POLICY AND PURPOSE:

The purpose of this policy is to update the payment method being used by TennCare to reimburse providers. Paper checks are being phased out in favor of Direct Deposit.

Providers registering for the first time on or after June 1, 2014, will receive all TennCare payments by Direct Deposit rather than by paper checks. When existing providers who are not currently receiving payment by Direct Deposit update their profiles, information will be collected to transition them from paper checks to Direct Deposit.

DISCUSSION:

Most provider payments under TennCare are made by Managed Care Contractors, which include the Managed Care Organizations, the Pharmacy Benefits Manager, and the Dental Benefits Manager. There are a few providers who are still paid directly by TennCare. The majority of these are providers of Medicare cross-over services.

Electronic payment methods are generally viewed as superior to paper checks. Electronic checks have more security features than paper checks, as an example. They are quicker, since they are not dependent on the U.S. Postal Service for delivery. They are less subject to fraud and to being misplaced. As a measure to improve the claims payment process, TennCare is moving to a system in which all provider payments are made by Direct Deposit (also known as ACH or EFT), rather than by paper check. TennCare has been offering ACH payments for years to providers who prefer this method over paper checks. With this policy, we are making this payment method mandatory.

These three terms—ACH (for Automated Clearing House), EFT (for Electronic Funds Transfer), and Direct Deposit—are terms that are used interchangeably. Instead of writing checks, TennCare will transfer
funds directly from the State's account to the Federal Reserve Bank, and then to the recipient's bank electronically.

OFFICES OF PRIMARY RESPONSIBILITY:

Office of Provider Services
TennCare Fiscal Services