OVERVIEW

The Michigan Department of Health and Human Services (MDHHS) is responsible for determining accurate payment for services. When payments are made at 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.

Intentional Client Overpayment

A 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 can occur when the client is unable to understand and/or perform their reporting responsibilities due to physical or mental impairment.

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

Provider Errors

Individual caregivers and 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, or agency provider, resulting in an overpayment.

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 then 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 Functional 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.

Administrative Hearings

A client has 90 days to request an administrative hearing regarding a negative action. When a client requests the administrative hearing before 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 Michigan Office of Administrative Hearings and Rules (MOAHR) denies the hearing request.
- The client, their authorized representative, or the provider 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.

CENTRAL OFFICE REPORTS TO PREVENT FRAUD, WASTE, AND ABUSE

The Home Help Policy Section will generate monthly reports to identify and prevent fraud, waste, and abuse of Medicaid funds. The ASW will be responsible for reviewing the information in the report to determine if an overpayment occurred. If the ASW discovers that the client was not eligible for services, the ASW must process a recoupment regardless of the dollar amount. If no recoupment is necessary, the ASW must document in MiAIMS the reason the recoupment was not needed.

Example: "A review of the client's payment history shows no services were billed for hospitalization dates of May 5-10, 2019; no recoupment needed."

PREVENTION OF OVERPAYMENTS

During the initial assessment and subsequent case reviews, the adult services worker must inform clients, individual caregivers, and agency providers of their reporting responsibilities. Clients,

individual caregivers, and agency providers 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 individual caregiver and 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 provider must repay the overpayment amount if either:
  - The hearing request is later withdrawn.
  - The Michigan Office of Administrative Hearings and Rules (MOAHR) denies the hearing request.
  - The client or authorized representative for the hearing fails to appear for the hearing and MOAHR gives the department written instructions to proceed with the negative action.
  - The hearing decision upholds the department's actions.

The ASW must act on information reported when the change would result in an overpayment occurring.

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). Home Help individual caregivers agree to terms and conditions monthly when submitting their electronic service verification (ESV) in CHAMPS.

Individual caregivers who submit monthly paper service verification (PSV) receive a cover letter with a list of terms and conditions. By

signing the PSV, the individual caregiver 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 worker is responsible for notifying the 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.

MDHHS-6237, Recoupment Letter for Home Help

When an overpayment occurs in the Home Help program, the ASW must complete the MDHHS-6237, Recoupment Letter for Home Help, located in the *Forms* module in MiAIMS.

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

- The reason for recoupment.
- Warrant details and service period.
- The **exact time period** in which the overpayment occurred.
- The amount of the overpayment.

The overpayment amount is determined by totaling the time associated for each of the tasks not provided. The recoupment is based on the gross amount of payment. If FICA was deducted from the original warrant, it must be deducted from the recoupment. FICA is calculated by multiplying the gross amount of the recoupment by 7.65 percent.

Note: Recoupments for **services provided** prior to April 1, 2022, should follow the previous recoupment process unless the client or

caregiver provided additional information to justify a different calculation for the recoupment.

Example: Client receives personal care services two days a week and was home on both days to receive services.

Consider the following points when completing the MDHHS-6237:

- If the overpayment occurs over multiple months and/or multiple warrants, the ASW may complete one MDHHS-6237 to reflect the entire amount to be recouped. MiAIMS allows multiple warrants per recoupment action with a maximum of five warrants per MDHHS-6237.
- Effective November 1, 2026, Home Help overpayments must be recouped from the individual caregiver or agency provider. No client recoupments will occur.
- **When there is a fraud referral, do not send a MDHHS-6237 to the individual caregiver or agency 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 MDHHS-6237

Upon completion of the MDHHS-6237, Recoupment Letter, in MiAIMS, once print has been selected, a copy of the MDHHS-6237 is electronically forwarded to the MDHHS Medicaid Collections Unit mailbox at MDHHS-Collections-Unit@michigan.gov.

The ASW sends **two** copies to the individual caregiver or agency provider. 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 MDHHS-6237, Recoupment Letter, is stored in MiAIMS under the *Contacts* module.

MDHHS-6237, Recoupment Letter for AFC/HFA

The ASW will complete the MDHHS-6237, Recoupment Letter, for Adult Community Placement cases. The recoupment letter for the

Adult Community Placement program is always sent to the adult foster care homeowner or home for the aged provider.

Note: Unlike Home Help, AFC/HFA providers receive a flat rate of $250.92 per month. To determine the overpayment amount, divide the flat rate by the number of days in the month. Multiply the daily rate by the number of days the provider was not entitled to receive payment.

MDHHS-6237, Recoupment Letter for APS Payments

The adult services worker must utilize the MDHHS-6237 when recouping an overpayment for Adult Protective Services. The MDHHS-6237, Recoupment Letter is in the *Forms* module 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 Cashier Unit in accordance with ACM 221, Cash Receipts 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 MDHHS-6237, Recoupment Letter, and forward it to the Medicaid Collections Unit. A copy of the MDHHS-6237, Recoupment Letter, does **not** have to be mailed to the individual caregiver or agency provider since the overpayment was already returned.

Overpayments Returned to the MDHHS Medicaid Collections Unit

There are occasions when an 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, the MCU will require the adult services worker to complete a MDHHS-6237, 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.

Note: The entire amount of the original recoupment must be rescinded.

Verification of Recoupment

Upon receipt of the MDHHS-6237, Recoupment Letter, 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-Collections-Unit@michigan.gov.

LEGAL REQUIREMENTS

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

REFERENCES

See ASM 166, Fraud-Intentional Program Violation.

See ACM 221, Cash Receipts.

CONTACT

For questions contact MDHHS-Home-Help-Policy@michigan.gov.