



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

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DIRECTOR

IV-D MEMORANDUM 2016-009

TO: Local Funding Unit Staff Submitting Cooperative Reimbursement Program (CRP) Billing Statements
Office of Child Support (OCS) Contract Management Staff
All Prosecuting Attorney (PA) Staff
All Friend of the Court (FOC) Staff

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

DATE: April 8, 2016

SUBJECT: Updates to Reporting the 15 Percent Medical Support Incentive As Program Income

RESPONSE DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum explains how OCS will report the 15 percent Medical Support Incentive as program income. It also discusses:

- The counties' use of the funds as a federal match; and
- Whether the funds should be reported on the county Schedule of Expenditures of Federal Awards (SEFA).

This memorandum updates and replaces the policy in IV-D Memorandum 2015-026, *Reporting the 15 Percent Medical Support Incentive As Program Income on Cooperative Reimbursement Program (CRP) Billing Statements (DHS-286 Forms Submitted Through EGrAMS)*. Changes since the previous publication of this policy are indicated by a change bar in the right margin.

DISCUSSION:

Background

<p>UPDATE(S):</p> <p><input type="checkbox"/> Manual</p> <p><input type="checkbox"/> Form(s)</p>

The Michigan Child Support Enforcement System (MiCSES) disburses child support collections for the debt types Medical Support – Client (MS), Birth Expense – State (CM), and Medical Support – Medicaid (MD)¹ to the Michigan Department of Health and Human Services (MDHHS) Third Party Liability Division. In accordance with 42 Code of Federal Regulations (CFR) 433.153, the MDHHS Third Party Liability Division can pay MDHHS OCS a 15 percent Medical Support Incentive on the amount it receives from MiCSES. Under the terms of an interagency agreement between OCS and the MDHHS Third Party Liability Division, the MDHHS Third Party Liability Division has paid and will continue to pay the 15 percent Medical Support Incentive as follows:

- 34 percent of the amount is paid directly to the counties; and
- 66 percent of the amount is paid to OCS.

The MDHHS Third Party Liability Division determines the total amount to be paid and when the payments will be made.

In addition to paying 34 percent of the 15 percent Medical Support Incentive to the counties, the MDHHS Third Party Liability Division has provided and will continue to provide OCS with a list of the payments made. OCS has posted and will continue to post the payment list to EGrAMS (under “Show Documents”) and to mi-support.² The payment list identifies the month that the MDHHS Third Party Liability Division paid the incentive, along with the period(s) included in the payment. It also identifies whether the payment contains any retroactive amounts.

Use of the 15 Percent Medical Support Incentive As IV-D Matching Funds, and Reporting on the County Schedule of Expenditures of Federal Awards (SEFA)

The amount received by the counties is **not** federal funding, and therefore is not reported on the county Schedule of Expenditures of Federal Awards (SEFA). The amount received can be used as federal IV-D matching funds.

OCS Reporting the 15 Percent Medical Support Incentive As Program Income

In accordance with 45 CFR 92.25, the 15 percent Medical Support Incentive must be treated and reported as program income for federal IV-D funding purposes.

OCS has and will continue to report the program income on its federal report. OCS will use the 66 percent it is paid by the MDHHS Third Party Liability Division to reimburse itself for the reduction in its federal IV-D funding.

¹ The MD debt type is no longer active, but payments are still going to the MD debt type. For more information, reference [Section 5.10, “Debt Types,” of the Michigan IV-D Child Support Manual](#).

² Currently, the payment list spreadsheet is announced through an email notification and is posted to the Document Distribution Center on mi-support. In the future, the spreadsheet will be posted to the Contracts page on mi-support (Central Activities tab → Contracts).

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice.

REVIEW PARTICIPANTS:

Program Leadership Group

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All OCS offices
Office of the Attorney General, Child Support Division
State Court Administrative Office (SCAO), Friend of the Court Bureau

SUPPORTING REFERENCES:

Federal
42 CFR 433.153
45 CFR 92.25

State
None

ATTACHMENTS:

None

EPF/DN