Bureau of TennCare
IS Policy Manual

Policy No: BTC-Pol-Enc-201203-001	
Subject: Claim Rejection Versus Denial by MCCs	
Approval: Encounter Policy Workgroup	**Date:** 09/07/2012

PURPOSE OF THE POLICY STATEMENT: To clarify TennCare's position regarding the rejection or denial of claims by the Managed Care Contractors (MCCs). This policy will provide clarification as to when a claim can be returned back to the submitter (rejected) without adjudication processing to a payment status. All encounter claim files submitted to TennCare must follow the requirements within this policy.

POLICY:
It is appropriate to reject claims – return them to the submitter without adjudication processing – when the submitted claim does not comply with reporting format or data content for the given claim submission type. A claim may be rejected if it contains structural format issues that will prohibit it from processing cleanly. A claim may also be rejected if the claim contains data content issues that prohibit it from processing cleanly. These types of issues may be the result of missing data fields or invalid content within a field. A claim may not be rejected for missing data within the MCC's system related to the claim that is otherwise clean.

It is not appropriate to reject a claim for non-compliance for data that is physically not available for reporting within the claim. In other words, rejections should be for HIPAA non-compliance reasons only. All non-rejection situations should require a claim to be adjudicated within the MCC's payment system. Claims with missing information that is required for claims payment within the adjudication system should be adjudicated to a denial status. A claim may not be rejected for missing data within the MCC's system related to a claim that is otherwise clean per HIPAA compliance. All HIPAA compliant clean claim processing standards with Tennessee state and federal regulations along with the MCC's Contractors Risk Agreement (CRA) apply

and are not supplanted by this policy. For purposes of this policy, a "clean claim" is a claim that is HIPAA compliant when submitted to the MCC for processing. This definition may differ from the one used for the HMO prompt pay statute as indicated per the Reference Documents section below.

General Requirements:

1. The MCC must adjudicate all clean claims.
2. The MCC may reject claims that are determined to not be clean due to incorrect claim format or data content issues.
3. The MCC may not reject claims that are clean but lack information within the MCC's adjudication system for processing to payment.
4. Claim rejection can be done for non-compliant data or format on a claim but rejection cannot be done based upon non-compliance for data that is physically not available for reporting on the claim. All non-rejection situations require a claim to be adjudicated. A payment denial status is appropriate for a claim that cannot be adjudicated to a paid status.

Exceptions:

None

REFERENCE DOCUMENTS:

1. HIPAA Implementation Guides – 837P, 837I, 837D, NCPDP D.0. The front matter of the 5010 TR3s can be referenced for additional provider information.
2. TennCare HIPAA EDI Companion Guides
3. MCC CRA claim processing requirements. The CRA definition is: Clean Claim – A claim received by the CONTRACTOR for adjudication that requires no further information, adjustment, or alteration by the provider of the services in order to be processed and paid by the CONTRACTOR.
4. HMO prompt pay statute - TCA 56-32-126(b)(1) requires, "The HMO shall ensure that ninety percent (90%) of claims for payment for services delivered to a TennCare enrollee, for which no further written information or substantiation is required in order to make payment, are processed, and, if appropriate, paid within thirty (30) calendar days of the receipt of the claims."

OFFICES OF PRIMARY RESPONSIBILITY:

1. TennCare IS Division—to ensure that encounter claims are submitted to TennCare in the approved format.
2. Information Systems Management Contractor – to process encounter claims through the TCMIS system.
3. MCCs - to follow and enforce transaction requirements.