



STATE OF TENNESSEE  
**DEPARTMENT OF EDUCATION**  
DIVISION OF SPECIAL EDUCATION  
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**LANA C. SEIVERS, Ed.D.**  
COMMISSIONER

**TEIS POLICY MEMORANDUM #07-011**

**TO:** TEIS District Administrators,  
TEIS Data Managers, TEIS Central Reimbursement Office

**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/CoverKids**

**DATE:** December 1, 2007

The Division of Special Education's Office of Early Childhood (OEC) has been 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). Several concerns noted in the review make it necessary to provide written clarification on Tennessee's policies and procedures regarding IDEA Part C payor of last resort requirements. OEC 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, when a child's health insurance coverage is CoverKids, the key component for Point of Entry Service Coordinators' responsibilities will be to coordinate the CoverKids benefits to ensure receipt of appropriate early intervention services by an infant, toddler, or family in a timely fashion. Effective February 1, 2008, TEIS will not be a payor source for Part C services provided to an eligible child that are covered by CoverKids. In the Planned Services section of TEIDS, Service Coordinators will no longer enter CoverKids as Payor Source #1 with TEIS as Payor Source #2. CoverKids must be listed as the primary payor for such services.

OEC is fully engaged with the Governor's Office of Children's Care Coordination (GOCCC) to ensure interagency coordination of resources. The result of this analysis is expected to allow for payment flexibility in the future and any Part C payments for children covered by CoverKids 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.