



Bureau of TennCare Policy Manual

Revised 09/24/08

Policy No: BTC-Pol-Enc-200608-005	
Subject: Services Paid For More Than Allowed Amount	
Approval: Encounter Policy Workgroup	Date: 09/01/2006

PURPOSE OF POLICY STATEMENT: To clarify TennCare's position regarding the payment of services. This policy provides documented guidelines to the Managed Care Contractors (MCCs) related to TennCare reimbursement for encounters in circumstances where the amount paid for a service is greater than the allowed amount. Encounter transactions without appropriate justification (see below) that reflect services being paid by the MCCs at a higher rate than what is allowed 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. The MCCs shall not make payment for a service that is greater than the MCCs allowed amount. TennCare considers encounter transactions that are received with a paid amount greater than the MCCs allowed amount to be unacceptable.
2. If the paid amount reflects the actual provider agreement amount then the allowed amount should always reflect the contract amount or legal obligation. The appropriate Adjustment Reason Code (ARC) must be submitted with each transaction to indicate that the payment amount was due to a contractual or legal binding agreement.
3. This policy applies to claim level (header) payments and service line level (detail) payments.

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.state.tn.us/tenncare/HIPAA/EDI.htm>

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