital participates in the State’s payment reform initiatives, including episodes of care, as appropriate.

This sub-pool is the only sub-pool within the Virtual DSH pool for which all participating hospitals are required to meet the all DSH requirements in Section 1923 of the Social Security Act including the requirement to provide OB services. Participation in all other Virtual DSH sub-pools is not contingent on meeting the requirement to provide OB services.

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The State proposes using primarily the same groups and requirements for participation as currently used. In Tennessee, multiple facilities may be included on a single license and the facilities that share a license are all included on a single Medicare cost report. Hospitals that share a Medicare cost report are identified separately in the State's Joint Annual Report data and the JAR data for those facilities would be grouped together so that the DSHDHS audit values would align correctly. The State proposes to distribute the funds within the Sub-pool using the methodology outlined in the Distribution Formula Update included in Appendix A.

Children's Safety Net Sub-pool - \$25 million

Hospitals eligible to participate in the Children's Safety Net Sub-pool must:

- be licensed by the Tennessee Department of Health with a primary function to serve children under the age of 21 in Tennessee,
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program,
- have either of the following: (i) at least 13.5% or more of their total adjusted days covered by TennCare; or (ii) 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days,
- have unreimbursed Medicaid cost and/or charity care cost.,
- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, and appropriate.

Data for use in distribution of the sub-pool will come from the most recent reviewed Joint Annual Report (JAR).

Funds within the Sub-pool will be distributed using the methodology outlined in the Distribution Formula Update included in Appendix A.

Other Essential Acute Sub-pool - \$43.5 million

Hospitals eligible to participate in the Other Essential Acute Sub-pool must:

- be licensed to operate in the State of Tennessee (excluding state mental health institutes and CAH),
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program,
- have at least one either of the following: (i) at least 13.5% or more of their total adjusted days covered by TennCare; or (ii) 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days; or (iii) be a children's hospital defined as a free standing hospital that serves primarily children under 18 years of age and is identified to the public as a children's hospital with a separate emergency department staffed and equipped to provide emergency services to pediatric patients,
- have unreimbursed Medicaid cost and/or charity care cost,

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Distribution Methodology for Uncompensated Care Payments

- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, as appropriate.

This group of hospitals will be divided into three Tiers based on the size of their operating expenses from the most recent reviewed Joint Annual Report. Operating expenses are obtained from the Joint Annual Report, Schedule E (Financial Data), Section B, Lines 1 (f) and 2 (i) summed on Line 3. Line 1 expenses are the various payroll expenses for MDs, residents, trainees, RN and LPNs, and all other personnel. Line 2 expenses are the nonpayroll expenses for benefits, professional fees, contracted staff, depreciation, interest, energy, and all other expenses (supplies, nonoperating expenses, purchased services, etc.). The hospitals will be grouped into the appropriate tiers based on their reported total expenses.

The Tiers are:

Tier 1: Hospitals under \$30 million operating expenses

Tier 2: Hospitals at \$30 million operating expenses up to \$100 million operating expenses

Tier 3: Hospitals at or above \$100 million operating expenses

Based on the percentage of the total operating expenses for all eligible hospitals in each Tier, the maximum amount of the total \$43.5 million pool available to be distributed in each Tier will be:

Tier 1 - \$2.5 million

Tier 2 - \$10 million

Tier 3 - \$31 million

Total - \$43.5 million

Funds within each Tier will be distributed using the methodology outlined in the Distribution Formula Update included in Appendix A.

Safety Net Sub-pool - \$30.5 million

Hospitals eligible to participate in the Safety Net Sub-pool must:

- be licensed to operate in the State of Tennessee (excluding state mental health institutes and CAH),
- be both a Level 1 Trauma Center and a Regional Perinatal Center, or any metropolitan public hospital that is contractually staffed and operated by a safety net hospital for the purpose of providing clinical education and access to care for the medically underserved,
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program,

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- have either of the following: (i) at least 13.5% or more of their total adjusted days covered by TennCare; or (ii) 9.5% or more of the total adjusted days are covered by TennCare and the number of adjusted days for the hospital is higher than the average number of TennCare Adjusted Days,
- have unreimbursed Medicaid cost and/or charity care cost,
- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, as appropriate.

Data for use in distribution of the sub-pool will come from the most recent reviewed Joint Annual Report (JAR).

Safety Net Sub-pool is divided into two Tiers:

Local Government Owned Safety Net Hospital Tier - \$24 million

Other Safety Net Hospital Tier - \$6.5 million

Funds within each Tier will be distributed using the methodology outlined in the Distribution Formula Update included in Appendix A.

Psychiatric Facilities Sub-pool - \$1.5 million

Hospitals eligible to participate in the Psychiatric Facilities Sub-Pool must:

- be licensed by the Tennessee Department of Mental Health for the provision of psychiatric hospital services in Tennessee, excluding the state mental health institutes,
- be a contracted provider with TennCare Select and, where available, at least one Managed Care Organization in the TennCare program,
- have unreimbursed Medicaid cost and/or charity care cost,
- provide accurate and timely admission, discharge, and transfer data to TennCare, and
- participate in the State's payment reform initiatives, including episodes of care, as appropriate.

Funds within the Sub-pool will be distributed using the methodology outlined in the Distribution Formula Update included in Appendix A. The State proposes to distribute the funds for the Sub-pool based on charity care costs. The amount paid each year to each hospital in this sub-pool must equal the hospital's charity care as identified on the Joint Annual Report. In the event total charity care for the psychiatric hospitals exceeds \$1.5 million in a given year the Sub-pool will be distributed proportionally. Each individual hospital's percent of the total charity care for the psychiatric hospitals will be multiplied by the total pool amount of \$1.5 million to determine each hospital's share of the pool.

Public Hospital Costs Sub-Pool – \$240 million

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Distribution Methodology for Uncompensated Care Payments

Hospitals eligible to participate in the Public Hospital Costs Sub-Pool must:

- be licensed to operate in the State of Tennessee,
- be a government operated hospital.
- have unreimbursed Medicaid cost and/or charity care cost.

This sub-pool will be calculated per the CPE Protocol by independent auditors. This calculation will be completed at the level of individual eligible hospitals.

Charity Care Pool

The State proposes to make the following payments within the Charity Care Pool in each SFY:

- Public Hospital Sub-pool – \$100 million
- Safety Net Sub-pool - \$23 million
- Research and Rehabilitation Facilities Sub-Pool- \$3.0 million
- Meharry Medical College Sub-pool - \$10 million

Public Hospital Sub-pool – \$100 million

The amount paid each year to each hospital in this sub-pool must equal the hospital's charity care as identified on the most recent reviewed Joint Annual Report. In the event total charity care for these three hospitals exceeds \$100 million in a given year the Sub-pool will be distributed proportionally. Each individual hospital's percent of the total charity care for the three hospitals will be multiplied by the total sub-pool amount of \$100 million to determine each hospital's share of the sub-pool. The maximum amount any hospital may receive from this sub-pool per year will be \$50 million. These sub-pool payments may be made to the following hospitals: Regional Medical Center at Memphis, Metro Nashville General Hospital, and Erlanger Medical Center at Chattanooga.

Other Safety Net Sub-pool - \$23 million

The criteria used to establish the "Other Safety Net Hospital Tier" as part of the Virtual DSH Safety Net Sub-pool will be used to identify the hospitals to be included in this Sub-pool. Funds in this Sub-pool will be distributed using only the points assigned for charity care cost as laid out in the Distribution Formula Update included in Appendix A. Data for use in distribution of the sub-pool will come from the most recent reviewed Joint Annual Report (JAR).

Research and Rehabilitation Facilities Sub-pool - \$3 million

Hospitals eligible to participate in the Research and Rehabilitation Facilities Sub-Pool must:

- be licensed to operate in the State of Tennessee
- be a rehabilitation facility , long term acute care facility reimbursed by Medicare under the IRF or LTAC methodology or a research hospital

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- be a contracted provider with at least one Managed Care Organization in the TennCare program, and
- have unreimbursed Medicaid cost and/or charity care cost.

The State proposes to distribute the funds for the Sub-pool based on charity care costs. The amount paid each year to each hospital in this sub-pool must equal the hospital's charity care as identified on the Joint Annual Report. In the event total charity care for the rehab/research hospitals exceeds \$3 million in a given year, the Sub-pool will be distributed proportionally. Each individual hospital's percent of the total charity care for the group of hospitals will be multiplied by the total pool amount of \$3 million to determine each hospital's share of the pool.

Meharry Medical College Sub-pool - \$10 million

Payments may be made based on the uncompensated uninsured charity care costs of the two Medicaid clinics operated by the Meharry Medical College for TennCare covered services provided to uninsured charity care patients. The Meharry Medical College Sub-pool payments are limited to the uncompensated costs of the care as determined by an independent audit each year and subject to the review and approval by the CMS staff. Before paying the annual pool amount to the providers, the state will provide CMS with a copy of the annual independent audit report.

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Appendix A

Proposed Distribution Formula Update

Data Sources

The State proposes to continue to use charity care cost data and Medicaid utilization data taken from the Joint Annual Report (JAR), an annual report the State has required from hospitals for many years and a longstanding data source for our supplemental pool distribution calculations. The JAR is required by Tennessee law (T.C.A. 68-11-310) to be filed by each hospital 150 days following the close of their fiscal year. For those with a calendar year end the due date would be May 31. The state is then required by the same law to create a compilation of the data that is to be available to the public no later than November 30 of the year following the year of the data collection. The data that would be used in the calculation would be the most current final data that had been compiled by the state at the beginning of the fiscal year for which payments are to be made. For example, for the SFY 2018-19 payments, the 2016 JAR data is the most current final data file.

To determine Medicaid volume, the Joint Annual Report patient days and inpatient and outpatient charges will be used to determine adjusted days for TennCare and the total facility. Patient days are adjusted to account for inpatient and outpatient volume in a single measure. The formula is: reported inpatient days multiplied by the ratio of inpatient charges plus outpatient charges to inpatient charges. For the total facility adjusted days, the charges and inpatient days are as reported for the total facility; for TennCare adjusted days, the days and charges in the formula are specific to TennCare.

Charity care costs will be determined by multiplying the unreimbursed charity care charges reported on the JAR by the facility cost to charge ratio, which is calculated as total expenses divided by total charges for each facility. Unlike the prior methodology that defined charity care to include both charity care and bad debt, only unreimbursed charity care cost is included in the new proposed methodology.

For payments made from the Virtual DSH Fund Pool, payments will be based on points assigned for TennCare volume, charity care costs and children's hospital status based on the most recent reviewed Joint Annual Report as described below. For payments made from the Charity Care Fund Pool, payments will be based on either a hospital's proportionate share of charity care costs in a particular Sub-pool, or charity care cost and children's hospital points only.

Where points are used in the determination of the pool, the allocation will be based on an assignment of points for:

- TennCare adjusted days expressed as a percent of total adjusted patient days;
- Charity care costs expressed as a percent of total expenses; and
- Children's hospital status.

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Calculation of Points

TennCare volume is defined as the percent of a hospital's total adjusted days that are covered by TennCare.

Points are assigned based on that percent as follows:

- 1 point – greater than or equal to 9.5% but less than 13.5% and the actual number of TennCare adjusted days must be greater than the average for all acute care hospitals, excluding the state mental health institutes, critical access, pediatric and safety net providers;
- 1 point – greater than or equal to 13.5% and less than or equal to 24.5%;
- 2 points – greater than 24.5% and less than or equal to 30.5%;
- 3 points – greater than 30.5% and less than or equal to 49.5%;
- 4 points – greater than 49.5%.

(2) Charity Care – Charity Care costs as a percent of total expenses

- 0 points - less than 0.5%
- 1 point - greater than or equal to 0.5% and less than 4.5%
- 2 points - greater than or equal to 4.5% and less than 10.0%
- 3 points - greater than or equal to 10.0%

(3) Children's hospitals

- 1 point for being a free standing hospital that serves primarily children under 18 years of age and is identified to the public as a children's hospital with a separate emergency department staffed and equipped to provide emergency services to pediatric patients.

Calculation of Amounts of Sub-pool and Tier Payments for Hospitals -- These points will then be used to adjust the General Hospital Rate (GHR) based on pre-TennCare hospital reimbursement rates. The GHR rate included all inpatient costs (operating, capital, direct education) but excluded add-ons (indirect education, MDSA, return on equity). The GHR for Safety Net Hospitals is \$908.52. The GHR for all other hospitals is \$674.11. The points for each qualifying hospital will be summed and then used to determine the percent of the GHR that is used to calculate the initial payment amount for each hospital.

- 7 or more points – 100% of GHR
- 6 points – 80% of GHR
- 5 points – 70% of GHR
- 4 points – 60% of GHR
- 3 points – 50% of GHR
- 2 points – 40% of GHR
- 1 point – 30% of GHR

For each Sub-pool or Tier, the appropriately weighted GHR for each qualifying hospital is multiplied by the number of adjusted TennCare days provided by the hospital. The TennCare

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adjusted days are calculated as the number of TennCare inpatient days multiplied by the ratio of total TennCare charges to TennCare inpatient charges - this adjusts the number of days up to reflect outpatient utilization. These amounts are summed for all of the hospitals that qualify for the Sub-pool or Tier. Each hospital's initially calculated amount will then be adjusted to the total in the Sub-pool or Tier. This is done by first calculating each individual hospital's proportion of the total for all hospitals of the initial calculated amounts and then multiplying that proportion times the total amount available in the pool.

For the "Other Safety Net Sub-Pool" in the amount of \$23 million that is included in the Charity Care Pool, the State will replace Adjusted TennCare Days in the distribution calculation with another source of unreimbursed cost attributed to uninsured patients on the Joint Annual Report, unreimbursed self-pay costs. This item includes the amount of the cost not covered by uninsured patients. The instructions on the JAR for this data element are: Include charges for all patients who clearly paid the hospital for services only because they were uninsured or insurance did not cover the services provided. Do not include co-pay or deductibles for insured patients. The calculation would be to first determine each of the facility's portions of the total unreimbursed self-pay cost for the facilities qualifying for this sub-pool and then apply that percentage to the total \$23 million in the sub-pool.

Attachment I
Reconciliation Methodology (Reserved)