STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

February 1, 2013

The Honorable Ron Ramsey
Lt. Governor and Speaker of the Senate
Suite 1 Legislative Plaza
Nashville, Tennessee 37243-0219

The Honorable Beth Harwell
Speaker of the House of Representatives
Suite 19 Legislative Plaza
Nashville, Tennessee 37243-0219

Dear Speaker Ramsey and Speaker Harwell:

Pursuant to TCA 71-5-1402(g), please find below long-term care expenditures for nursing facility services and home and community-based services made under the CHOICES program during Fiscal Year 2012, and the projected expenditures for Fiscal Year 2013.

Expenditures	FY12	FY13 (projected)
Nursing Home	$951,177,000	$964,847,900
HCBS	$157,682,800	$180,567,900
Total	$1,108,859,800	$1,145,416,400

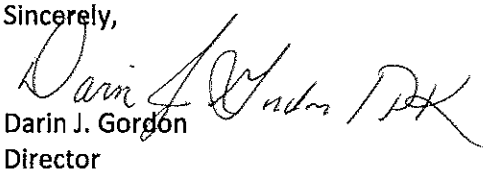
As you will recall, the CHOICES Program was established pursuant to the Long Term Care Community Choices Act of 2008, passed unanimously by both houses of the Tennessee General Assembly.

Among the objectives of the legislation, is to *"deliver needed supports and services in the most integrated setting appropriate and cost-effective way possible in order to utilize available funding to serve as many people as possible in home and community settings..."* (71-5-1402(f)) and to allow the State's funding for long-term services and supports to *"follow the person into the most appropriate and cost-effective long-term care setting of their choice, resulting in a more equitable balance between the proportion of medicaid long-term care expenditures for institutional, i.e., nursing facility, services and expenditures for home and community-based services and supports"* (71-5-1402(g)).

In the CHOICES program, FY 2012 average annualized per member expenditures (taking into account the member's contributions toward the cost of care as required pursuant to federal law) was $44,900 for nursing facility services and $15,800 for home and community based care. Annualized per member expenditures for nursing facility services have increased by 6% from $42,400 in FY 2010 (the year CHOICES was implemented), while annualized per member HCBS expenditures have declined by 26% (from $21,400). By serving more people in more cost-effective home and community-based settings and delaying or prevent the need for more expensive institutional placement, the State has been better able to respond to the needs of an aging population without significant strain on the State's budget. This will be even more critical as the population ages and the demand for long-term services and supports continues to increase.

Projected Fiscal Year 2014 expenditures and the percentage of nursing facility services and home and community-based services relative to total expenditures for CHOICES long-term health care program will be provided by June 30, 2013.

Sincerely,



Darin J. Gordon
Director

cc: The Honorable Members of the General Assembly