TENNESSEE COMPTROLLER OF THE TREASURY

MEDICAID EXAMINATION

Christ Community Health Services, Inc.
Memphis, Tennessee

Cost Reports
For the Period July 1, 2020, Through June 30, 2021, and
July 1, 2021, Through June 30, 2022

TennCare Prospective Payment System
Visits and Payments
July 1, 2020, Through December 31, 2022

Jason E. Mumpower
Comptroller of the Treasury

DIVISION OF STATE AUDIT

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TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
Comptroller

April 9, 2025

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 Federally Qualified Health Centers (FQHCs) participating in the Tennessee Medical Assistance Program under Title XIX of the Social Security Act (Medicaid).

Submitted herewith is the report of the examination of the FQHC cost reports for Christ Community Health Services in Memphis, Tennessee, for the period July 1, 2020, through June 30, 2021, and July 1, 2021, through June 30, 2022; and TennCare Prospective Payment System visits and payments for the period July 1, 2020, through December 31, 2022.

Sincerely,

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

KJS/jb
24/025

DIVISION OF STATE AUDIT • MEDICAID EXAMINATION • APRIL 2025

CHRIST COMMUNITY HEALTH SERVICES, INC.

MEMPHIS, TENNESSEE

EXAMINATION HIGHLIGHTS

Examination Scope

Cost Reports for the Period July 1, 2020, Through June 30, 2021, and July 1, 2021, Through June 30, 2022
TennCare Prospective Payment System Visits and Payments for the Period July 1, 2020, Through December 31, 2022

Finding Recommending Monetary Refund

Christ Community Health Services did not accurately report TennCare Prospective Payment System visits and payments on its submitted quarterly settlement requests, which resulted in a net overcollection by the clinic of $2,664,230

Christ Community Health Services underreported 2,718 TennCare Prospective Payment System visits and $3,188,771 in payments for the period July 1, 2020, through December 31, 2022. The underreporting of payments resulted in the clinic receiving increased TennCare quarterly settlements, which were partially offset by the underreported visits.

Disclaimer on Cost Reports

Christ Community Health Services did not provide sufficient evidence to support the visits furnished to all patients by each practitioner reported on the cost reports for the period July 1, 2020, through June 30, 2021, and July 1, 2021, through June 30, 2022. Due to insufficient evidence, we do not express an opinion regarding the cost reports for the period July 1, 2020, through June 30, 2021, and July 1, 2021, through June 30, 2022.

Medicaid Examination

Christ Community Health Services, Memphis, Tennessee

Cost Reports for the Period
July 1, 2020, Through June 30, 2021, and
July 1, 2021, Through June 30, 2022

TennCare Prospective Payment System Visits and Payments
July 1, 2020, Through December 31, 2022

Contents

Introduction

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 Federally Qualified Health Centers (FQHCs) that participate in the Tennessee Medicaid Clinic Prospective Payment System (PPS) Program.

Under their agreements with the state and as stated on cost reports submitted to the state, participating FQHCs 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 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 FQHCs, and on the FQHC cost reports for fiscal years 2021 and 2022.

General Background

Tennessee's Medicaid Prospective Payment System (PPS) for Federally Qualified Health Centers (FQHCs) is described in Attachment 4.19-B of the Tennessee State Plan under Title XIX of the Social Security Act Medical Assistance Program. FQHCs are eligible to apply to the Centers for Medicare and Medicaid Services for reimbursement under Medicare and Medicaid payment methodologies. The defining legislation for FQHCs 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 furnished to all patients by each practitioner as reported on the FQHC'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 FQHC 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 FQHC's scope of services approved by the state to be included in the settlement calculation.

PPS payments are all payments that the FQHC receives on behalf of TennCare enrollees; this includes amounts received on all services that were paid for the TennCare enrollee, even if a service does not constitute a visit itself (such as labs, injections, or X-rays). FQHC payments include Managed Care Organization (MCO) payments, as well as all third-party liability, all patient liability, and 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 typically 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 claims only occurs after the pregnancy has ended. After receiving the payment, providers should report the global payment in the quarter when the pregnancy ended and the related maternity visits 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 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. FQHCs 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 visits and payments on the settlement requests, all claims must be submitted to and deemed "paid" by the TennCare MCO.

Christ Community Health Services

Christ Community Health Services in Memphis, Tennessee, provides FQHC services and participates in Tennessee's Medicaid Prospective Payment System. The board of directors' members are as follows:

Ross Dyer, Chair
Jerry Gay, Vice-Chair
Michael Drake, Treasurer
Norma Hunt, Secretary
Kirk Bailey
Bobby Crenshaw
Carol Jackson
Florence Jones
Rebecca Duckworth Kernan
Carlos Martin
Angela Rogers
Orpheus Triplett, DDS
Kimberly Young

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

Period	Prospective Payment System (PPS) Rate
July 1, 2020, through June 30, 2021	$198.60
July 1, 2021, through June 30, 2022	$201.38
July 1, 2022, through December 31, 2022	$205.61

Examination Scope

Our examination covers certain financial-related requirements of the Medicaid Federally Qualified Health Centers Prospective Payment System Program. The requirements covered are referred to in the Independent Accountant's Reports. Our examination does not cover quality of care or clinical or medical provisions.

Prior Examination Findings

This is the first examination of this clinic.

Jason E. Mumpower
Comptroller

Independent Accountant's Report

February 11, 2025

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 whether Christ Community Health Services complied with the following requirements:

- TennCare Prospective Payments System (PPS) visits and payments for the period July 1, 2020, through December 31, 2022, 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 Federally Qualified Health Centers (FQHCs).

As discussed in management's representation letter, management is responsible for ensuring compliance with those requirements. Our responsibility is to express an opinion on management's compliance with those requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management complied, in all material respects, with the requirements specified above.

An examination involves performing procedures to obtain evidence about whether management complied with the specified requirements. The nature, timing, and extent of the procedures selected

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depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our adverse opinion. Our examination does not provide a legal determination on the entity's compliance with specified requirements.

We are required to be independent of Christ Community Health Services and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination disclosed the following instance of material noncompliance applicable to state and federal regulations:

- Christ Community Health Services did not accurately report TennCare Prospective Payment System visits and payments on its submitted quarterly settlement requests, which resulted in a net overcollection by the clinic of $2,664,230.

In our opinion, because of the significance of the matter described in the preceding paragraph, Christ Community Health Services has not complied with the aforementioned requirements for TennCare PPS visits and payments for the period July 1, 2020, through December 31, 2022.

We have also issued our report dated February 11, 2025, on our consideration of Christ Community Health Services' compliance with cost reporting requirements. That report is part of our examination engagement over Christ Community Health Services.

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/jb

Jason E. Mumpower
Comptroller

Independent Accountant's Report

February 11, 2025

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 were engaged to examine whether Christ Community Health Services complied with the following requirements:

- Income and expenses reported on the FQHC cost reports for the period July 1, 2020, through June 30, 2021, and July 1, 2021, through June 30, 2022, are reasonable, allowable, and in accordance with state and federal rules, regulations, and reimbursement principles.
- Patient visits furnished to all patients by each practitioner have been appropriately counted.

As discussed in management's representation letter, management is responsible for ensuring compliance with those requirements. Our responsibility is to express an opinion on management's compliance with those requirements based on conducting the examination in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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We are required to be independent of Christ Community Health Services and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Christ Community Health Services did not provide sufficient evidence to support the visits furnished to all patients by each practitioner reported on the cost reports for the period July 1, 2020, through June 30, 2021, and July 1, 2021, through June 30, 2022.

Because of the limitation on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the FQHC cost reports for Christ Community Health Services for the period July 1, 2020, through June 30, 2021, and July 1, 2021, through June 30, 2022, were fairly stated in all material respects.

We have also issued our report dated February 11, 2025, on our consideration of Christ Community Health Services' compliance with TennCare Prospective Payment System visits and payments reporting requirements. That report is part of our examination engagement over Christ Community Health Services.

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/jb

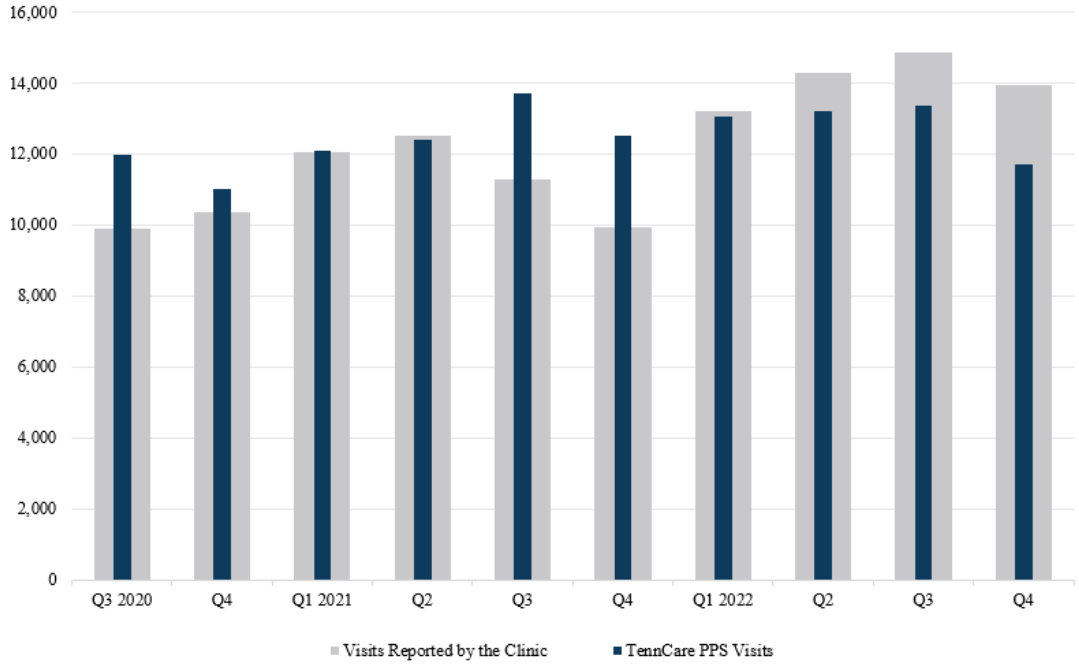
Finding and Recommendation

Finding

Christ Community Health Services did not accurately report TennCare Prospective Payment System visits and payments on its submitted quarterly settlement requests, which resulted in a net overcollection by the clinic of $2,664,230

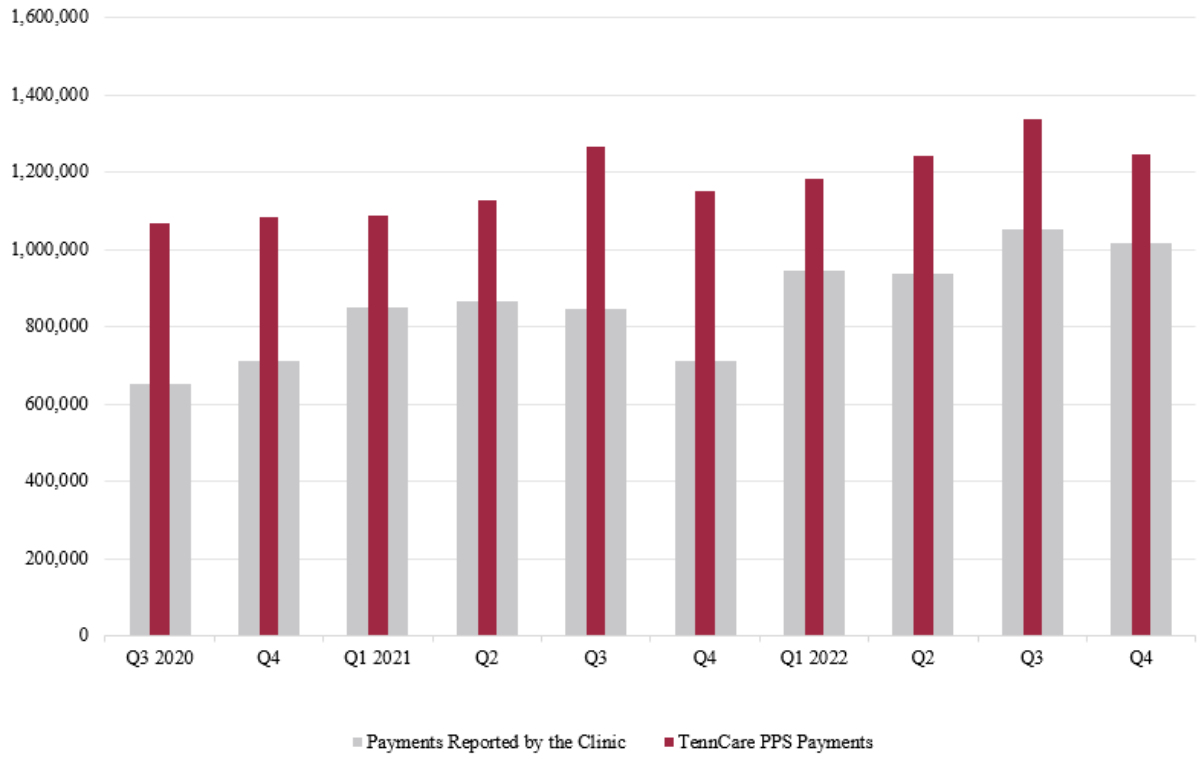
Christ Community Health Services did not accurately report TennCare Prospective Payment System (PPS) visits on its quarterly settlement requests submitted to the Office of the Comptroller of the Treasury. The clinic underreported 2,718 visits for the period July 1, 2020, through December 31, 2022.

Visit Variance



Also, Christ Community Health Services did not accurately report PPS payments on its quarterly settlement requests submitted to the Office of the Comptroller of the Treasury. The clinic underreported $3,188,771 in payments for the period July 1, 2020, through December 31, 2022. The underreporting of payments resulted in the clinic receiving increased TennCare quarterly settlements, which were partially offset by the underreported visits.

Payment Variance



Auditors selected four calendar quarters for further testing to determine what the clinic included in self-reported TennCare PPS visits and payments on its quarterly settlement requests. During the review, auditors noted that the clinic included ineligible claims, including dual enrollees, denied claims, CoverKids claims, ineligible claims that do not meet the definition of a visit with a qualifying provider, and claims in which the patient was not covered by a Medicaid plan. On the other hand, the clinic excluded some eligible claims in which Medicaid was a secondary payor and additional visits when it was permissible to count multiple visits on the same date of service.

Auditors found that the clinic excluded some third-party liability payments. The clinic also failed to report some payments associated with long-acting reversible contraception (LARC). Excluding these payments resulted in the clinic receiving increased TennCare quarterly settlements, which was partially offset by the clinic including vaccine administration revenue after January 1, 2021, and incentive payment F code revenue after October 1, 2021, which should have been excluded from the clinic's self-reported payments.

Global maternity services include prenatal care, delivery services, and postpartum care. Maternity visits must be reported on the settlement request in the quarter in which services were rendered. Managed Care Organizations 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, the clinic should report the delivery and global payment in the quarter when the pregnancy ended, then amend any prior quarter's settlement request to report the prenatal visit in the quarter in which that visit occurred. Auditors obtained access to the clinic's electronic medical records system and, after an expanded review of medical records, identified the prenatal and postpartum visits. Auditors noted that the clinic improperly reported maternity services, which included reporting prenatal and postpartum visits in the wrong quarter and not reporting obstetric and delivery payments.

Auditors used TennCare claims data and the clinic's electronic medical records to determine the number of TennCare PPS visits and payments for the entire examination period. As a result, auditors determined that Christ Community Health Services underreported visits and payments, resulting in a net overcollection of $2,664,230 on its quarterly settlements for the period July 1, 2020, through December 31, 2022.

Criteria

Title 42, *United States Code* (USC), Section 1320a-7k(d), contains obligations for health care providers regarding reporting and returning overpayments from the Division of TennCare or one of its contractors. Overpayments that are not returned within 60 days from the date the overpayment was identified can trigger a liability under the False Claims Act. The overpayment will be considered an "obligation" as this term is defined in 31 USC 3729(b)(3). The False Claims Act subjects a provider to a fine and triple the damages, called "treble damages," if he or she knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay money to the federal government.

Recommendation

Christ Community Health Services should establish procedures to ensure that it submits accurate quarterly settlement requests to the Office of the Comptroller of the Treasury. The requests should reflect the actual paid TennCare PPS visits and payments for each quarter reported.

Management's Comment

Christ Community Health Services (CCHS) concurs with the findings presented by the Tennessee Comptroller of the Treasury on February 11, 2025, for the period of July 1, 2020, through December 31, 2022. This was initially identified by CCHS when we initiated a Change in Scope request, as Medicaid visits appeared to be low on the Medicare cost report. Upon further review, it was discovered that they were. This led to a full audit, of which CCHS fully cooperated, to correct the error in addition to amending the Medicare cost reports in question. It was at this point and starting with visits and payments January 1, 2023, and after CCHS worked with the Office of the Comptroller of the Treasury to ensure accurate settlement requests are reported. Upon submission, this undergoes a second review by the Office of the Comptroller of the Treasury to ensure visits are correct according to the *Prospective Payment System Settlement Manual.* This is reconciled on a monthly basis to ensure any retro adjustments needed are reconciled as required.

Christ Community Health Services, Inc.
Settlement Calculation
Dates of Service 7/1/2020 to 12/31/2022

Year and Calendar Quarter	Visits Reported by Clinic	Payments Reported by Clinic	TennCare PPS Visits	TennCare PPS Payments	PPS Rate	Reimbursable Cost[1]	Quarterly Settlement Payments Remitted to the Clinic	Total Payments[2]	Difference Between Total Payments and Reimbursable Cost
2020 Q3	9,929	$ 651,727	11,992	$ 1,068,306	$ 198.60	$ 2,381,611	$ 1,320,114	$ 2,388,420	$ (6,809)
Q4	10,365	713,213	11,045	1,081,968	198.60	2,193,537	1,345,214	2,427,182	(233,645)
2021 Q1	12,088	850,941	12,097	1,088,403	198.60	2,402,464	1,549,665	2,638,068	(235,604)
Q2	12,529	867,757	12,422	1,126,033	198.60	2,467,009	1,620,429	2,746,462	(279,453)
Q3	11,294	845,668	13,744	1,265,497	201.38	2,767,767	1,428,722	2,694,219	73,548
Q4	9,960	711,424	12,518	1,149,471	201.38	2,520,875	1,294,325	2,443,796	77,078
2022 Q1	13,238	946,803	13,060	1,181,929	201.38	2,630,023	1,719,071	2,901,000	(270,977)
Q2	14,288	937,165	13,243	1,240,493	201.38	2,666,875	1,940,158	3,180,651	(513,776)
Q3	14,875	1,052,890	13,397	1,335,304	205.61	2,754,557	2,005,559	3,340,863	(586,306)
Q4	13,946	1,015,111	11,712	1,244,064	205.61	2,408,104	1,852,326	3,096,390	(688,286)
Total	**122,512**	**8,592,699**	**125,230**	**$ 11,781,470**		**$ 25,192,823**	**$ 16,075,583**	**$ 27,857,053**	**$ (2,664,230)**

Overcollected by Clinic: Underreported Payments	(3,188,771)
Undercollected by Clinic: Underreported Visits	524,541
Overcollected by Clinic	**$ (2,664,230)**

[1]Reimbursable Cost is calculated as number of TennCare PPS Visits multiplied by the clinic's effective PPS Rate for the period.

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