



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF HEALTH CARE FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

IMPORTANT MEMO

DATE: July 16, 2013

TO: Administrators and Office Managers of Medicaid Nursing Facilities and ICFs/IID
CEOs and COOs of TennCare Managed Care Organizations

FROM: Patti Killingsworth, Assistant Commissioner
Chief of Long Term Services and Supports (LTSS)

SUBJECT: IMPORTANT Clarification Regarding Item D Deductions

This memo clarifies allowable medical deductions from patient liability (commonly referred to as "Item D").

***Allowable* medical expenses incurred within three months prior to the month of application for Medicaid are allowed as an Item D expense, *regardless* of whether the person would have been income and resource eligible at the time the expenses were incurred.**

Medical expenses incurred more than three months prior to the month of application are disallowed and may **not** be approved as an Item D expense.

No deductions will be allowed for medical expenses that were incurred as the result of imposition of a transfer of assets penalty period.

I hope these clarifications are helpful.