



Bureau of TennCare Policy Manual

Revised 09/24/08

Policy No: BTC-Pol-Enc-200608-004	
Subject: Services Paid For More Than Billed Amount	
Approval: Encounter Policy Workgroup	Date: 09/01/2006

PURPOSE OF POLICY STATEMENT: To clarify TennCare's position regarding service payments that are greater than the billed amount. This policy provides documented guidelines to the Managed Care Contractors (MCCs) related to encounters submitted in circumstances where the amount paid for a service is greater than the amount billed by the provider. Encounter transactions with services being paid by the MCCs at a higher rate than what the provider is billing and that lack appropriate justification (see below) are causing inconsistency in reporting and, where the MCCs are not at risk for the payment of medical services, could represent overcharges to the TennCare program.

POLICY:

1. MCCs shall not pay more than the billed amount received from the provider for any service except as noted in this policy. TennCare considers encounter transactions that are received with a paid amount greater than the provider billed amount to be unacceptable.
2. This policy applies to claim level (header) payments and service line level (detail) payments.
3. For exceptions, the appropriate Adjustment Reason Code (ARC) must be submitted with each transaction to indicate the reason for the payment amount.

Exceptions:

- Facility inpatient reimbursement
- Ambulatory Surgical Center (ASC) or Ambulatory Payment Classification (APC) at the service line (detail) when payment is bundled.

- Episodic Care Payments (Payments for all services associated with an episode of care)
- Immunizations for children covered under the Vaccines for Children program
- Federal, state, or judicial directive

DEFINITIONS

EDI – Electronic Data Interchange

HIPAA – Health Insurance Portability and Accountability Act.

MCC – Managed Care Contractor

TCMIS – TennCare Management Information System

TennCare or TennCare Program – The program administered by the single state agency, as designated by the state and CMS, pursuant to Title XIX of the Social Security Act and the Section 1115 research and demonstration waiver granted to the State of Tennessee and any successor programs.

TPL – Third Party Liability

REFERENCE DOCUMENTS:

HIPAA Implementation Guides

TennCare HIPAA EDI Companion Guides

<http://www.tn.gov/tenncare/pro-edi.html>

OFFICES OF PRIMARY RESPONSIBILITY:

- TennCare IS Division—to ensure that encounters are submitted to TennCare in the approved format
- Information Systems Management Contractor – to process encounters through the TCMIS system
- MCCs - to follow transaction requirements