



STATE OF TENNESSEE
DEPARTMENT OF EDUCATION
DIVISION OF SPECIAL EDUCATION
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TEIS POLICY MEMORANDUM #07-010

TO: TEIS District Administrators,
TEIS Data Managers
OEC Central Reimbursement Office Staff

FROM: Jamie Thomas Kilpatrick, Director
Office of Early Childhood Programs, Division of Special Education

COPY: Mr. Joseph Fisher, Assistant Commissioner

RE: **Use of Part C Funds for Payment of Services/TRICARE**

DATE: December 1, 2007

The Division of Special Education's Office of Early Childhood (OEC) is currently conducting an extensive review of training documents related to upcoming fiscal audits of Tennessee's use of funds awarded to the State under Part C of the Individuals with Disabilities Education Act (IDEA).

Based on this document review and current Tennessee fiscal practices, several fiscal concerns have been noted. In an attempt to be proactive about these compliance issues, it is necessary to provide written clarification about TEIS policies and procedures. The Division of Special Education is committed to full compliance with our State's use of Part C funds and full compliance with IDEA 2004.

Tennessee's current policies regarding the Part C payor of last resort requirements only allow for temporary reimbursement of Part C funds TEIS uses to provide timely services to an eligible infant or toddler or the family. IDEA section 640 and current Part C regulation 34 CFR §303.527 require that if Part C funds are used to pay the provider of services to an eligible child or the child's family to prevent a delay in the timely provision of those services, the Part C funds must be fully reimbursed by the agency or entity that has ultimate responsibility for payment for the service. Therefore, if a child's health insurance coverage is TRICARE, the key component for TEIS District Service Coordinators' responsibilities will be to coordinate those government benefits to ensure receipt of appropriate early intervention services by an eligible child in a timely fashion. Effective February 1, 2008, TEIS will not be a payor source for Part C services provided to an eligible child or the child's family that are covered by TRICARE. In the Planned Services section of TEIDS, Service Coordinators will no longer enter TRICARE as Payor Source #1 with TEIS as Payor Source #2. TRICARE must be listed as the primary payor for such services.

Any Part C payments for children covered by TRICARE in the future will only be allowable when the State lead agency receives direct reimbursement from the payor source that has the ultimate responsibility for the payment.

The OEC is committed to working with all parties involved to implement this policy appropriately. Department of Education procedures will immediately be put into place to ensure full compliance with this policy and practice.