Payment of Capitation and Methodology for Capitation Withholds for Non-Compliance with Contract Terms

Purpose

This policy is applicable to TennCare managed care contractors (MCCs) having withholds as a component of their contracts. Withhold arrangements generally refer to payment mechanisms under which a portion of an MCC capitation payment is withheld from the MCC for performance-related reasons. Any provision of the contract that the Division of TennCare determines is not being adequately addressed by an MCC places the MCC at risk of being subject to retention of the withhold on a monthly basis until the deficiency has been corrected.

Policy

Once the Division of TennCare has determined that a deficiency exists, the MCC is properly notified and given appropriate time frames to correct the issue. The retention of the withhold is then instituted when it is determined that the issue has not been resolved. The provision for permanent retention of the withhold due to MCC failure to correct documented deficiencies gives the MCCs an incentive to resolve the deficiencies in a timely manner. This provision is not intended to avoid payment of monies due the MCC, but rather to require the MCC to comply with all contract provisions in a timely manner.

Offices of Primary Responsibility

Division of Managed Care Operations

References

TennCare Medicaid Rule 1200-13-13-.07
https://publications.tnsosfiles.com/rules/1200/1200-13/1200-13.htm

TennCare Standard Rule 1200-13-14-.07
https://publications.tnsosfiles.com/rules/1200/1200-13/1200-13.htm

MCO Statewide Contract
https://www.tn.gov/content/dam/tn/tenncare/documents/MCOStatewideContract.pdf