GENERAL POLICY

The Michigan Department of Health and Human Services (MDHHS) 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.
- Administrative hearing upheld the department's decision.

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

Client Errors

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

A client error also exists when the clients 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- The hearing request is later withdrawn.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, see ASM 166, Fraud - Intentional Program Violation.

Unintentional Client Overpayment

Unintentional client overpayments occur with either of the following:

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

Caregivers and Agency Provider Errors

Individual caregiver or agency providers are responsible for correct billing procedures. Individual caregivers and agency providers must bill for hours and services delivered to the client that have been approved by the adult services worker. Individual caregivers and agency providers are responsible for refunding overpayments resulting from an inaccurate submission of hours. Failure to bill correctly or refund an overpayment is an individual caregiver or agency provider error.

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

Individual Caregiver and agency provider errors can be deemed as intentional or unintentional. If the individual caregiver or agency 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 MDHHS.
**Computer or Mechanical Process Errors**

A computer or mechanical process may fail to generate the correct payment amount to the client, individual caregiver and/or agency provider resulting in an over payment. The adult services worker (ASW) must determine who to initiate recoupment from depending on payment type (dual-party warrant or single-party warrant).

**Adult Services Worker (ASW) Errors**

An ASW error may lead to an authorization for more services than the client is entitled to receive. The individual caregiver or agency provider delivers, in good faith, the services for which the client was not entitled to. Based on the ASW’s error, when this occurs, no recoupment is necessary.

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

**Example:** If the ASW made an error in MiAIMS while inputting the time for the assessment creating additional hours on the time and task, and the individual caregiver or agency provider worked the approved hours on the time and task, recoupment is not needed.

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**Administrative Hearing Overpayments**

A client has 90 days to request an administrative hearing regarding a negative action. When a client requests the administrative hearing within the 10 business days of the negative action effective date, 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 ASW 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 worker must inform the client, individual caregiver, and/or agency provider of their reporting responsibilities. The ASW must act on information reported if lack of services could result in an overpayment occurring. The client, individual caregiver, and/or agency provider should be reminded of the following:

- Home Help clients are required to give complete and accurate information about their circumstances.
- Home Help clients, individual caregivers, and agency providers are required to notify the adult services worker 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 client, individual caregiver and/or agency 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 gives the department written instructions to proceed with the negative action.
  - The hearing decision upholds the department's actions.

Terms and Conditions

All Home Help individual caregivers and agency 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 caregivers who submit monthly paper services verifications (PSV) receive a cover letter with a list of terms and conditions. By signing the PSV, the caregiver understands and agrees to the terms and conditions.

**RECOUPEMENT 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 worker is responsible for notifying the client, individual caregiver or agency provider in writing of the overpayment.

The adult services worker **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.

**DHS-566, Recoupment Letter for Home Help**

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

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

- Determine if the recoupment is solicited from the client, individual caregiver, or agency 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 need be completed on multiple recoupment letters as MiAIMS only allows one warrant payment at a time. 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 individual caregiver.

- Overpayments must be recouped from the individual caregiver or agency provider for single party warrants.

- **When there is a fraud referral, do not send a DHS-566 to the client/provider:** see ASM 166, Fraud-Intentional Program Violation.

- Warrants that have **not** been cashed are **not** considered overpayments. These warrants must be returned to Treasury and cancelled.

**Distribution of the DHS-566**

Upon completion of the DHS-566, Recoupment Letter, in MiAIMS, once "print" has been selected, a copy of the DHS-566 is electronically forwarded to the MDHHS Medicaid Collections unit mailbox at MDHHS-Medicaid-Collections-Unit@michigan.gov.

The ASW sends **two** copies to the individual who owes the money. One copy is for their records and one copy is to return to MDHHS Medicaid Collections unit along with a check or money order for the overpayment amount.

An electronic version of the DHS-566, Recoupment Letter, is stored in MiAIMS under the contacts tab.

**DHS-567, Recoupment Letter for AFP/HA**

The ASW will complete a DHS-567, Recoupment Letter for AFC/HA, for Adult Community Placement or Home for the Aged
cases. 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 home for aged provider.

DHS-564, Recoupment for APS Payments

The adult services worker must utilize the DHS-564 when recouping an overpayment for Adult Protective Services. The DHS-564 is in the forms tab of MiAIMS. Follow the policy and 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:** An individual caregiver or agency provider serving multiple clients cashes a warrant after discovering the warrant included funds for a client they no longer serve. The individual caregiver or agency provider writes a personal check in the amount of the overpayment and returns it to the local county MDHHS office.

The adult services worker must complete a DHS-566 and forward it to the Medicaid Collections unit. A copy of the DHS-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, individual caregiver, or agency provider will return an overpayment directly to the Medicaid Collections unit (MCU) prior to notifying the adult services worker of the error. In these instances, MCU will require the adult services worker to complete a DHS-566 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 worker, the Medicaid Collections Unit must be notified in writing via email that the recoupment has been cancelled. The email request should be labeled "rescinding a recoupment" in the subject line.

The ASW 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 worker needs to verify that an overpayment has been recouped, contact the Medicaid Collections unit via their email box at MDHHS-Medicaid-Collections-Unit@michigan.gov.

LEGAL REQUIREMENTS