

# Tennessee to Reconsider RHC Medicaid Changes



In late 2017, the Tennessee Medicaid program (aka TennCARE) sought and obtained from CMS a moratorium on enrollment of newly Certified RHCs in the TennCARE program.

Existing RHCs would remain in the program and continue to see Medicaid patients and continue to receive the previously approved PPS payments. Newly certified RHCs would be able to see TennCARE enrollees but only as “traditional” Medicaid providers. They would not receive RHC PPS payments.

The stated reason for this moratorium was concerns the state had that there were loopholes in the methodology TennCARE was using to determine the initial RHC payment rates and these loopholes were resulting in TennCARE payments to RHCs higher than the state thought appropriate.

The state indicated that once they had completed their review, they would be proposing changes to the RHC (and FQHC) payment methodologies to close the so-called loopholes. Several clinics and organizations were also assured that whatever methodology was adopted, it would NOT be applied retroactively.

Earlier this year, Tennessee announced that the state was lifting the moratorium and those RHCs who had been prevented from enrolling in TennCARE as RHCs could now apply and get enrolled as RHCs. Shortly after the moratorium was lifted, TennCARE also announced proposed changes in how ALL RHC and FQHC PPS payments would be determined going forward.

After reviewing the proposal, NARHC raised strong objections to the new methodology (i.e limits on overhead, limits on allowable costs, restrictions on owner compensation, etc.) and transmitted those concerns and objections to the appropriate state authorities. NARHC also noted that while there was language in the proposal stating that the methodology would not be applied retroactively, the reality was that because of the way the state was going to apply the new methodology, it was effectively a retroactive application.

A Committee of the Tennessee legislature also held a hearing at which representatives of the Tennessee RHC community were given the opportunity to testify. NARHC worked closely with the Tennessee Rural Health Association and the group’s Executive Director Rebecca Jolly on the comments they submitted on behalf of RHCs in Tennessee.

In May, in response to the public outcry, TennCARE officials announced that they were withdrawing their proposed new formulas and going back to the drawing board. New RHCs would be allowed to enroll in TennCARE and those RHCs, as well as those caught in the earlier moratorium, would continue to be paid at an interim rate.

We commend Tennessee for recognizing that their proposal was not fully thought through and NARHC stands ready to assist the RHC community in Tennessee to ensure that they receive fair and adequate payments for services they provide to TennCARE patients.

**Bill Finerfrock**  
NARHC Executive Director  
202-544-1880  
[bf@narhc.org](mailto:bf@narhc.org)