Date: December 18, 2025

To: TennCare Managed Care Organizations
Department of Disability and Aging

From: Dallas Dowell, Assistant Deputy of Long-Term Services and Supports Business Operations

Re: Employment and Community First CHOICES Expenditure Caps and Institutional Cost Limit

The purpose of this memo is to establish the **Calendar Year 2026 Expenditure Caps** for persons enrolled in **Employment and Community First CHOICES Group 6** determined by TennCare to have exceptional medical or behavioral needs, children enrolled in **Employment and Community First CHOICES Group 7**, and adults enrolled in **Employment and Community First CHOICES Group 8**, as well as the individually applied Institutional Cost Limit in the **Section 1915(c) Statewide HCBS Waiver.**

Average Cost of Services in an Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID):

The average cost of services in an ICF/IID is used to determine the Expenditure Cap for persons **with an intellectual disability** enrolled in Employment and Community First CHOICES Group 6 determined by TennCare to have exceptional medical or behavioral needs, children enrolled in Employment and Community First CHOICES Group 7, and adults enrolled in Group 8 **beginning with their second year of enrollment** in Employment and Community First CHOICES, as well as the individually applied Institutional Cost Limit in the Section 1915(c) Statewide HCBS Waiver. These are people who would qualify to receive services in an ICF/IID, but who have instead elected to receive HCBS.

For Calendar Year 2026, the average cost of services in an ICF/IID remains $647.81 per day and $236.450.65 per year. This will be rounded to **$236,450 per year.**

The average cost of services in an ICF/IID is based on a weighted average (by distribution of bed days) of the per diem rates for each ICF/IID facility as determined by the Office of the Comptroller.

Average Cost of Services in a short-term, treatment-focused Public Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID):

Only for the first year of enrollment in Employment and Community First CHOICES, the Expenditure Cap for adults in Group 8 is based on the average cost of services in a short-term, treatment-focused public ICF/IID. These are people whose co-occurring behavioral challenges would qualify to receive short-term, treatment-focused services, but who have instead elected to transition out of an institutional (or highly structured) setting into HCBS in Employment and Community First CHOICES.

For calendar year 2026, the annual expenditure cap for adults in Group 8 is **$513,625 per year.**

Beginning with the second year of enrollment in Employment and Community First CHOICES, the Expenditure Cap for individuals enrolled in Group 8 shall be based on the average annual cost of services in an ICF/IID as described above, **$236,450 per year.**

Average Cost of Medicaid Nursing Facility Reimbursement:

The average cost of Medicaid Nursing Facility reimbursement is used to determine the Expenditure Cap for persons with a developmental disability (DD, but not an intellectual disability) who are enrolled in Employment and Community First CHOICES Group 6 and determined by TennCare to have exceptional medical or behavioral needs. These are people who would **not** qualify for services in an ICF/IID, but who would qualify to receive services in a Nursing Facility (subject to the provision of specialized services to address needs related to the developmental disability), but who have instead elected to receive HCBS.

For individuals with a DD enrolled in Employment and Community First CHOICES Group 6 who are determined by TennCare to have exceptional medical or behavioral needs, the average annual expenditure cap is determined by TennCare to account for the average annualized cost of specialized services that would be provided to a person with DD receiving services in a Nursing Facility. The amount used to account for the cost of specialized services is $51,361.55. When combined with the average annual cost of Nursing Facility reimbursement, the expenditure cap for individuals with DD enrolled in Group 6 determined by TennCare to have exceptional medical or behavioral needs is **$158,989 per year.**

For individuals with a DD enrolled in Employment and Community First CHOICES Group 6 and requiring tracheal suctioning and chronic ventilator care, the expenditure cap is as follows:

Tracheal Suctioning plus specialized services	$208,264.10 per year
Chronic Ventilator Care plus specialized services	$301,339.10 per year

These rates reflect the rate increases for Enhanced Respiratory Care from the legislature effective July 1, 2025.

ECF CHOICES Members Eligible for Private Duty Nursing, Home Health Nursing or Home Health Aide[1][1]

For purposes of PCSP planning within expenditure caps for ECF CHOICES members, the following rates are applicable effective January 1, 2025:

Private Duty Nursing[2][2]: $53.27/hour

Home Health Nursing[3][3]: $53.27/hour

Home Health Aide: $27.82/hour

As a reminder, MCOs and DIDD are not required to notify members of the higher expenditure cap. However, MCO Support Coordinators should be mindful of ECF CHOICES Group 6, 7 and 8 members, and Independent Support Coordinators should be mindful of Statewide Waiver participants who may need covered benefits that would not have been available based on the previous cost cap and should prioritize contacts with those individuals to assess whether changes to the person-centered support plan are needed.

cc: Katie Evans, Director of LTSS
Zane Seals, Chief Financial Officer
Dr. Victor Wu, Chief Medical Officer
Meghann Galland, Deputy Director of LTSS
Kristeena Ashby, Deputy Director of LTSS Operations
Tabitha Satterfield, Deputy Director of LTSS Programs and Contracts

[1] When an ECF CHOICES Group 6 member has exceptional medical or behavioral needs and has an Expenditure Cap based on the average annualized cost of care in an institution, the cost of any home health or private duty nursing reimbursed by TennCare shall be counted against the member's Expenditure Cap. Tenn. Comp. R. & Reg. 1200-13-01-.31(4)(d).

[2] 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 technology when constant nursing supervision, visual assessment, and monitoring of both equipment and patient are required. Tenn. Comp. R. & Reg. 1200-13-13-.01(104). Rates are an average based upon 2024 encounter data.

[3] Home health services are covered within allowable limits when medically necessary as intermittent nursing services or home health aide services. Tenn. Comp. R. & Reg. 1200-13-13-.01(58).