



OFFICE OF RESEARCH AND EDUCATION ACCOUNTABILITY

SENIOR LONG-TERM CARE IN TENNESSEE: TRENDS AND OPTIONS
EXECUTIVE SUMMARY



APRIL 2022



KIM POTTS

Principal Legislative Research Analyst

CASSIE STINSON

Legislative Research Analyst

LANCE IVERSON

Legislative Research Analyst



JASON E. MUMPOWER

Comptroller of the Treasury

Executive Summary

Projected population increases in the number of senior Tennesseans continues a trend of significant growth in the demand for and potential cost of public long-term services and support programs for low-income Tennessee seniors. The number of Tennessee seniors aged 60 and over is expected to increase by 30 percent from 1.6 million in 2020 to 2.1 million in 2040.¹ The number of those age 80 and over in Tennessee is forecast to double during this time.

Tennessee has three primary publicly funded long-term services and support programs to support low-income elderly Tennesseans in their daily living, ranging from nursing home care to services in people's homes and community settings:

- CHOICES (a Medicaid-financed program with a state match),
- Options for Community Living, and
- Older Americans Act (OAA) programs.

Long-term services and supports are medical and/or personal care and supportive services needed by individuals who have lost some capacity to perform activities that are essential to daily living. These activities include bathing, dressing, eating, and toileting as well as completing housework, preparing meals, taking medications, shopping, and managing money. Based on seniors' needs and their eligibility for the programs, more intensive long-term services and supports are provided in nursing facilities but, in most cases, can be provided more cost-effectively in individuals' homes and communities.

All three programs operate with a goal to keep people as independent as possible for as long as they are able.² The CHOICES program is administered by the Division of TennCare in the Department of Finance and Administration while the Options and OAA programs are administered by the Tennessee Commission on Aging and Disability (TCAD) through the Area Agencies on Aging and Disability (AAADs).

These programs can be thought of as a continuum of services for Tennessee's low-income elderly population. The most intensive and highest cost services are at one end with decreasing service levels and lower costs at the other. (See Exhibit A.) Programs on the lower cost end of the continuum are intended to eliminate or delay the need for higher cost services.

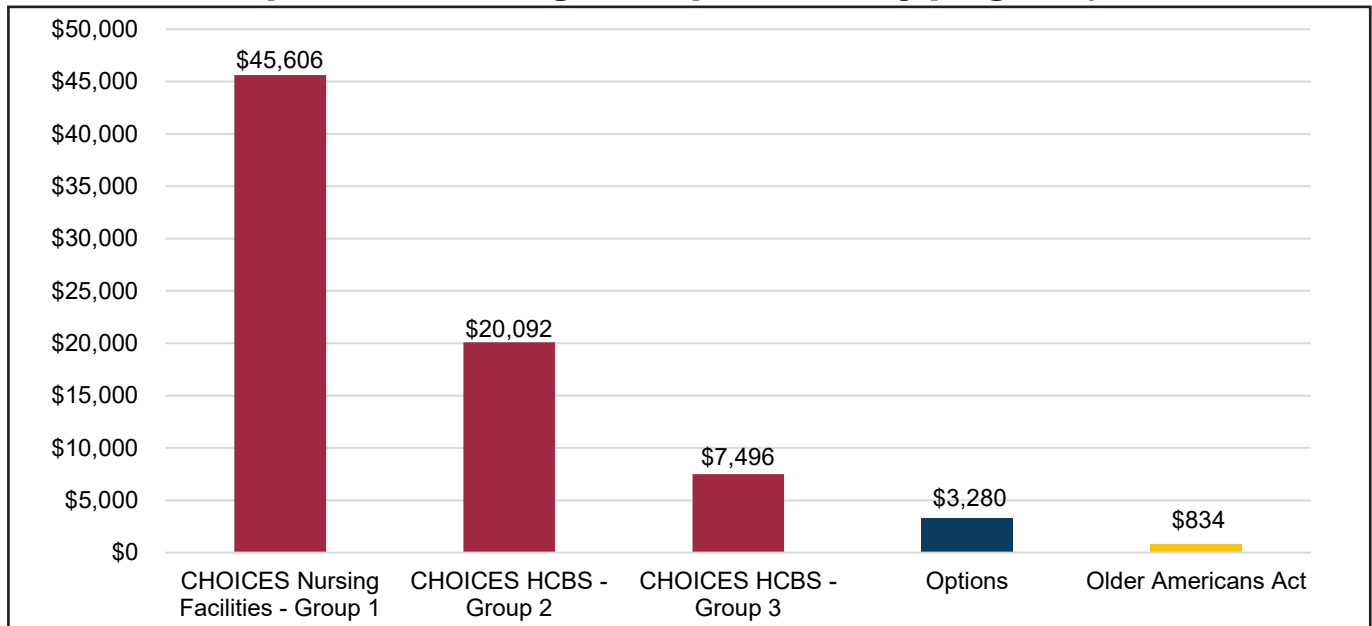
Because of the influx of federal funding in 2020 and 2021 that can be used for home and community-based services, Tennessee has already taken actions to address concerns this report discusses. Some of these are noted in detail in the Governor's Budget for Fiscal Year 2022-2023 and are referred to here and in the full report.

Aside from funding proposed in the Governor's Budget, the state received \$20 million in 2020 and another \$137.5 million beginning in 2021 in federal funding for temporary provider rate increases under TennCare CHOICES. Additional federal funding has also been directed toward workforce development training and incentives. This funding was the result of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan (ARP) Act.

¹ The growing senior population affects many aspects of state government. This report focuses on the long-term services and supports (LTSS) programs for low-income and medically frail persons age 60 and over. The report does not address issues for persons with physical disabilities under age 60 who may also be served by the programs discussed. Definitions of seniors differ among the long-term services and supports programs Tennessee offers. TennCare CHOICES defines seniors as those 65 and older. The Options and Older Americans Act programs administered by the Tennessee Commission on Aging and Disability and the Area Agencies on Aging and Disability define seniors as those 60 and older.

² CHOICES, Options, and OAA programs also serve some eligible people who are not elderly but who have physical or developmental disabilities. This report focuses only on the elderly receiving services under these programs. Throughout the report, references in text or exhibits to numbers of enrollees and costs are based only on the services for the elderly and do not represent the total numbers of enrollees or costs provided under these programs.

Exhibit A: Comparison of average cost per senior by program | FY 2020



Notes: (1) For CHOICES and Options, cost per senior was determined by dividing total expenditures by the total number of program participants served. Costs do not represent annualized per person costs. (2) The services provided under Older Americans Act consist of multiple programs, not all of which provide direct services to individual participants. Working with TCAD staff, for this report OREA excluded three such programs for the purpose of creating a more accurate comparison of per person costs measuring similar services that make up the CHOICES, Options, and OAA programs.

Source: Data provided by TennCare and Tennessee Commission on Aging and Disability.


Analysis and Policy Options

Several reports in the last 20 years have offered numerous ideas on how Tennessee might prepare for the growth in the senior population, improve services for low-income seniors, and help seniors avoid or delay the need for higher cost services and supports. This update focuses on four issues that continue to be critical in 2022:

- expanding home and community-based services;
- expanding community-based residential alternatives;
- addressing front-line workers' pay; and
- providing continued support for family and other unpaid caregivers.

This report does not make recommendations or address what the state should spend on services and supports for the elderly population.

Based on enrollment trends and wait lists for services, the programs that are designed to prevent or delay seniors from needing higher cost nursing facilities services are not able to serve all seniors who could benefit from the services or are serving fewer seniors. The TennCare CHOICES program, a Medicaid program financed by the federal government and the state, is made up of three groups: one that serves eligible seniors in nursing facilities, one that serves those eligible for nursing care who can be served instead in their homes or communities, and one that serves those at risk of qualifying for nursing home care in the absence of assistance in their homes or communities. CHOICES Group 3, the “at risk” group, began enrolling qualified



individuals in FY 2013. By 2015, the number of enrollees age 65 and over had increased from 2,292 to 4,291, but following an eligibility change due to a 2015 budget reduction requirement Group 3 began to decrease. By FY 2020, Group 3 had 1,583 recipients age 65 and over.

The state-funded Options program and the federal-state match funded OAA program continue to have wait lists. As of October 2021, the home-delivered meals program under OAA had a waitlist of about 1,300 and in-home services had a waitlist of about 1,500. TCAD annually reports the number of individuals on the Options wait list to the General Assembly. In November 2020, TCAD reported 2,566 people on the Options wait list. As of November 2021, TCAD reported 3,981 people on the Options wait list.

Following are policy options that the General Assembly may wish to consider:


Expand home and community-based services

Tennessee could expand the more basic forms of home and community-based services. Expanding more moderate home and community-based services such as CHOICES Group 3 and Options would likely reduce the use of more expensive home and community-based services and nursing facility care. Some seniors may be able to live out the rest of their lives at their home or in another residential setting with the support of less intensive home and community-based services. For other seniors, less intensive services can delay the point in time when more expensive, higher level services are needed and the duration of those services. In general, the longer a senior's needs can be met through less intensive levels of home and community-based services, the lower the overall cost of long-term services and supports for the state.

Expand community-based residential alternatives

Since the CHOICES Act of 2008 was passed, legislative efforts have been made, with the support of TennCare, to develop more “community-based residential alternatives to institutional care for persons who can no longer live alone.” These efforts have yielded several new options, but the suspected growth in the number of illegally operated unlicensed facilities across the state suggests that there may not be enough residential options for low-income people who lack a support system. Although Tennessee has successfully created some residential alternatives (for example, adult foster care homes, called Community Living Supports – Family Model), attempts to create others have not succeeded (adult care homes for a broader population, for example).

State and regulatory agencies in Tennessee that work with the elderly and vulnerable population believe there has been an increase in unlicensed residential facilities in the last few years, resulting from a lack of small residential placement facilities for this population in several counties. The number of unlicensed residential facilities throughout the state is unknown. The Tennessee Bureau of Investigation reported that it received 64 complaints regarding unlicensed residential facilities housing elderly and vulnerable adults in the first six months of 2021. For many years, the four Tennessee state agencies that regulate licensed residential facilities – the Departments of Health, Mental Health and Substance Abuse Services, Intellectual and Developmental Disabilities, and Human Services – have received complaints about unlicensed facilities housing elderly and vulnerable adults.



In 2020, Governor Lee asked the Tennessee Commission on Aging and Disability (TCAD) to study the unlicensed facilities issue. In a 2021 report, *An Examination of Unlicensed Facilities in Tennessee*, TCAD documented what is known about unlicensed facilities and the ongoing multi-agency efforts to address them, as well as potential solutions. The suggestions include increasing residential alternatives for low-income elderly individuals by:

- Expanding CHOICES Group 3, as described previously.
- Certifying rather than licensing residential homes for the aged, which are currently licensed by the Department of Health. TCAD suggests that if homes for the aged were allowed to be established under a certification rather than a licensing process, they could be made smaller, allowing for only four residents, and residents could be eligible for CHOICES HCBS. Surveys by the Fire Marshal's Office could be required for certified homes, which may lessen some life safety requirements under licensing for larger facilities. This could help making opening certified homes less expensive, while preserving critical safety needs for residents.
- Expanding semi-independent living services, modeled after those provided by the Tennessee Department of Intellectual and Developmental Disabilities and also provided in TennCare CHOICES under some Community Living Supports models. Under this type of service, up to three individuals may receive services in a shared living arrangement with others who need varying levels of support, with a provider who can safely meet each resident's needs. The service is appropriate for people who need intermittent or limited support to remain in their own home and do not require staff to live on-site.

Address frontline workers' pay

Tennessee has a critical shortage of paid caregivers who help elderly and vulnerable adults continue to live in their homes rather than in nursing facilities. Difficulties in hiring staff could negatively affect the care of elderly and vulnerable people who are receiving care at home or in their communities. Over the last several years, there have been reports of a nationwide shortage of paid caregivers, often called direct support professionals (DSPs), which has worsened with the onset and continuation of the pandemic. Providers in Tennessee say that the supply of DSPs has declined to a severe level since the pandemic began in early 2020.

Providers employ DSPs in Tennessee to work as caregivers under multiple home and community-based programs, including TennCare CHOICES, Options, and OAA. DSPs assist individuals in their homes or in community settings with personal care needs such as getting out of bed, taking a bath, getting dressed, fixing and eating meals, and toileting. DSPs are generally paid hourly with few benefits.

This issue has recently been addressed through actions taken by TennCare and TCAD to increase provider rates targeted specifically at pay for DSPs, with the possibility of further increases through recurring funding proposed in the Governor's Budget for 2022-2023.

Continue additional support for family and other unpaid caregivers

The home and community-based services provided to individuals under the TennCare CHOICES, Options, and OAA programs provide some assistance for family and other unpaid caregivers, including in-home or in-patient respite care. Respite care provides a caregiver with a temporary break from providing continuous support to an adult who depends on others for daily needs.

The pandemic resulted in additional stress for family and other caregivers. Studies document the increased stress of caregivers during the pandemic. Two Centers for Disease Control and Prevention surveys in 2020 and 2021 found that during the pandemic 39 percent of caregivers for adults reported anxiety or depression symptoms and about 10 percent reported serious suicidal ideation.

In November 2021, Tennessee began using federal COVID funding from the American Rescue Plan (ARP) to pay for additional services and supports for family caregivers. The ARP funding is available through March 31, 2024, for services provided to individuals in CHOICES receiving home and community-based services even if it exceeds services limits, budgets, or cost caps. The federal ARP funding is being used to provide family and other unpaid caregivers of TennCare CHOICES enrollees in Groups 2 and 3 up to \$3,000 more of certain services, including respite, adult day services, assistive technology, enabling technology, and minor home modifications.

The Tennessee Commission on Aging and Disability administers, through the work of the Area Agencies on Aging and Disability (AAADs), the Older Americans Act National Family Caregiver Support Program. The assistance provided through this program assists those who are not eligible for TennCare CHOICES home and community-based programs. Through the federal ARP Act and the Coronavirus Aid, Relief, and Economic Security (CARES) Act, TCAD received \$5 million to be used for additional services for family and unpaid caregivers. This is in addition to the annual federal funding that TCAD receives under the OAA.

The state could consider providing recurring funding for these caregivers. Family and informal caregivers, many of whom are also seniors, save the state a considerable amount of resources by partially or completely offsetting the need for expanded public services. According to a 2019 Bureau of Labor Statistics report, about 20 percent of family or other unpaid individuals 55 and older cared for elderly individuals in 2017-2018. Individuals between 55 and 64 were the most likely to provide eldercare (24 percent). Of those age 65 and over, 18 percent provided care to elders. Fifty percent of eldercare providers had provided care for two years or less, while 15 percent had provided it for 10 years or more. Most (46 percent) provided care daily or several times a week.

Office of Research and Education Accountability

Russell Moore | *Director*

425 Fifth Avenue North

Nashville, Tennessee 37243

615.401.7866

www.comptroller.tn.gov/OREA/