Comptroller of the Treasury, Division of State Audit
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Nashville, TN 37243
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Mission Statement
The mission of the Comptroller’s Office is to make government work better.

Comptroller Website
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The Honorable Bill Lee, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
Mr. Stephen Smith, Deputy Commissioner  
Division of TennCare  
Department of Finance and Administration  
310 Great Circle Road, 4W  
Nashville, Tennessee 37243  

Ladies and Gentlemen:  

Pursuant to Section 71-5-130, Tennessee Code Annotated, and a cooperative agreement between the Comptroller of the Treasury and the Department of Finance and Administration, the Division of State Audit performs examinations of Rural Health Clinics (RHCs) participating in the Tennessee Medical Assistance Program under Title XIX of the Social Security Act (Medicaid).  

Submitted herewith is the report of the direct examination of TennCare Prospective Payment System (PPS) visits and payments of Plateau Pediatrics in Crossville, Tennessee, for the period July 1, 2017, through June 30, 2022.  

Sincerely,  

[Signature]  

Katherine J. Stickel, CPA, CGFM, Director  
Division of State Audit  

KJS/pn  
23/020
Observation

Plateau Pediatrics did not report all qualified TennCare Prospective Payment System (PPS) visits and the payments associated with the unreported visits on its submitted quarterly settlement requests, which resulted in a net underpayment to the clinic of $528,644.

Plateau Pediatrics underreported 4,229 TennCare PPS visits and $251,387 in payments for the period July 1, 2017, through June 30, 2022.
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Observation

• Plateau Pediatrics did not report all qualified TennCare Prospective Payment System visits and the payments associated with the unreported visits on its submitted quarterly settlement requests, which resulted in a net underpayment to the clinic of $528,644 6

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Purpose and Authority of the Examination

The terms of contract between the Tennessee Department of Finance and Administration and the Tennessee Comptroller’s Office authorize the Comptroller of the Treasury to perform examinations of Rural Health Clinics (RHCs) that participate in the Tennessee Medicaid Clinic Prospective Payment System Program.

Under their agreements with the state and as stated on cost reports submitted to the state, participating RHCs have asserted that they are in compliance with the applicable state and federal regulations covering services provided to Medicaid-eligible recipients. The purpose of our examination is to render an opinion on whether paid TennCare PPS visits and payments received on behalf of TennCare enrollees are reported in accordance with the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program and guidance from the Division of TennCare for Rural Health Clinics.

General Background

Tennessee’s Medicaid Prospective Payment System (PPS) for RHCs is described in attachment 4.19-B of the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program. RHCs are eligible to apply to the Centers for Medicare and Medicaid Services for reimbursement under Medicare and Medicaid payment methodologies. The defining legislation for RHCs is Section 1905(1)(2)(B) of the Social Security Act. A clinic’s initial PPS rate is established using the allowable costs and visits as reported on the RHC’s cost report. After the initial rate is determined, the PPS rate is increased at the beginning of the state’s fiscal year (July 1) based on the current change in the Medicare Economic Index.

After the end of each quarter, clinics submit a settlement request to the Office of the Comptroller of the Treasury with the number of PPS visits and payments for TennCare services. A clinic’s PPS rate is multiplied by the clinic’s self-reported visits to calculate the Medicaid PPS reimbursable costs. TennCare remits a quarterly settlement payment to the clinic for the difference between the clinic’s Medicaid PPS reimbursable costs and the payments reported by the clinic.

PPS visits are medically necessary, face-to-face medical, mental health, or qualified preventive visits between the patient and a qualifying provider during which a qualified RHC service is furnished, consistent with the federal regulations found in Title 42, Code of Federal Regulations, Part 405, Section 2463, and Part 440, Section 20(b)-(c). Behavioral health must be in the RHC’s scope of services approved by the state to be included in the settlement calculation.
PPS payments are all payments that the RHC receives on behalf of TennCare enrollees; this includes amounts received on all services that were paid for the TennCare enrollee, even if it does not constitute a PPS visit itself (such as labs, injections, or X-rays). RHC payments include Managed Care Organization (MCO) payments, as well as all third-party liability, all patient liability, and any capitation payments received from MCOs. The Division of TennCare has issued guidance requiring payments for certain services to be excluded on settlement requests.

Maternity claims include a range of services related to pregnancy and delivery. These services are consolidated under a Global Obstetrical Package, which covers maternity care across three stages: antepartum (prenatal) care, delivery services, and postpartum care. MCOs generally pay maternity claims as a global bundled payment, and the actual payment for such visits only occurs after the pregnancy has ended. After receiving the payment, providers need to report the global payment in the quarter in which the pregnancy ended and report the related maternity visits on the settlement request in the quarter in which services were rendered. Providers must amend any prior quarter’s settlement request to report the visit in the quarter in which that visit occurred.

Visits and payments for Medicare and dual enrollees are reimbursed on the Medicare payment system; therefore, they are not eligible for the TennCare PPS quarterly payment. For the purposes of this program, dual enrollees are individuals enrolled in both Medicaid and Medicare Part B (or any Medicare-approved plan that includes Medicare Part B, such as Medicare Advantage). Medicare is the primary payor for dual enrollees. Chapter 1200-13-13-.09 of the Rules of the Tennessee Department of Finance and Administration states, “TennCare shall be the payor of last resort, except where contrary to federal or state law.”

CoverKids is Tennessee’s Children’s Health Insurance Program, authorized by Title XXI of the Social Security Act and jointly financed and administered by the federal and state governments. CoverKids is available to children under age 19 and pregnant women who are not eligible for TennCare Medicaid. RHCs should submit a separate quarterly settlement request to the Office of the Comptroller of the Treasury that contains the number of PPS visits and payments for CoverKids services. The state will make quarterly payments to the clinic for the difference between the clinic’s Medicaid PPS reimbursable costs and payments reported by the clinic. This process for submitting settlement requests and receiving quarterly settlements is similar to TennCare’s quarterly reimbursement; however, CoverKids visits and payments must be separately reported and paid due to the distinctly allotted federal funds. Therefore, CoverKids visits and payments are not included in the calculation of TennCare PPS visits and payments.

Before reporting any PPS visits and payments on the settlement requests, all claims must be submitted to and deemed “paid” by the TennCare MCO.
Plateau Pediatrics

Plateau Pediatrics in Crossville, Tennessee, provides RHC services and participates in Tennessee’s Medicaid Prospective Payment System. The clinic is co-owned by Robert Berman, MD, CEO/President, and Suzanne Berman, MD, Director/Assistant Director.

The following PPS rates were in effect for the period covered by this examination:

<table>
<thead>
<tr>
<th>Period</th>
<th>Prospective Payment System (PPS) Rate (044-3966)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 2017, through June 30, 2018</td>
<td>$177.42</td>
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<td>July 1, 2018, through June 30, 2019</td>
<td>$179.90</td>
</tr>
<tr>
<td>July 1, 2019, through June 30, 2020</td>
<td>$182.60</td>
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<td>July 1, 2020, through June 30, 2021</td>
<td>$186.07</td>
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<tr>
<td>July 1, 2021, through June 30, 2022</td>
<td>$188.67</td>
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Examination Scope

Our direct examination covers certain financial-related requirements of the Medicaid Rural Health Clinics Prospective Payment System Program. The requirements covered are referred to in the Independent Accountant’s Report. Our examination does not cover quality of care or clinical or medical provisions.

Prior Examination Findings

This is the first examination of this clinic.
Independent Accountant’s Report

June 28, 2023

The Honorable Bill Lee, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. Steven Smith, Deputy Commissioner
Division of TennCare
Department of Finance and Administration
310 Great Circle Road, 4W
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have examined TennCare Prospective Payment System (PPS) visits and payments for Plateau Pediatrics for the period July 1, 2017, through June 30, 2022. Plateau Pediatrics’ management is responsible for reporting TennCare PPS visits and payments in accordance with the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program and guidance from the Division of TennCare for Rural Health Clinics (RHCs).

Our responsibility is to obtain reasonable assurance by evaluating TennCare PPS visits and payments against the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program and guidance from the Division of TennCare for RHCs to determine whether TennCare PPS visits and payments were reported in accordance with the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program and guidance from the Division of TennCare for RHCs, in all material respects, as well as performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating TennCare PPS visits and payments
against the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program and guidance from the Division of TennCare for RHCs, as well as perform other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of TennCare PPS visits and payments. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the reporting of TennCare PPS visits and payments in accordance with the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program and guidance from the Division of TennCare for RHCs whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our unmodified opinion. Our examination does not provide a legal determination on the entity’s compliance with specified requirements.

We are required to be independent of Plateau Pediatrics and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to the examination engagement.

Our examination disclosed no instance of material noncompliance applicable to state and federal regulations.

In our opinion, TennCare PPS visits and payments for Plateau Pediatrics for the period July 1, 2017, through June 30, 2022, were correctly reported, in all material respects, in accordance with the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program and guidance from the Division of TennCare for RHCs.

This report is intended solely for the information and use of the Tennessee General Assembly and the Tennessee Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit

KJS/pn
Plateau Pediatrics did not report all qualified TennCare Prospective Payment System visits and the payments associated with the unreported visits on its submitted quarterly settlement requests, which resulted in a net underpayment to the clinic of $528,644.

Plateau Pediatrics did not report all qualified TennCare PPS visits on its quarterly settlement requests submitted to the Office of the Comptroller of the Treasury. The clinic underreported 4,229 visits for the period July 1, 2017, through June 30, 2022.

Also, Plateau Pediatrics did not report the PPS payments associated with the unreported qualified visits on its quarterly settlement requests submitted to the Office of the Comptroller of the
The clinic did not include the visits or payments for qualified hospital claims. The clinic underreported $251,387 in payments for the period July 1, 2017, through June 30, 2022.

Auditors selected three calendar quarters for further testing. The purpose was to determine how the clinic was preparing the quarterly settlement requests and what the clinic was including in the self-reported visits and payments. While reviewing the TennCare claims data for the selected quarters, auditors determined that the clinic was not including visits and payments for qualified hospital claims. Additionally, the clinic did not report a second visit on the same day when a patient, under the age of 18, had both a sick visit and an annual/well visit.

Auditors used TennCare claims data to determine the actual number of paid TennCare PPS visits and payments for the entire examination period. The clinic’s underreporting of payments resulted in increased TennCare quarterly settlements that were offset by the underreported visits, which resulted in a net underpayment to the clinic of $528,644 for the period July 1, 2017, through June 30, 2022.
Management’s Comment

Plateau Pediatrics PLC appreciates the opportunity to respond and provide comment to the TennCare Examination of our practice for the period July 1, 2017, through June 30, 2022.

Upon comparison of TennCare’s data with our own, we concur that we underreported approximately $30,000 due to small errors in our coding, reconciliation, and reporting processes. Of note, we misclassified some periodic capitation payments, which are reportable payments, as non-fee-for-service incentive payments, which are not reported under the program.

Additionally, we concur that we underreported approximately 1,900 qualified visits during the audit period review. These underreported visits were primarily due to the inconsistent reporting of an EPSDT and a problem-focused visit, which was sometimes counted as one (1) qualified visit rather than being consistently reported as two (2) qualified visits. We appreciate the opportunity to amend our reporting process.

The remainder of underreported payments and underreported visits appear to be related to inpatient services, as noted in the report. TennCare’s detailed data, which agrees very closely with our detailed data, shows that approximately 2,315 inpatient visits with approximately $224,000 in attendant revenue were not reported. This constitutes approximately 55% of our underreported visits and 89% of our underreported revenue. It has always been our understanding that inpatient visits do not constitute RHC qualified visits, so we did not report the visits or the associated payments. TennCare confirmed this interpretation in a memorandum dated December 30, 2021, from Zane Seals, so this issue appears to be moot going forward.

We appreciate the opportunity to participate in the RHC program and recognize the role that audits play in maintaining TennCare program integrity.

Auditor Response

The TennCare memorandum dated December 30, 2021, stated “effective January 1, 2022, visits which take place at a hospital will not qualify for the reconciliation or wraparound payment.” TennCare allowed hospital visits for dates of service prior to January 1, 2022, to be included on the reconciliation.
### Plateau Pediatrics

**Underpayment Calculation**

Dates of Service 7/1/2017 to 6/30/2022

<table>
<thead>
<tr>
<th>Year and Calendar Quarter</th>
<th>Visits Reported by Clinic</th>
<th>Payments Reported by Clinic</th>
<th>TennCare PPS Visits</th>
<th>TennCare PPS Payments</th>
<th>PPS Rate</th>
<th>Reimbursable Cost¹</th>
<th>Quarterly Settlement Payments Remitted to the Clinic</th>
<th>Total Payments²</th>
<th>Difference Between Total Payments and Reimbursable Cost</th>
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<tr>
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<td>3,328</td>
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<td>$ 7,314,555</td>
<td>$ 14,546,156</td>
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¹Reimbursable Cost is calculated as number of TennCare PPS Visits multiplied by the clinic’s effective PPS Rate for the period.

²Total Payments represents the sum of TennCare PPS Payments and Quarterly Settlement Payments remitted to the Clinic.

Overcollected by Clinic: Under Reported Payments (251,387)

Undercollected by Clinic: Under Reported Visits (780,031)

Uncollected By Clinic

$ 528,644