

January 10, 2019

Re: Interim rates during Moratorium

TennCare would like to share with you an update regarding payments to Rural Health Clinics (RHCs). As you are aware, there is currently a moratorium on the registration of new RHCs into the TennCare program to allow for the creation of a new set of rules governing FQHC/RHC payments. The rules are designed to allow for clear, detailed, and robust rules for payments to FQHCs and RHCs and are not intended to limit the number of RHCs in the program. The proposed rule is currently in the rulemaking process but is not yet final. TennCare recognizes that the time it has taken to prepare diligent, complete, and fair rules has had a financial impact on new RHCs certified by CMS during the moratorium. In order to mitigate this impact, TennCare is allowing interim RHC supplemental or "wraparound" payments to be made to RHCs certified by CMS during the moratorium. Because the moratorium on new enrollment of RHCs in the TennCare program remains in place, affected RHCs will receive this temporary interim payment but will not be permitted to register with TennCare as an RHC at this time or to establish a final RHC payment rate.

Interim payments will not be based on the individual RHC's actual cost data, which is used to set the final payment rate. Rather, the interim rate for each affected RHC shall be set at the average rate for all active RHCs that (a) had already received a final payment rate from the Comptroller as of the date the moratorium began and (b) are located in the same Grand Division of the state as the affected RHC. Interim payments will be made dating back to either the effective date of a provider's certification by CMS as an RHC or the effective date of a provider's TennCare Medicaid ID number, whichever is later.<sup>1</sup> However, in no case will payments be made dating back earlier than October 25, 2017, which is the date the moratorium began. In addition, no payments will be made for visits prior to when an RHC entered into a participation agreement with a corresponding MCO.

Once the moratorium is lifted and the final rules are in place, TennCare will resume registration of RHCs. At that time, the final payment rate for each newly registered RHC, including those that received these interim payments, will be based on one year of its actual cost report data as required under the proposed rule. Further, at the time the final rate is set, the RHC will be offered a choice of rate methodologies as set forth in the forthcoming state rules: the RHC can choose to be paid according to the Prospective Payment System (PPS) rate or under the Alternative Payment Methodology (APM) rate.

**[IMPORTANT NOTE]** The interim rate is not based on the individual RHC's actual cost data. Therefore, there will be a reconciliation process once the final rate has been selected by the RHC under the forthcoming rules. If the RHC has been overpaid under the interim rate as compared to the final rate,

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<sup>1</sup> TennCare recognizes that, in the normal course of business, there is typically a gap in time between a provider's certification by CMS as an RHC and their subsequent registration with the TennCare program as an RHC. However, because there is a moratorium on the enrollment of new RHCs with TennCare, TennCare will rely on the date of CMS certification solely for the purposes of establishing eligibility for this interim payment.



the overpayment must be returned to TennCare. Likewise, if the application of the interim rate resulted in the RHC being underpaid, an additional payment will be made by TennCare to correct the underpayment.

If you have any questions concerning the process, please contact Karen Degges at (615) 747-5203 or by e-mail at [Karen.Degges@cot.tn.gov](mailto:Karen.Degges@cot.tn.gov).