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## CHARGEBACK SYSTEM OVERVIEW

The state ward acts, i.e., Act 220, P.A. of 1935 (MCI or Neglect Statute) and Act 150, P.A. of 1974 (Youth Rehabilitation Services Act or Delinquency Statute), establish methods of state and county participation in the cost of providing out-of-home care. Both acts require the state and county to share 50/50 in this cost. Act 296 wards are not included in this chargeback process.

The Social Welfare Act, P.A. 280 of 1939, provides authority for county and state participation in the cost of out-of-home care for children under the jurisdiction of the family division of the circuit court. In most instances, the county pays for this care and the state provides reimbursement for 50 percent of the expenditure. However, if the youth and his/her placement are eligible for title IV-E funding, and if DHS has been given authority for placement and care, the state has agreed to pay for care and collect federal financial participation at the established rate for this expenditure. There is no county charge.

## METHOD OF BILLING/ REIMBURSEMENT

The chargeback system receives information from various sources regarding DHS payments for the out-of-home care for state wards and court wards. The system produces information on a monthly basis which is sent to the local offices, circuit court, family division, and the county treasurers regarding the number of youth, the number of days in care and the amount of county reimbursement due the department. This information is furnished in two separate but related reports: the CK-110, State Ward Chargeback Statement, and the CK-111, Court Ward County Share Report. The CK-112 is a summary of credits and charges.

The State Ward Chargeback Statement, CK-110, provides a detailed listing of the amount of reimbursement due the department. The report is divided into sections: Charge Details for State Ward Non-Title IV-E and Credit Details for court-ordered support and government benefits collections.

The detail includes, by facility type, the name, case number and legal status of the youth, the number of days charged, amount of collection credit, the amount of county charges, adjustments to previous charges, and non-scheduled payment charges.

The last page of the CK-110 is a summary page which reports chargeback totals by facility type, the total amount of collection credits, and the net amount due the department for state wards.

The Court Ward County Share Report, CK-111, provides a detailed listing of the amount of reimbursement due the department. The report is divided into three sections: County Share Details for Court Ward Non-Title IV-E and Credit Details for court-ordered support and government benefits collections.

The detail includes by facility type the name and case number and legal status of the youth, the number of days charged, amount of collection credit, the total of county charges, adjustments to previous charges, and non-scheduled payment charges.

The last page of the CK-111 is a summary page which reports county share totals, the total amount of collection credits, and the net amount due the department for court wards.

**Note:** The CK-240 lists title IV-E charges for all title IV-E facility types. Voluntarily released children and children funded by limited term and emergency foster care are also listed on the CK-240. The title IV-E charges are listed for reporting purposes only.

## ADJUSTMENTS TO COUNTY SHARE REPORTS

If, upon receipt and review of the State Ward Chargeback Statement, CK-110, or the Court Ward County Share Report, CK-111, the local office or the court believes the report contains inappropriate charges, the following action is to be taken:

### Court or Local DHS Actions

1. Do not request adjustments to title IV-E funded youth unless the name, case number or county is incorrect.
2. The court or local office completes a DHS-3508, Request for Adjustment to County Charges, according to instructions on back of form.
  - Requests for the DHS-3508 are to be directed to the Governmental Benefits Coordination and County Chargeback Section at P.O. Box 30025, 235 S. Grand Ave, Suite 1010, Lansing, MI 48909.

- If the request for adjustment is to remove charges for a youth voluntarily released under Act 296, P.A. of 1974, copies of the parental releases and subsequent orders are to be attached to the DHS-3508. The orders need to be received by the Governmental Benefits Coordination and County Chargeback Section by the 11th of the month for timely correction of future reports.

**Note:** All court requests for adjustment are first verified in MiSACWIS and then with the local office caseworker before approval or denial. When the court verifies with a worker, this is to be noted on a memo to the court and submitted with the DHS-3508.

3. When the DHS-3508 is completed, attach court orders if voluntary release (PA-296, a child committed under MCI or PA 220 is not a voluntary release). Retain Part 2 and place in the fourth inside section of the youth's case record, and submit Part 1 to:

DHS - Bureau of Accounting  
Governmental Benefits Coordination and County Chargeback  
P.O. Box 30025  
235 S. Grand Ave.  
Suite 1010  
Lansing, Michigan 48909

**Note:** A reference number is preprinted in the upper right hand corner of DHS-3508. Responses from the DHS Governmental Benefits Coordination and County Chargeback Section will reference this number.

4. A response (DHS-3508A or DHS-3508B) to a request for adjustment will be included with the DHS-2381, Monthly Offset Statements/Billing, sent to the court and local office the first week of each month. Credits/charges due will show on the CK-110, CK-111 or the DHS-2381.

Adjustments received and verified by the 15th of the month will show on the CK-110, CK-111 or DHS-2381 received that month by the court/local office.