

State resumes payments to rural clinics struggling to stay open

[Anita Wadhvani](#) | Nashville Tennessean Updated 7 hours ago

Tennessee rural health clinics that were struggling to stay afloat after TennCare froze payments for more than a year will now get paid.

The reversal of the state's payment freeze comes after [The Tennessean highlighted the dire circumstances](#) facing rural healthcare providers who chose to serve patients in areas where doctors are scarce and poverty is widespread.

About 20 new rural health clinics opened across the state in the past 18 months - some in counties where the only hospital had closed - only to learn that extra payments TennCare had promised would not be coming while the state created new payment rules.

"TennCare recognizes that the time it has taken to prepare diligent, complete and fair rules has had a financial impact," a memo from TennCare announcing its reversal said.

The agency will restore payments while it works on those rules, according to the memo sent on Thursday.

The payments will mean the difference between continuing to care for patients or closure and cutbacks for clinics.

"It's basically survival for these new rural health clinics that went into

the program thinking they were going to get this additional reimbursement and have been waiting a year and a half for it," said Mark Lynn, a Chattanooga consultant who advises rural health clinics on how to comply with complex rules of the program.

Lynn along with national and state healthcare organizations including the Tennessee Hospital Association, had lobbied the state for months to restore payments. Instead, TennCare twice extended its initial six month payment freeze that first went into effect in in October 2017.

How rural health clinics get paid

Rural health clinics that see patients with TennCare, the state's Medicaid program, get an extra rate called a "wraparound payment" for each patient they treat.

These extra wraparound payments are woven into the design of the federal rural health clinic program to ensure that people in poor, sparsely populated areas have access to doctors and nurses.

About 20 new clinics that opened in the past year did not get those payments, even though they followed the rules to become designated as a rural health provider.

To meet those rules, some of the clinics invested tens of thousands of dollars in equipment and staff. Without the promised payments, some clinics could not afford to pay loans taken to make those investments.

TennCare officials previously noted the clinics were continuing to get paid for seeing TennCare patients "just like any provider in the TennCare network."

But the supplemental payments for rural health clinics cover the actual cost to the clinic of treating TennCare patients. TennCare's per-office visit payment does not cover the entire cost of the visit.

In urban areas, hospitals or large physician practices typically can negotiate higher payment rates with the private insurance companies that manage Tennessee's Medicaid program. They also see larger numbers of patients.

Clinics in rural areas with a single doctor or nurse practitioner have less negotiating power and get lower rates.

Without the wraparound payments, clinics are paid 20 to 30 cents on the dollar of their actual costs to see patients, according to Rebecca Jolley, executive director of the Rural Health Association of Tennessee.

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