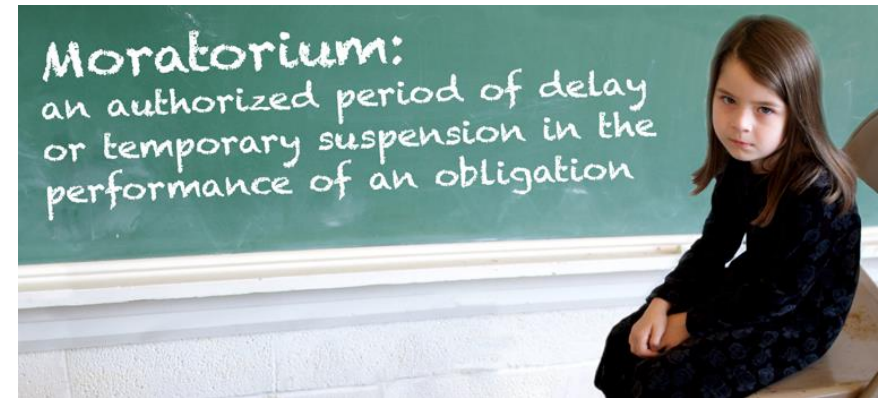


The Moratorium Lifted Effective October 1, 2019





RuralHealthClinic.com

Experienced Knowledge

TennCare Moratorium Lifted

As of October 1, 2019, TennCare is lifting the moratorium on new RHCs registering as Medicaid RHCs

They have posted a memo and FAQ concerning Final Rate Setting and the Moratorium on their website at:

<https://www.tn.gov/tenncare/moratorium-on-rural-health-centers.html>



RuralHealthClinic.com

Experienced Knowledge

Moratorium on Rural Health Centers and Final Rate Setting

In October 2017 TennCare applied for and received a moratorium from the federal government on the registration of new RHCs with the TennCare program. The initial moratorium period is for 6 months, with applications for extensions permitted by law. In April 2019, the federal government approved a moratorium extension that runs through October 25, 2019. The purpose of the moratorium was to allow for the creation of rules by the Division of TennCare, in consultation with the Comptroller's office, to address issues concerning the RHC payment methodology. The proposed TennCare rules and associated state plan amendment have been withdrawn by TennCare.

As of October 1, 2019, TennCare is lifting the moratorium and moving forward with setting final rates for all clinics that are still on interim rates. For more information about this, please see the following two documents:

[Memo on RHC Moratorium and FQHC/RHC Final Rate Setting](#)

[FAQ on RHC Moratorium and FQHC/RHC Final Rate Setting](#)

TennCare Memorandum on Final Rate Setting



To: Administrators of Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs)
From: Zane Seals, Deputy Chief Financial Officer
Date: September 26, 2019
Subject: Final Rate Setting and Moratorium on FQHCs and RHCs

<https://www.tn.gov/content/dam/tn/tenncare/documents/RateAndMoratoriumMemo.pdf>

As you may already be aware, TennCare has elected to withdraw the proposed rule to govern rate-setting and payment processes for the prospective payment system (PPS) for FQHCs and RHCs. This decision was made in response to a lack of clarity from CMS regarding the rule and associated state plan amendment. TennCare is also withdrawing the proposed state plan amendment. Because the rule and proposed state plan amendment will not be going into effect, TennCare would like to clarify several issues regarding rate setting and reimbursement that affect the provider community.

Moratorium on RHCs

In October of 2017, TennCare gained approval from CMS to implement a moratorium on the registration of new RHCs with TennCare. Beginning on October 1, 2019, TennCare will lift the moratorium on new RHCs registering as Medicaid RHCs. This means that clinics that have already received their federal RHC designation will be able to change their provider type to RHC, and new clinics that obtain RHC status from the federal government will be able to immediately register with TennCare as an RHC. See the attached FAQ on how to register with TennCare as an RHC. All of these clinics will receive a final rate as specified below.

Setting of Final Rates

Clinics (FQHCs and RHCs) that are receiving an interim rate set prior to the moratorium will receive a final PPS rate based on their costs as set by the Comptroller. Clinics impacted by the moratorium (those receiving an interim rate after the issuance of the moratorium) will receive a final PPS rate that is equal to the average of adjacent clinics with similar caseloads. This means that a clinic will receive a final PPS that is equal to the average rate of clinics of the same type (FQHCs for FQHCs, RHCs for RHCs) in their grand division, with a separate average being calculated for clinics of varying caseloads. If there are no such similar clinics, then the facility will receive a cost-based PPS, as explained in the attached FAQ document. These clinics affected by the moratorium will also be given an option of an alternative payment methodology (APM) based on cost data. Clinics must timely respond to data requests from the Comptroller in order to receive final PPS and if applicable, APM rates.

Reconciliation of Final Rates

TennCare recognizes that many clinics have been on an interim rate for a significant period of time, resulting in unique risk to these facilities once the final rate is set. In an effort to recognize this risk posed to these clinics and encourage the stability of healthcare delivery in challenged areas, TennCare will not execute a reconciliation of final rates to those clinics currently on an interim rate established prior to the moratorium, if their final rate is lower than the interim. TennCare will still perform a reconciliation for those clinics whose final rate is higher than the interim, meaning these clinics will receive additional back payments from the state. This means that if a clinic's interim rate established prior to the moratorium is higher than the final rate, TennCare will not seek reconciliation of funds.

If you have questions about any step in this process, please see the attached FAQ that is being distributed with this memo. You can also contact Rebekah Stephens at Rebekah.stephens@tn.gov or 615-687-4739.

TennCare FAQs on Rate Setting



FAQ

Frequently Asked Questions for Federally Qualified Health Center and Rural Health Clinic Final Rate Setting

The purpose of this guidance is to address frequently asked questions from Rural Health Clinics and Federally Qualified Health Centers (RHC/FQHC) regarding the rate setting process.

1. Is the moratorium on registration of new RHCs being lifted?

Yes, effective October 1, 2019.

2. How do I register as a Medicaid RHC once the moratorium is lifted?

You may use the TennCare provider portal to register as an RHC. If your clinic is not yet registered with TennCare, you can begin the process and select "RHC" as the provider type. For clinics that are already registered with TennCare as another provider type but have received RHC status from the federal government, you may contact Provider.Registration@tn.gov in order to initiate the process of switching your clinic type to "RHC."

3. What happened to the rules and new state plan amendment proposed by TennCare?

Both the proposed rules and proposed state plan amendment have been withdrawn by TennCare and will not take effect.

4. I received an interim rate prior to the moratorium. When will I get a final rate and how will my final rate be set?

The Comptroller will begin the process of issuing final rates immediately. Your final rate will be based on your costs as determined by the Comptroller. You are required to respond to data requests from the Comptroller in a timely fashion.

5. I received an interim rate after the issuance of the moratorium. How will my final rate be set?

Per federal law and the existing TennCare State Plan, a clinic's PPS rate will be set using the average PPS rate for neighboring clinics with similar caseloads. This means that a clinic will receive a final PPS that is equal to the average rate of clinics of the same type (FQHCs for FQHCs, RHCs for RHCs), in the same grand division, and with similar caseloads (or visit counts).

If there are no such similar clinics, then the final PPS rate will be based on facility-specific costs. You will receive an interim rate until your final PPS rate is calculated. You must cooperate with the Comptroller to have your facility-specific costs calculated.

If your clinic received an interim rate during the moratorium and qualifies to receive a regional caseload-adjusted PPS, you will have the option of an alternative payment methodology (APM) based on your facility-specific costs. The APM can only be offered if it is at least as high or higher than the regional caseload-adjusted PPS. Clinics wishing to pursue this APM option should contact the Comptroller at Karen.Degges@cot.tn.gov.

Division of TennCare • 310 Great Circle Road • Nashville, TN 37243 • tn.gov/tenncare

<https://www.tn.gov/content/dam/tn/tenncare/documents/FQHCRHCFAQ.pdf>

TennCare FAQs on Rate Setting (2)



FAQ

6. What if my final rate is lower than my interim rate?

In order to recognize the unique risks posed to facilities who are currently on interim rates established prior to the moratorium, TennCare will not execute a reconciliation of the final rate if the final rate is lower than the interim rate. This means there will be no recoupment in applying your final rate--your final rate will only be applied prospectively.

Clinics impacted by the moratorium (those receiving interim rates after the issuance of the moratorium) and in the future will experience full reconciliations. It is important to note that clinics must still respond to data requests from the Comptroller in a timely fashion so that the Comptroller can set the final rates.

7. What if my final rate is higher than my interim rate?

If you are currently on an interim rate, including those impacted by the moratorium, then TennCare will reconcile the final rate retroactively if the final rate is higher than the interim rate. For clinics that are already registered with TennCare as an RHC, the reconciliation will cover all services on or after the date of your registration with TennCare as an RHC. For clinics that are impacted by the moratorium and are therefore not currently registered as an RHC, this reconciliation will cover all services on or after the date of receiving RHC status from the federal government (these clinics must still register with TennCare as an RHC as part of this process). This reconciliation means you will receive additional back payments from TennCare for the above described periods. It is important to note that clinics must still respond to data requests from the Comptroller in a timely fashion so that the Comptroller can set the final rates.

8. I am a new clinic entering the program after the Moratorium is lifted. Will I get an interim rate?

If there is an average PPS rate for neighboring clinics of the same type (FQHCs for FQHCs, RHCs for RHCs) with similar caseloads, then you will immediately receive that rate as your final PPS rate. If there are not adequate neighboring clinics with similar caseloads, then you will receive an average PPS rate on an interim basis until you receive a final rate based on your costs.

9. I have questions about my rate. Who can I call?

If you have questions about your rate, you can contact the Comptroller at Karen.Degges@cot.tn.gov. If you have questions about the related memo or this document, you can contact Rebekah Stephens with TennCare at Rebekah.stephens@tn.gov or 615-687-4739.



Important updates

1. Is the moratorium on registration of new RHCs being lifted?

Yes, effective October 1, 2019.

3. What happened to the rules and new state plan amendment proposed by TennCare?

Both the proposed rules and proposed state plan amendment have been withdrawn by TennCare and will not take effect.





The state's refusal to expand Medicaid has left 380,000 uninsured adults who would otherwise be covered. In so doing, Tennessee is passing up an estimated \$26 billion in federal payments over the next decade.

<https://www.commonwealthfund.org/blog/2019/what-medicaid-block-grant-would-mean-tennessee-update>

<https://www.tn.gov/content/dam/tn/tenncare/documents2/TennCareAmendment42.pdf>



RuralHealthClinic.com

Experienced Knowledge

How to register as an RHC with TennCare

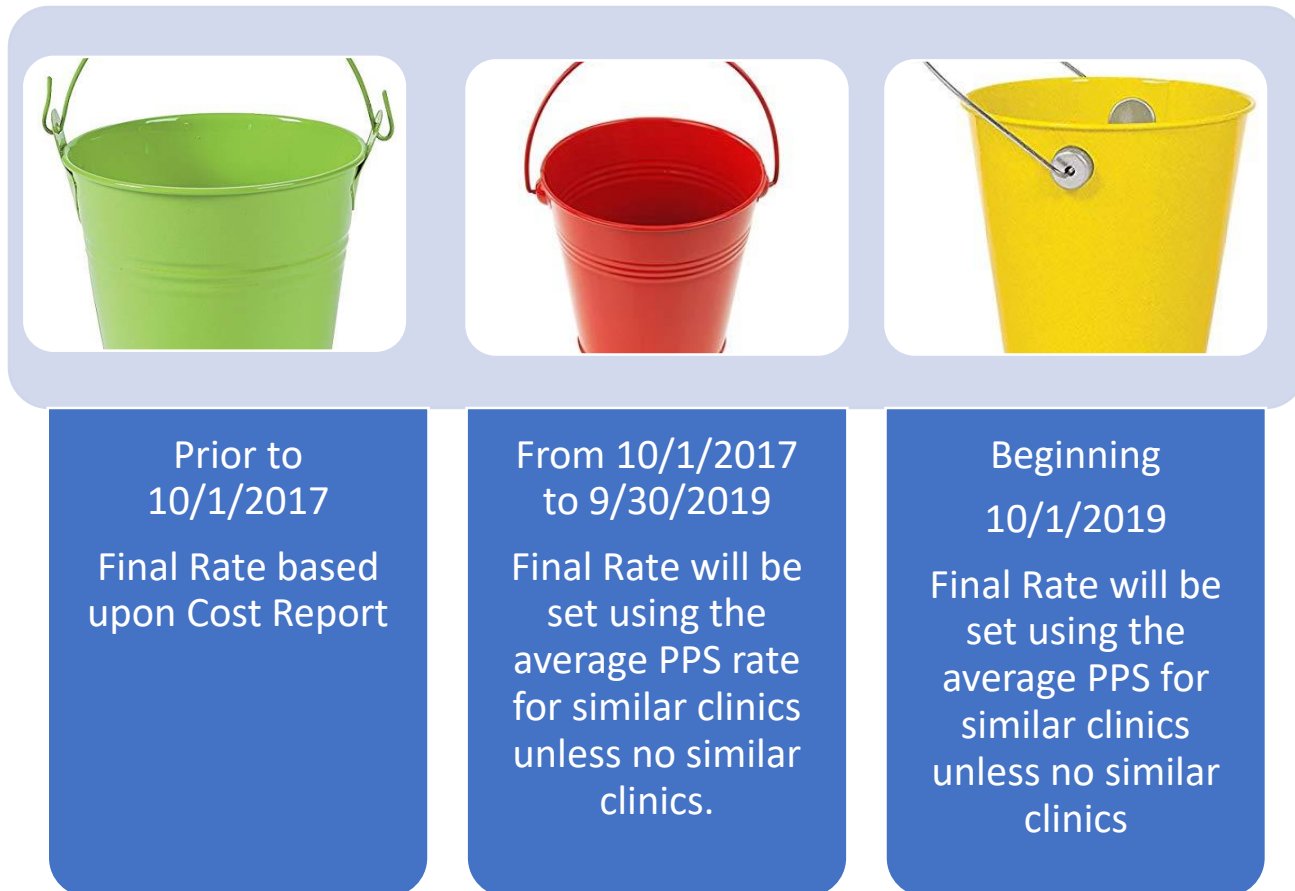
2. How do I register as a Medicaid RHC once the moratorium is lifted?

You may use the TennCare provider portal to register as an RHC. If your clinic is not yet registered with TennCare, you can begin the process and select “RHC” as the provider type. For clinics that are already registered with TennCare as another provider type but have received RHC status from the federal government, you may contact Provider.Registration@tn.gov in order to initiate the process of switching your clinic type to “RHC.”



Tennessee RHCs can be placed in Three Buckets

Final Rate Setting Process



Tennessee RHCs can be placed in Three Buckets

Settlement Process





RuralHealthClinic.com

Experienced Knowledge

4. I received an interim rate prior to the moratorium. When will I get a final rate and how will my final rate be set?

The Comptroller will begin the process of issuing final rates immediately. Your final rate will be based on your costs as determined by the Comptroller. You are required to respond to data requests from the Comptroller in a timely fashion.





RuralHealthClinic.com

Experienced Knowledge

6. What if my final rate is lower than my interim rate?

In order to recognize the unique risks posed to facilities who are currently on interim rates established prior to the moratorium, TennCare will not execute a reconciliation of the final rate if the final rate is lower than the interim rate. This means there will be no recoupment in applying your final rate--your final rate will only be applied prospectively.



Tennessee RHCs certified 10/1/2019 and after

Three different Interim Rate Setting Process

8. I am a new clinic entering the program after the Moratorium is lifted. Will I get an interim rate?

If there is an average PPS rate for neighboring clinics of the same type (FQHCs for FQHCs, RHCs for RHCs) with similar caseloads, then you will immediately receive that rate as your final PPS rate. If there are not adequate neighboring clinics with similar caseloads, then you will receive an average PPS rate on an interim basis until you receive a final rate based on your costs.

Three processes

- 1. If similar RHCs with similar case loads the RHC will immediately receive your final PPS rate.**
- 2. If there are not similar RHCs, then the RHC receives an average PPS rate as the interim rate and you will receive the final rate based upon your cost report.**
- 3. APM (See Next Slide)**



Tennessee's Three Grand Divisions



West

Middle

East



RuralHealthClinic.com

Experienced Knowledge

Grand Division Interim Rates

The interim rates are:

West \$141.49

Middle \$131.35

East \$137.99



RuralHealthClinic.com

Experienced Knowledge

5. I received an interim rate after the issuance of the moratorium. How will my final rate be set?

Per federal law and the existing TennCare State Plan, a clinic's PPS rate will be set using the average PPS rate for neighboring clinics with similar caseloads. This means that a clinic will receive a final PPS that is equal to the average rate of clinics of the same type (FQHCs for FQHCs, RHCs for RHCs), in the same grand division, and with similar caseloads (or visit counts).

If there are no such similar clinics, then the final PPS rate will be based on facility-specific costs. You will receive an interim rate until your final PPS rate is calculated. You must cooperate with the Comptroller to have your facility-specific costs calculated.

If your clinic received an interim rate during the moratorium and qualifies to receive a regional caseload-adjusted PPS, you will have the option of an alternative payment methodology (APM) based on your facility-specific costs. The APM can only be offered if it is at least as high or higher than the regional caseload-adjusted PPS. Clinics wishing to pursue this APM option should contact the Comptroller at Karen.Degges@cot.tn.gov.



RuralHealthClinic.com

Experienced Knowledge

Clinics impacted by the moratorium (those receiving interim rates after the issuance of the moratorium) and in the future will experience full reconciliations. It is important to note that clinics must still respond to data requests from the Comptroller in a timely fashion so that the Comptroller can set the final rates.





RuralHealthClinic.com

Experienced Knowledge

7. What if my final rate is higher than my interim rate?

If you are currently on an interim rate, including those impacted by the moratorium, then TennCare will reconcile the final rate retroactively if the final rate is higher than the interim rate. For clinics that are already registered with TennCare as an RHC, the reconciliation will cover all services on or after the date of your registration with TennCare as an RHC. For clinics that are impacted by the moratorium and are therefore not currently registered as an RHC, this reconciliation will cover all services on or after the date of receiving RHC status from the federal government (these clinics must still register with TennCare as an RHC as part of this process). This reconciliation means you will receive additional back payments from TennCare for the above described periods. It is important to note that clinics must still respond to data requests from the Comptroller in a timely fashion so that the Comptroller can set the final rates.





RuralHealthClinic.com

Experienced Knowledge

8. I am a new clinic entering the program after the Moratorium is lifted. Will I get an interim rate?

If there is an average PPS rate for neighboring clinics of the same type (FQHCs for FQHCs, RHCs for RHCs) with similar caseloads, then you will immediately receive that rate as your final PPS rate. If there are not adequate neighboring clinics with similar caseloads, then you will receive an average PPS rate on an interim basis until you receive a final rate based on your costs.





RuralHealthClinic.com

Experienced Knowledge

9. I have questions about my rate. Who can I call?

If you have questions about your rate, you can contact the Comptroller at Karen.Degges@cot.tn.gov. If you have questions about the related memo or this document, you can contact Rebekah Stephens with TennCare at Rebekah.stephens@tn.gov or 615-687-4739.





RuralHealthClinic.com

Experienced Knowledge

TENNCARE BILLING RESOURCES

TennCare was granted a moratorium for paying RHCs the enhanced RHC reimbursement rate effective **October 25, 2017**. We have included links to many of the documents regarding the moratorium. Please click the link below:

- [The Tennessean Article on TennCare lifting the Moratorium](#)
- [TennCare Interim Payment Memorandum lifting the Moratorium](#)
- [The Tennessean Article on payment freeze to RHCs published on December 27, 2018](#)
- [TennCare Comments on November 27, 2018](#)
- [TennCare Proposed Rules on November 6, 2018](#)
- [TennCare State Plan from 2005](#)

TennCare Memorandum on the Moratorium on January 10, 2019



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.¹ 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,

¹ 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.



RuralHealthClinic.com

Experienced Knowledge

TennCare Officials

Karen E. Degges, CPA

Legislative Audit Manager

Tennessee Comptroller of the Treasury

Division of State Audit

Cordell Hull Building

425 Fifth Avenue North

Nashville, TN 37243-3400

Phone (615) 747-5203

Fax (615) 741-4293

Web

Address: <http://www.comptroller.tn.gov/sa/>



Questions, Comments, Thank You



H B S

Healthcare Business Specialists

www.ruralhealthclinic.com