**RULES**
**OF**
**THE TENNESSEE HEALTH FACILITIES COMMISSION**

**CHAPTER 0720-42**
**REIMBURSEMENT OF HEALTH CARE PROVIDER COSTS**

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**0720-42-.01 PURPOSE.**

The purpose of these regulations is to establish a methodology for the determination of payment to health care providers who contract with state agencies for the care of persons, as provided by T.C.A. §§ 12-4-301 et seq.

***Authority:*** *T.C.A. §§ 4-5-202 and 12-4-301.* ***Administrative History:*** *Original rule filed March 30, 1992; effective May 14, 1992. Transferred from chapter 1200-24-04 pursuant to Public Chapter 1119 of 2022 effective July 1, 2022.*

**0720-42-.02 RESERVED.**

***Authority:*** *T.C.A. §§ 4-5-202 and 12-4-301.* ***Administrative History:*** *Original rule filed March 30, 1992; effective May 14, 1992. Amendment filed March 27, 2003; effective July 29, 2003. Transferred from chapter 1200-24-04 pursuant to Public Chapter 1119 of 2022 effective July 1, 2022.*

**0720-42-.03 GENERAL PROVISIONS.**

(1) Providers of health care services who contract with state agencies for the care of persons shall be reimbursed for those medical procedures as follows:

(a) Physicians and other medical professionals delivering services can be reimbursed by procedure codes up to the rate of one-hundred percent (100%) of the Physicians' Medicare Fee Schedule using the updated national conversion factor referenced in the Federal Register and updated October 31st of each year. Where a state agency cannot procure a service at that rate, reimbursement at a higher rate can be made due to special circumstances, but only pursuant to a contract or departmental purchase authority approved by the Commissioner of the Department of Finance and Administration and the Comptroller of the Treasury.

(b) Acute care hospitals can be reimbursed up to one-hundred percent (100%) of the rate that Medicare pays hospitals for their inpatient hospital services at the predetermined rate for each discharge under the prospective payment system. Where a state agency cannot procure a service at that rate, reimbursement at a higher rate can be made due to special circumstances, but only pursuant to a contract or departmental purchase authority approved by the Commissioner of the Department of Finance and Administration and the Comptroller of the Treasury.

(c) Inpatient acute psychiatric hospital days can be paid at a rate of one-hundred percent (100%) of the Medicare reasonable cost basis, subject to per discharge limits. Where a state agency cannot procure a service at that rate, reimbursement at a higher rate can be made due to special circumstances, but only pursuant to a contract or departmental purchase authority approved by the Commissioner of the Department of Finance and Administration and the Comptroller of the Treasury.

(Rule 0720-42-.03, continued)

(d) With respect to subparagraphs (a), (b) and (c), above, physicians and other medical professionals, acute care hospitals and inpatient acute psychiatric hospitals must submit a claim for reimbursement to any existing third party payor and evidence of adjudication of that claim must be submitted to the state agency before the agency will be responsible for reimbursment of health care services, supplies or equipment.

(e) Providers of nursing facility services shall be reimbursed according to the total reimbursable per diem Medicaid rate set by the comptroller for that facility in effect at the time the service is provided. The total reimbursable per diem Medicaid rate, which shall be considered payment in full and not subject to year-end cost settlement, will include operating and capital costs.

***Authority:*** *T.C.A. §§ 4-5-202 and 12-4-301.* ***Administrative History:*** *Original rule filed March 30, 1992; effective May 14, 1992. Amendment filed March 27, 2003; effective July 29, 2003. Transferred from chapter 1200-24-04 pursuant to Public Chapter 1119 of 2022 effective July 1, 2022.*