
GENERAL POLICY

The department is responsible for determining accurate payment for services. When payments are made in an amount greater than allowed under department policy, an overpayment occurs. When an overpayment is discovered, corrective actions must be taken to prevent further overpayment and to recoup the overpayment amount.

**OVERPAYMENT
TYPES**

The overpayment type identifies the cause of an overpayment:

- Client errors.
- Provider errors.
- Administrative or departmental errors.
- Department upheld at an administrative hearing.

Appropriate action must be taken when any of these causes occur.

Client Errors

A client error occurs when the client receives more benefits than they were entitled to because the client provided incorrect or incomplete information to the department.

A client error also exists when the client's timely request for a hearing results in deletion of a negative action issued by the department and one of the following occurs:

- The hearing request is later withdrawn.
- The Michigan Administrative Hearing Services (MAHS) denies the hearing request.
- The client or authorized representative fails to appear for the hearing and MAHS gives the department written instructions to proceed with the negative action.
- The hearing decision upholds the department's actions.

Client error can be deemed as intentional or unintentional. If the client error is determined to be intentional, refer to ASM 166, Fraud -Intentional Program Violation.

Unintentional Client Overpayment

Unintentional client overpayments occur when either:

- The client is unable to understand and/or perform their reporting responsibilities to the department due to physical or mental impairment.

Example: The client was unable to fulfill his or her reporting responsibilities due to a hospitalization. However, the specialist must identify if this scenario falls within the scope of provider error.

- The client has a justifiable explanation for not giving correct or full information.

All instances of unintentional client error must be recouped. **No fraud referral is necessary.**

Provider Errors

Service providers are responsible for correct billing procedures. Providers must only bill for hours and services delivered to the client that have been approved by the adult services specialist. Providers are responsible for refunding overpayments resulting from an inaccurate submission of hours. Failure to bill correctly or refund an overpayment is a provider error.

Example: Client was hospitalized for several days and the provider failed to report changes in service hours resulting in an overpayment.

Provider error can be deemed as intentional or unintentional. If the provider error is determined to be intentional; see ASM 166, Fraud - Intentional Program Violation.

All instances of unintentional provider error must be recouped. **No fraud referral is necessary.**

Administrative Errors

An administrative error is caused by incorrect actions by the department.

Computer or Mechanical Process Errors

A computer or mechanical process may fail to generate the correct payment amount to the client and/or provider resulting in an overpayment. The specialist must initiate recoupment of the overpayment from the provider or client, depending on who was overpaid (dual-party warrant or single-party warrant).

Specialist Errors

An adult services specialist error may lead to an authorization for more services than the client is entitled to receive. The provider delivers, in good faith, the services for which the client was not entitled to, based on the specialist's error. When this occurs, no recoupment is necessary.

Note: If overpayment occurs and services were **not** provided, recoupment must occur.

**Administrative
Hearing
Overpayments**

When a client makes a timely request (90 days) for an administrative hearing regarding a negative action, the proposed negative action is delayed pending the outcome of the hearing.

Overpayments result when one of the following occurs:

- The hearing request is withdrawn.
- The client fails to appear for the hearing.
- The Department's negative action is upheld.

When any of the above takes place, the specialist must begin the recoupment process for any overpayments that occurred after the effective date of the negative action.

**PREVENTION OF
OVERPAYMENTS**

During the initial assessment and subsequent case reviews, the adult services specialist must inform the client and provider of their reporting responsibilities and act on the information reported back to the department prior to an overpayment occurring. The client and/or provider should be reminded of the following:

- Home help recipients are required to give complete and accurate information about their circumstances.
- Recipients and providers of home help are required to notify the adult services specialist within **10 business days** of any changes including but not limited to hospitalization, nursing home or adult foster care/home for the aged admissions.
- The recipient and/or provider agree to repay or return any payments issued in error to the State of Michigan for home help services not rendered.
- A timely hearing request can suspend a proposed reduction in the approved cost of care. However, the client must repay the overpayment amount if either:
 - The hearing request is later withdrawn.
 - The Michigan Administrative Hearings System (MAHS) denies the hearing request.
 - The client or authorized representative for the hearing fails to appear for the hearing and MAHS give the department written instructions to proceed with the negative action.
 - The hearing decision upholds the department's actions.

Terms and Conditions

All home help providers agree to a series of terms and conditions upon enrollment in the Community Health Automated Medicaid Processing System (CHAMPS). Individual home help providers agree to terms and conditions monthly when submitting their electronic services verification (ESV) in CHAMPS.

Individual home help providers who submit monthly paper services verifications (PSV) receive a cover letter with a list of terms and conditions. By signing the PSV, the provider understands and agrees to the terms and conditions.

RECOUPMENT METHODS FOR ADULT SERVICES PROGRAMS

The MDHHS Medicaid Collections Unit (MCU) is responsible for recoupment of overpayments for the adult services programs. The

adult services specialist is responsible for notifying the client or provider in writing of the overpayment.

The adult services specialist **must not** attempt to collect overpayments by withholding a percentage of the overpayment amount from future authorizations or reducing the full amount from a subsequent month.

Recoupment Letter for Home Help (DHS-566)

When an overpayment occurs in the home help program, the adult services specialist **must** complete the DHS-566, Recoupment Letter for Home Help, located under the forms module in ASCAP.

ASCAP will solicit all necessary information to complete this letter. The specialist must supply the following:

- Determine if the recoupment is solicited from the client or provider.
- The reason for recoupment.
- Warrant details and service period.
- The **exact time period** in which the overpayment occurred.
- The amount of the overpayment.

Note: The overpayment amount is the net amount (after the FICA deduction), not the cost of care (gross) amount.

Additional Instructions When Completing DHS-566

Consider the following points when completing the DHS-566:

- If the overpayment occurred over multiple months, the DHS-566 will reflect the entire amount to be recouped.

Note: A separate DHS-566 is **not** required to reflect an overpayment for multiple months for the same client.

- Two party warrants issued in the home help program are viewed as client payments. Any overpayment involving a two party warrant must be treated as a client overpayment.

Exception: If the client was deceased or hospitalized and did not endorse the warrant, recoupment must be from the provider.

- Overpayments must be recouped from the provider for single party warrants.
- **When there is a fraud referral, do not send a DHS-566 to the client/provider** (refer to ASM 166, Fraud - Intentional Program Violation).
- Warrants that have **not** been cashed are **not** considered overpayments. These warrants must be returned to Treasury and canceled.

Distribution of the DHS-566

Upon completion, a copy of the DHS-566 is electronically forwarded to the MDHHS Medicaid Collections unit mailbox at MDHHS-Medicaid-Collections-Unit@michigan.gov.

The specialist sends two copies to the client/provider. The client/provider keeps a copy for their records and sends the other copy to MDHHS Medicaid Collections unit along with a check or money order for the overpayment amount.

An electronic version of the DHS-566 is stored in ASCAP under the contacts module.

Recoupment Letter for ACP/HA (DHS- 567)

Follow the same procedures as the DHS-566. The recoupment letter for the adult community placement program is always sent to the adult foster care or homes for aged provider.

Recoupment for APS Payments

The adult services specialist must utilize the DHS-566 when recouping an overpayment for Adult Protective Services. The specialist must access the DHS-566 from the online Forms Library and complete it manually crossing out home help and inputting APS.

Follow the instructions for completing the form mentioned previously in this item.

**Overpayments
Returned to the
Local County
MDHHS Office**

Overpayments returned to the local county MDHHS office must be forwarded to the MDHHS Medicaid Collections unit in accordance to ACM 430, Cash Handling-General Policy.

Example: A provider serving multiple clients cashes a warrant after discovering the warrant included funds for a client they no longer serve. The provider writes a personal check in the amount of the overpayment and returns it to the local county MDHHS office.

The adult services specialist must complete a DHS-566 and forward to the Medicaid Collections unit. A copy of the 566 does **not** have to be mailed to the client/provider since the overpayment was returned.

**Overpayments
Returned to the
MDHHS Medicaid
Collections Unit**

There are occasions when a client or provider will return an overpayment directly to the Medicaid Collections unit (MCU) prior to notifying the adult services specialist of the error. In these instances, MCU will require the adult services specialist to complete a recoupment letter for the overpayment amount returned to the state.

Repay Agreements

All repay agreements for home help and adult community placement overpayments are established by the Medicaid Collections Unit.

**Withdrawal of
Recoupment**

If a recoupment is rescinded by the adult services specialist, the Medicaid Collections Unit **must** be notified in writing via email that the recoupment has been canceled.

The specialist must provide the following information when requesting a recoupment be rescinded:

- Client name.
- Client recipient ID number.
- Provider name.
- Provider ID number.
- Amount of recoupment.
- Reason for rescinding the recoupment.

**Verification of
Recoupment**

Upon receipt of the DHS-566, the Medicaid Collections Unit will create a receivable account so funds are properly tracked and credited.

If the adult services specialist needs to verify an overpayment has been recouped, contact the Medicaid Collections unit via their email box at MDHHS-Medicaid-Collections-Unit@michigan.gov.

**LEGAL
REQUIREMENTS**

Social Welfare Act, 1939 PA 280, as amended, MCL 400.14(1) (p).