Division of TennCare

MEMORANDUM

DATE: 3/9/2026

TO: Managed Care Organizations
FROM: Caitlin Wright

SUBJECT: Corrected from memo issued on 2/10/26 - RMHI Billing Guidance for the Coverage of Inpatient Services for TennCare Members who are Inmates

TennCare covers medically necessary inpatient services for TennCare members who are inmates. TennCare coverage of services for inmates is limited to inpatient services furnished to patients in a medical institution during an inpatient stay, which is defined as a stay of 24 hours or more. In addition, all other requirements for TennCare coverage must be met (e.g., the inpatient services must be medically necessary, TennCare-covered services furnished by qualified TennCare providers). This includes inpatient services for treatment of medical/surgical conditions as well as inpatient stays for mental health/psychiatric conditions.

Coverage eligibility is not contingent upon the suspension status of the member's TennCare enrollment. TennCare requires Regional Mental Health Institutes (RMHIs) to request prior authorization for psychiatric inpatient services and during this request of the MCO, the RMHIs must inform the MCO of the members incarceration status. When submitting claims for psychiatric inpatient services, professional claims must use the CMS 1500 form or its electronic equivalent and must include the QJ modifier; institutional claims must use the UB-04 form or its electronic equivalent and must include the 63 condition code. TennCare's MCOs are required to include psychiatric inpatient services rendered to incarcerated members on the MCO's Medicare bypass list and use the QJ modifier and 63 condition code to identify these claims. All inpatient psychiatric services must:

- Be authorized by the member's MCO;
- Meet medical necessity criteria; and
- Be submitted within the timely filing limit of 120 days from the date of service

Claims for incarcerated members should be submitted directly to the MCO. Providers are not required to submit claims to Medicare for denial or to obtain an Explanation of Benefits (EOB) prior to MCO reimbursement.

This memo is effective retroactively to July 1, 2025. TennCare advises its MCOs to waive timely filing for RMHIs' submission of any previously denied claims now submitted as corrected claims to comply with this memo. TennCare recognizes that its MCOs require 120 days to reconfigure its billing systems to adhere to the requirements of this memo and TennCare requests that its MCOs notify TennCare when these billing system reconfigurations to accept the QJ modifier and 63 condition code are complete.

If you have any questions, please contact Caitlin Wright, Director, Behavioral Health Services Caitlin.a.wright@tn.gov