



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

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IV-D MEMORANDUM 2018-001

TO: All Friend of the Court (FOC) Staff

FROM: Erin P. Frisch, Director
Office of Child Support

DATE: January 2, 2018

SUBJECT: Overpaid Support Obligations Resulting from the Michigan
Child Support Enforcement System (MiCSES)-Bridges
SyncAssist Process

UPDATE(S):

☐ Manual

☐ Form(s)

ACTION DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum explains instances where non-custodial parents (NCPs) unintentionally overpaid their medical support obligations as a result of the synchronization of assistance records between MiCSES and Bridges in the MiCSES 9.5 Release (June 15, 2017). Leadership from the Office of Child Support (OCS) and the Michigan Department of Health and Human Services (MDHHS) have agreed on a resolution.

This memorandum provides guidance for FOC staff who have not yet resolved NCP overpayments created as a result of the synchronization in the 9.5 release. It also provides recommended actions IV-D staff may take to identify and resolve IV-D cases with an NCP overpayment or a potential NCP overpayment of medical support.

DISCUSSION:

The MiCSES 9.5 Release (June 15, 2017) included the SyncAssist batch process that synchronized Bridges assistance history with a IV-D member's assistance record¹ from the November 2010 implementation of the MiCSES-Bridges interface to June 2017.

¹ Ref: [IV-D Memorandum 2017-013, Automated Medicaid Negative Offset Process for the Recoupment of Incorrect Medical Support Paid to the State](#), and the [MiCSES 9.5 Release Notes](#) for more information on the synchronization of MiCSES and Bridges.

When MiCSES updated and corrected IV-D member assistance records, some member records were changed retroactively from a decertified status (i.e., not on Medicaid) to a certified status (i.e., on Medicaid).²

After the SyncAssist batch process, IV-D staff reported instances in which the NCP had paid off his/her arrears *before* the synchronization, but *after* the synchronization, MiCSES indicated an overpayment to the custodial party (CP) and an underpayment (arrears) to Medicaid.³ In addition, IV-D staff found that support payments received after the synchronization disbursed to Medicaid. This caused the NCP to overpay the medical support obligation.

Of the 145,000 IV-D cases with obligations adjusted by the SyncAssist batch process, the MiCSES project team identified approximately 17,500 IV-D cases where the NCP had paid off his/her arrears but MiCSES showed an overpayment to the CP and arrears to Medicaid. If other family-owned arrears existed on the case, MiCSES attempted to remove the negative balance through the circular rule. However, if the arrears were due to different recipients, MiCSES did not adjust the arrears balances.⁴

In 13,500 of the 17,500 IV-D cases, MiCSES disbursed subsequent incoming support payments to Medicaid, which caused the NCP to overpay the total medical support obligation. The average overpayment was approximately \$50. The MiCSES project team also identified that 4,000 IV-D cases out of the 17,500 have a potential for the NCP to overpay the medical support obligation. In these cases, an overpayment has not yet occurred but may occur if future arrears payments disburse to Medicaid. This would result in the NCP paying the same medical support obligation to both the CP and Medicaid.⁵

OCS and MDHHS leadership have agreed to discharge (i.e., forgive/waive) arrears owed to Medicaid and reimburse the NCP from Medicaid. This solution will apply to IV-D cases with an NCP overpayment caused by the June 2017 MiCSES/Bridges synchronization. OCS leadership also recommends FOC staff take steps to prevent disbursements to Medicaid on IV-D cases with a potential for overpayment.

For only the IV-D cases affected by the SyncAssist issue, IV-D workers **must not** recoup from the CP to reimburse the NCP or pay the debt the CP may owe to Medicaid. Because this overpayment to the CP was caused by a failure to maintain accurate records between MiCSES and Bridges, MDHHS has decided to discharge the debt owed and not to recoup money from the CP.

² Ref: [Section 5.15, "Assignment of Support \(Certification/Decertification\)," of the Michigan IV-D Child Support Manual.](#)

³ This overpayment/underpayment possibility existed prior to the MiCSES 9.5 Release. However, these instances increased with the MiCSES 9.5 Release in part because MiCSES updates obligation balances to show who was paid current support after it updates assistance information, and a high number of cases were retroactively certified.

⁴ Ref: [Section 5.20, "Obligation – Entry, Modification and Adjustments," of the Michigan IV-D Child Support Manual](#) for more information on the circular rule.

⁵ Ref: Section A of this memorandum for more detailed information and examples regarding NCP overpayment.

OCS understands some FOCs have already taken necessary steps to correct instances when money disbursed both to the state and to the CP, and the NCP has overpaid the obligation. If so, these FOC staff are not required to take any further action.

A. IV-D Cases in MiCSES With NCP Overpayments and the Potential for NCP Overpayments

1. NCP Overpayment

An NCP overpayment exists on a IV-D case when MiCSES reflects the NCP paid a medical support obligation to both the CP and Medicaid. Before a retroactive certification, MiCSES distributes incoming payments to the medical support obligations on the IV-D case. When no assignable obligation is present on the *Member Assistance History* (MAHI) screen, MiCSES disburses the medical support payments to the CP.⁶

In the June 15, 2017 SyncAssist batch process, MiCSES received the Medicaid assistance update and retroactively modified the assigned and unassigned current support and arrears categories. This retroactive assignment revealed that the CP incorrectly received medical support during the time the family qualified for and received Medicaid. After the SyncAssist batch process, MiCSES disbursed medical support payments to Medicaid. As a result, the NCP paid the same medical support obligation to both the CP and Medicaid.

Example 1: NCP Overpayment

Before SyncAssist:

Matthew (NCP) had been paying \$15 a month in medical support (MS). Because there was no assignable MS, Morgan (CP) received \$15 a month in MS payments for 20 months.

Monthly MS Obligation	MS Paid	Never-Assigned Arrears (NAA)	Medical Support Arrears (MEDI)	Total MS Arrears
\$15	\$300	0	0	0

After SyncAssist:

The June 15, 2017 SyncAssist batch process ran and retroactively certified MS for 20 months. MiCSES updated the arrears balances to reflect an overpayment to Morgan and an underpayment to Medicaid of \$300.

⁶ Ref: [MiCSES Quick Reference Guide: MAHI – View/Update a Member's Assistance History](#) for more information on the MAHI screen.

Because no other family-owned arrears existed to cover the net amount of the assigned support, MiCSES showed a negative amount of \$300 in the NAA category and a positive amount of \$300 in the MEDI category.⁷ The negative amount reflects the \$15 a month over the 20-month period in which Morgan received MS payments while also receiving Medicaid.

NAA	MEDI	Total
\$-300	\$300	0

In July 2017, MiCSES received a \$100 arrears payment after current support was paid. MiCSES distributed the \$100 to the positive arrears in MEDI.⁸ Then MiCSES disbursed the \$100 to Medicaid. Matthew has now paid his MS obligation twice by paying \$100 in MS to Morgan and Medicaid.

Payment	NAA	MEDI	Total
\$100	\$-300	\$200	\$-100

2. Potential for NCP Overpayment

IV-D cases with a potential for overpayment include case conditions in which MiCSES reflects an overpayment to the CP and an underpayment to Medicaid, but no payments have come in for the IV-D case. Once a payment is received, MiCSES will disburse to Medicaid, and the NCP will have overpaid the obligation.

Example 2: Potential NCP Overpayment

Before SyncAssist:

Matthew (NCP) had been paying \$15 a month in MS. Because there was no assignable MS, Morgan (CP) received \$15 a month in MS payments over 20 months.

Monthly MS Obligation	MS Paid	NAA	MEDI	Total MS Arrears
\$15	\$300	0	0	0

⁷ Ref: Section 5.20 of the *Michigan IV-D Child Support Manual* for more information on arrears categories.

⁸ The current MiCSES design applies incoming support payments to any positive balance, even if a negative balance of the same amount appears on the support order.

After SyncAssist:

The June 15, 2017 SyncAssist batch process ran and retroactively certified MS for 20 months. MiCSES updated the arrears balances to reflect an overpayment to Morgan and an underpayment to Medicaid of \$300. The net balance is zero.

Because no other family-owned arrears existed to cover the net amount of the assigned support, MiCSES showed a negative amount of \$300 in the NAA category and a positive amount of \$300 in the MEDI category. The negative reflects the \$15 a month over the 20-month period Morgan received MS payments while also receiving Medicaid.

NAA	MEDI	Net Balance
\$-300	\$300	0

In this example, Matthew (the NCP) has not made a recent payment. However, MiCSES reflects a positive in the MEDI category. If Matthew makes a payment, MiCSES will disburse the payment to Medicaid, resulting in Matthew paying his obligation twice.

B. IV-D Staff Actions to Identify and Resolve NCP Overpayments and Potential NCP Overpayments

The MiCSES project team will provide a query of IV-D cases where the NCP has overpaid his/her support obligation, and his/her IV-D cases have the potential to create an NCP overpayment.⁹ FOC staff can use the query to identify cases that need correction. If FOC staff choose to resolve these cases either now or in the future, they will follow the steps below.

1. Resolving IV-D Cases With NCP Overpayment

When the NCP has paid the CP and Medicaid for the same MS obligation, FOC staff will discharge the overpayment balance. First, FOC staff will remove the negative NAA balance and the positive MEDI arrears balance created by the SyncAssist batch process.¹⁰ This action will result in a negative balance in the MEDI category. FOC staff will use the Medicaid negative offset process to reimburse the NCP.¹¹ Removing the negative balance, in effect, will forgive the debt the CP may owe to Medicaid.

⁹ OCS will notify FOC staff in an email notification when the query is available.

¹⁰ For audit purposes, IV-D staff will reference this IV-D Memorandum (2018-001) in MiCSES notes to reflect MDHHS's discharge of debt owed to Medicaid.

¹¹ Ref: the job aid [Process a Medicaid Negative Offset](#) for more information.

2. Resolving IV-D Cases With a Potential for NCP Overpayment

To prevent future payments from inappropriately disbursing to Medicaid, FOC staff will offset the negative balance in NAA and the positive balance in MEDI on the *Obligation Arrears Adjustment* (OBAA)¹² screen in MiCSES.¹³

In some instances, the MiCSES circular rule did correct balances, but did not remove the entire overpayment to the CP, and the NCP has not overpaid the obligation. FOC staff will zero-out the remaining negative balance in NAA.

C. Additional Considerations

The SyncAssist batch process in the MiCSES 9.5 Release did benefit families by end-dating incorrect assignment records and returning erroneously retained medical support to families. OCS stands by the decision to implement the one-time SyncAssist batch process; however, OCS also understands the impacts this particular issue has caused.

OCS will continue to work with Bridges staff and the state's Medicaid agency to improve system interfaces.

OCS staff will continue to communicate updates to IV-D staff.

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice.

REVIEW PARTICIPANTS:

Financials Work Improvement Team
Program Leadership Group

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None

¹² Ref: [MiCSES Screen Description: OBAA – Obligation Arrears Adjustment](#) for more information on the OBAA screen.

¹³ For audit purposes, IV-D staff will reference this IV-D Memorandum (2018-001) in MiCSES notes to reflect MDHHS's discharge of debt owed to Medicaid.

ATTACHMENT(S):

None

EPF/JLA