



# TENNCARE POLICY MANUAL

<b>Policy No:</b> PI 11-005	
<b>Subject:</b> Provider Assignment or Reassignment of Payments	
<b>Approval:</b> <i>D. J. Garvey</i>	<b>Date:</b> 3-16-12

## BACKGROUND:

Medicaid addresses the subject of prohibition of reassignment of provider claims at 42 C.F.R. § 447.10. According to this regulation, State Medicaid agencies are prohibited from making payments to anyone other than a provider or an enrollee, with certain exceptions.

The exceptions are listed below:

- When the provider reassigns his payment to a government agency or by court order.
- When the provider reassigns his payment to a “billing agent, such as a billing service or an accounting firm, that furnishes statements and receives payments in the name of the provider.” In this case, the agent’s compensation must be related to the cost of processing the billing. It may not be related “on a percentage or other basis to the amount that is billed or collected,” and it must not be “dependent upon the collection of the payment.”
- When the provider is an individual practitioner and reassigns his payment, in accordance with a condition of employment or a contract, to his employer; to the facility in which the service is delivered; or to a foundation, plan, or similar organization operating an organized health care delivery system.

Providers are specifically prohibited from reassigning their claims to “factors,” either directly or by power of attorney. A “factor” is defined as an individual or entity, such as a collection agency, that advances money to a provider for accounts receivable. See 42 C.F.R. § 447.10(b).

**POLICY:**

It is the policy of the Bureau of TennCare that providers may not assign or reassign their payments except in the very limited circumstances permitted under federal regulations and described above.

Managed Care Contractors (MCCs) and State agencies serving as TennCare providers (i.e., the Department of Children’s Services, or DCS, and the Department of Intellectual and Developmental Disabilities, or DIDD) are responsible for ensuring that payments to providers are made in a manner that is compliant with this policy. If an MCC or a State agency allows providers to assign payments to billing agents, as discussed above, then they must execute an alternate payee assignment agreement. All provider disclosure, screening, and related requirements continue to apply. MCCs and State agencies must report alternate payees on the provider files that they submit to TennCare.

The Bureau of TennCare is responsible for ensuring that payments to fee-for-service providers (i.e., private Intermediate Care Facilities for persons with Mental Retardation, or ICFs/MR, and providers of Medicare crossover services) are made in a manner that is compliant with this policy.

**OFFICES OF PRIMARY RESPONSIBILITY:**

Office of Managed Care Operations  
Division of Long-term Care (for DIDD)  
Office of Quality Oversight (for DCS)

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Reprinted for Dennis Garvey’s signature / No changes: 03/16/12: AB