
**DEPARTMENT
POLICY****All Programs**

Recoupment policies and procedures vary by program and over-issuance type. This item explains agency error processing and establishment.

BAM 700 explains overissuance discovery, types and standards of promptness. BAM 715 explains client error, and BAM 720 explains intentional program violations.

Definition**All Programs**

An **agency error** is caused by incorrect actions (including delayed or no action) by the Michigan Department of Health and Human Services (MDHHS) staff or department processes. Some examples are:

- Available information was not used or was used incorrectly.
- Policy was misapplied.
- Action by local or central office staff was delayed.
- Computer errors occurred.
- Information was not shared between department divisions such as services staff.
- Data exchange reports were not acted upon timely (Wage Match, New Hires, BENDEX, etc.).

If unable to identify the type of overissuance, record it as an agency error.

**AGENCY ERROR
EXCEPTIONS****FIP, SDA, CDC and FAP**

Agency error overissuances are not pursued if the estimated amount is less than \$250 per program.

Exception: There is no threshold limit on CDC **system** errors. MDE will recoup these types of overissuances.

Example: If payroll checks or electronic funds transfer (EFT) for the CDC provider was issued twice, the full amount would be recouped by recoupment and reconciliation specialist (RRS).

CDC Only

For clients processed under CDC Expedited Service (see BAM 118), benefits issued for child care services provided during the presumptive eligibility period will not be considered an overissuance, regardless of whether the ongoing eligibility determination is approved or denied.

Exception: If an overissuance is the result of a client or provider Intentional Program Violation (IPV), follow policy in BAM 720.

FIP, SDA and FAP

The agency error threshold was raised to \$250 from \$125 with an effective date of December 1, 2012.

The agency error threshold was lowered to \$125 from \$500 with a retroactive date of August 1, 2008. If the agency error includes some prior months to August 2008 then the \$500 threshold applies. If all months of the error fall after August 2008, the \$125 threshold applies until November 30, 2012.

Example: Jacob Andrew was found to have an agency error for the period of June 2008 through August 2008. Since some of the months fall prior to August 2008, the old \$500 threshold applies.

Example: Joshua Allen was found to have an agency error for the period of August 2008 through November 2008. Since all months fall after August 2008, the \$125 threshold applies.

FIP and SDA

Treat an overissuance due to excess assets as an agency error **unless** intentional program violation (IPV) caused it.

FAP Only

Do not recoup overissuances caused by the following agency errors:

- The group was certified in the wrong county.

- The local office failed to have the FAP group sign the application form.

CDC Only

CDC agency errors and CDC provider agency errors must be pursued beginning October 1, 2006. If the CDC agency error included the month of October 2006, include the months previous to October 2006 when determining the amount.

Example: Jacob Andrew was found to have an agency error for the period of March 2006 through December 2006. Since October 2006 falls within the error months CDC agency error is pursued for all months.

SER Only

Follow procedures in the State Emergency Relief Manual (ERM) Items for recoupment of SER.

MA and ESS

Recoupment of agency errors is not pursued.

OVERISSUANCE PROCESSING

FIP, SDA, CDC and FAP

Agency errors (other than CDC **system** errors) are not pursued if the amount is under \$250 per program.

FIS/ES Actions

When a potential overissuance is discovered, do all of the following:

1. Take immediate action to correct the current benefits; see BAM 220, Case Actions, for change processing requirements.
2. Obtain initial evidence that it potentially exists.
3. Determine if it was caused by department, provider or client action.
4. Refer agency errors of \$250 or more to the Recoupment Specialist (RS) within **60 days** of suspecting an overissuance exists.

OQA Audits

FIP, SDA, CDC and FAP

Overissuances discovered by the Office of Quality Assurance (OQA) must be referred to the RS within **7 calendar days** of receipt of the OQA findings since they verified one exists.

Recoupment Specialist Referral

FIP, SDA, CDC and FAP

Bridges refers most agency errors estimated to be \$250 or more to the RS. Use the DHS-4701, Overissuance Referral, to refer manual overissuances.

Complete the DHS-4701 **and** attach the potential evidence. Send to the RS for your local office or region. A recoupment specialist list is on the DHS-Net, Tools under Directories. The listing provides RS contact information by county and district.

The DHS-4701 must be sent to the RS within 60 days of suspecting an overissuance exists.

Recoupment Specialist Actions

FIP, SDA, CDC and FAP

Within **60** days of receiving the referral, the RS must:

- Determine if an overissuance actually occurred.
- Determine the overissuance type.

Within **90** days of determining an overissuance occurred, the RS must:

- Obtain all evidence needed. Calculate the agency error amount.
- Establish the discovery date.
- Send a DHS-4358A, B, C & D, Notice of Overissuance and Repay Agreement, to the client.
- Enter the FIP, SDA, CDC or FAP overissuance on the Benefit Recovery System (BRS).

- Send a DHS-4701A, Overissuance Referral Disposition, to the ongoing worker explaining the final disposition of the overissuance.

Exception: For **OQA-discovered** overissuances, the RS will have a total of **90** days from the date of receiving the referral to:

- Obtain all evidence needed.
- Calculate the amount.
- Start collection action on agency errors.

CDC Only

There could be agency errors for providers and/or client overissuances. The following are some typical agency errors. Use this list to help determine who is held responsible for the repayment of the overissuance.

Agency Errors Related to the Provider

- Provider not eligible.
- Payments authorized under wrong provider eligibility type.

Agency Errors Related to the Client

- Family Contribution is wrong.
- Child not eligible.
- Child birth date is incorrect, causing a higher agency maximum rate.

OVERISSUANCE PERIOD

Begin Date

All Programs

FIP, SDA, CDC and FAP

The overissuance period begins the first month (or first pay period for CDC) when benefit issuance exceeds the amount allowed by policy, or 12 months before the date the overissuance was referred to the RS, whichever 12 month period is later.

Example: An agency error was referred to the RS in May 2014 for the period of March 2011 through June 2012. The begin date would be July 2011. The period would be July 2011 through June 2012 since this is the latest 12-month period.

To determine the first month of the overissuance period for changes reported timely and not acted on, Bridges allows time for:

- The full standard of promptness (SOP) for change processing, per BAM 220.
- The full negative action suspense period; see BAM 220, EFFECTIVE DATE OF CHANGE.

End Date

The overissuance period ends the month (or pay period for CDC) before the benefit is corrected.

Discovery Date

FIP, SDA, CDC and FAP

Bridges automatically inserts the date when there is an overissuance and a referral is made to the RS. The RS determines the discovery date for manual claims and it is the date that the overissuance is known to exist and there is evidence available to determine the type.

OVERISSUANCE AMOUNT

FIP, SDA, CDC and FAP

The amount of the overissuance is the benefit amount the group actually received minus the amount the group was eligible to receive.

FAP Only

If the agency error involves two or more FAP groups which should have received benefits as one group, determine the error amount by:

- Adding together all the benefits received by the groups that must be combined, and
- Subtracting the correct benefits for the one combined group.

**OVERISSUANCE
CALCULATION****FIP, SDA, CDC and FAP****Benefits Received****FIP, SDA and CDC**

The amount of benefits received in an overissuance calculation include:

- Regular warrants.
- Supplemental warrants.
- Duplicate warrants.
- Vendor payments.
- Administrative recoupment deductions.
- EBT cash issuances.
- EFT payments.
- Replacement warrants (use for the month of the original warrant).

Do not include:

- Warrants that have not been cashed.
- Escheated EBT cash benefits (SDA).

Warrant history is obtained from Bridges under benefit issuance; see RFT 293 and RFT 294.

FAP Only

The amount of EBT benefits received in the calculation is the **gross** (before automated recoupment (AR) deductions) amount issued for the benefit month.

FAP participation is obtained in Bridges under benefit issuance.

If the FAP budgetable income included FIP/SDA benefits, use the grant amount actually received in the month. Use the FIP benefit amount when FIP closed due to a penalty for non-cooperation with employment-related activities or child support.

Determining Budgetable Income

FIP, SDA, CDC and FAP

If improper budgeting of income caused the overissuance, use actual income for the past overissuance month for that income source.

Convert income received weekly or every other week to a monthly amount. Bridges will automatically convert based on answers to on-screen questions.

Exception: For FAP only, income is not converted from a wage match for any type of overissuance.

Any income properly budgeted in the issuance budget remains the same in that month's corrected budget.

Examples:

- Randy and Andi Andrews both started work. Only Randy's income was budgeted. For the corrected calculation, use actual income for Andi and the projected income already budgeted correctly for Randy.
- Minnie and Mickey receive FIP with their five children. Mickey has reported his employment at Disney Corp. Two of the children left five months ago to go live with grandma, but the change was never acted on. The corrected month budgets will use the income already projected properly for Mickey, but remove the children from the household size.

OVERISSUANCE ADJUSTMENTS

Assigned Support

FIP Only

Subtract from the overissuance all or part of any net assigned **current** support collections retained by the state **for the benefit period as follows:**

- If the group was ineligible for FIP during the overissuance period, subtract the net support collections retained.

- If the group was eligible for part of the FIP benefits issued, subtract the portion of the net support collections retained in excess of what the group was eligible for.

Overissuance months prior to October 2011

Example: Subtract \$50 from the reported amount before performing the calculations above.

Overissuance Adjustment**Overissuance exists:**

- \$400 Monthly FIP benefit received by the group.
- \$300 Monthly FIP benefit group should have received.
- \$100 One month OI

Reducing the overissuance when paid support exceeds the FIP benefit:

- \$375 Child support paid per DL-060.
- \$50 Child support rebate sent to group.
- \$325 Difference in child support.
- \$300 Actual monthly FIP benefit group was eligible for.
- \$25 This amount is subtracted to reduce the OI amount from \$100 to \$75.

Do not reduce the overissuance when paid support does not exceed the FIP benefit:

- \$300 Child support paid per DL-060.
- \$50 Child support rebate sent to group.
- \$250 Difference in child support.
- \$300 Actual monthly FIP benefit group was eligible for.
- 0 Do not subtract anything from the overissuance amount; FIP benefit exceeds the difference in child support.

**CLIENT
NOTIFICATION****FIP, SDA, CDC and FAP**

Unless recouping from the CDC provider, Bridges will notify the client group of the agency error by sending all of the following completed forms:

- DHS-4358A, Notice of Overissuance.
- DHS-4358B, Agency and Client Error Repayment Agreement.
- DHS-4358C, Overissuance Summary.
- DHS-4358D, Hearing Request for Overissuance or Recoupment Action.

An explanation of the reason for overissuance, along with the manual items, must be filled out using the view pending screen in Correspondence.

CDC Provider Agency Error

The provider is not notified of an overissuance by the RS. Send a copy of the issuance summary by ID-mail to:

Fraud and Recoupment Administration
Reconciliation and Recoupment Section
Suite 710, Grand Tower Building

The reconciliation and recoupment section will notify the provider and initiate recoupment.

**INITIATE
RECOUPMENT****All Programs**

Bridges automatically starts the recoupment process. The client is instructed to return the DHS-4358B, Repay Agreement, to the welfare debt unit (WDU) or to the RS if a hearing is requested. The RS must forward a notice to WDU when a hearing is requested.

If the client returned the signed repay agreement it must be entered in Bridges in record repayment agreement.

If the repay is sent to the RS, make a copy for the case record and send the original DHS-4358A, -B, via ID mail to:

Fraud and Recoupment Administration

Reconciliation and Recoupment Section
Welfare Debt Unit
Suite 710, Grand Tower Building

The reconciliation and recoupment section will notify and initiate collection on provider errors.

Active Programs

FIP, SDA, CDC and FAP

Notify the specialist of the final disposition of the overissuance and AR effective date via the DHS-4701A.

HEARING REQUESTED

FIP, SDA, CDC and FAP

Active Cases

A hearing request on a DHS-4358D must be forwarded to the Michigan Administrative Hearings System (MAHS) along with a completed DHS-3050, Hearing Summary, and exhibits, according to normal hearing procedures; see BAM 600.

Received Timely

If the request is received on or before the negative action effective date, update the status field in Claim Adjustment.

- If MDHHS is **not** upheld, use Claim Adjustment to decrease balance to zero with hearing decision for the reason. This will close the claim.
- If MDHHS is upheld, enter standard recoupment for the reason in status field under Claim Adjustment. This will start the recoupment process. Enter the date of the hearing decision in agreement sign date.
- If client withdraws the hearing request or fails to show and the hearing is not rescheduled, enter standard recoupment for the reason in status field under Claim Adjustment.

Received After Effective Date

If the hearing request is received **after** the negative action effective date, continue recoupment until issue resolution. Notify WDU that a hearing was requested.

- If MDHHS is upheld, update the agreement sign date with the date of the hearing decision.
- If MDHHS is **not** upheld, update the adjustment box including entering zero for amount in the Claim Adjustment screen.

Inactive Cases

MDHHS must request the hearing on a closed case. A hearing request on a DHS-4358D for a closed case requires the RS to request a debt collection hearing, regardless of the total overissuance amount.

Complete a DHS-3050 indicating the hearing is for a debt collection issue. Forward the DHS-4358A, -B, -C, and -D, DHS-3050 and all exhibits to MAHS. See BAM 725 regarding evidence and debt collection hearing procedures.

LEGAL BASE**FIP**

Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193 of 1996, as amended
1939 PA 280, as amended (Social Welfare Act)
MCL 400.60
Mich Admin Code, R 400.3131

FAP

7 CFR 272.8
7 USC 2022

SDA

Annual Appropriations Act

CDC

The Child Care and Development Block Grant (CCDBG) Act (42 USC § 9858 et seq.), as amended by the CCDBG Act of 2014 (Pub. L. 113-186).

45 CFR Parts 98 and 99.
Social Security Act, as amended 2016.