

**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES**

P.O. Box 30763, Lansing, MI 48909
(877) 833-0870; Fax: (517) 373-4147

IN THE MATTER OF:

Docket No. 15-006262 HHR

████████████████████,

Appellant,

_____ /

DECISION AND ORDER

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 42 CFR 431.200 *et seq.*, upon the Appellant's request for a hearing.

After due notice, a telephone conference hearing was held on ██████████. Appellant appeared and testified.

██████████, Appeals Review Officer, represented the Department of Health and Human Services (DHHS or Department). The following witnesses appeared on behalf of the Department: ██████████, Financial DHHS Manager; ██████████ Field Agent with DHHS/OIG; and ██████████, Field Agent Manager.

ISSUE

Did the Department properly pursue recoupment against Appellant/provider for the time period from ██████████ through ██████████ during which time the HHS client was hospitalized and deceased, totaling ██████████

FINDINGS OF FACT

The Administrative Law Judge, based upon the competent, material and substantial evidence on the whole record, finds as material fact:

1. During all relevant times during the alleged overpayment, Appellant was an enrolled Medicaid provider for a recipient of HHS with the Michigan Department of Health and Human Services, Provider ID # ██████████
2. On ██████████, the Office of Health Services Inspector General issued a notice to Appellant informing her that a review of the home help case for which she was a provider during the period of ██████████ through ██████████, the Department determined overpayments for checks cashed by the provider for time periods during which the beneficiary was hospitalized, and, for checks cashed after the beneficiary passed away, totaling ██████████ (Exhibit A.).
3. Department evidence includes verification of the dates of hospitalization. (Exhibit A.17-34).

4. On ██████████ the beneficiary passed away. (Exhibit A.12).
5. Appellant did not perform HHS services during the hospitalizations or after the beneficiary passed away.
6. On ██████████ the Department of Human Services (DHS) sent the provider an "Initial Collection Notification" for ██████████ (Exhibit A.7).
7. On ██████████ Appellant filed a hearing request. (Exhibit A.4).

CONCLUSIONS OF LAW

The Medical Assistance Program is established pursuant to Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). It is administered in accordance with state statute, the Social Welfare Act, the Administrative Code, and the State Plan under Title XIX of the Social Security Act Medical Assistance Program.

Adult Services Manual (ASM) 165, 11-1-2011, addresses the issue of recoupment:

GENERAL POLICY

The department is responsible for correctly 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. The normal ten business day notice period must be provided for any negative action to a client's services payment. An entry must be made in the case narrative documenting:

- The overpayment.
- The cause of the overpayment.
- Action(s) taken to prevent further overpayment.
- Action(s) taken to initiate the recoupment of the overpayment.

FACTORS FOR OVERPAYMENTS

- Client errors.

- Provider errors.
- Administrative errors.
- Department upheld at an administrative hearing.

Appropriate action must be taken when any of these factors occur. Four factors may generate overpayments:

Client Errors

Client errors occur whenever information given to the department, by a client, is incorrect or incomplete. This error may be willful or non-willful.

Willful client overpayment

Willful client overpayment occurs when all of the following apply:

- A client reports inaccurate or incomplete information or fails to report information needed to make an accurate assessment of need for services.
- The client was clearly instructed regarding their reporting responsibilities to the Department (a signed DHS-390 is evidence of being clearly instructed).
- The client was physically and mentally capable of performing their reporting responsibilities.
- The client cannot provide a justifiable explanation for withholding or omitting pertinent information.

When willful overpayments of \$500.00 or more occur, a DHS-834, Fraud Investigation Request, is completed and sent to the Office of Inspector General; see BAM Items 700 - 720.

No recoupment action is taken on cases that are referred to OIG for investigation, while the investigation is being conducted. The specialist must:

- Complete the DHS-566, Recoupment Letter for Home Help.
- Select **Other** under the reason for overpayment. Note that a fraud referral was made to the Office of Inspector General.

- Send a copy of the DHS-566, with a copy of the DHS-834, Fraud Investigation Request to the Michigan Department of Community Health Medicaid Collections unit at:

MDCH Bureau of Finance
Medicaid Collections Unit
Lewis Cass Building, 4th Floor
320 S. Walnut
Lansing, Michigan 48909

- **Do not** send a copy of the recoupment letter to the client or provider. MDCH will notify the client/provider after the fraud investigation is complete.

Note: When willful overpayments under \$500 occur, initiate recoupment process.

Non-Willful Client Overpayment

Non-willful client overpayments occur when either:

- The client is unable to understand and 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 non-willful client error must be recouped. No fraud referral is necessary.

Administrative Errors

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 base 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 occur:

- 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.

RECOUPMENT METHODS

Adult Services Programs

The Michigan Department of Community Health (MDCH) has the appropriations for the home help and adult community placement programs and is responsible for recoupment of overpayments. The adult services specialist is responsible for notifying the client or provider of the overpayment.

Note: 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.

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

Recoupment Letter for Home Help (DHS-566)

Instructions

The DHS-566 must:

- Reflect the **time period** in which the overpayment occurred.
- Include the amount that is being recouped

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

- If the overpayment occurred over multiple months, the DHS-566 must 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. Send a copy to the MDCH Medicaid Collections unit with a copy of the DHS-834, Fraud Investigation Request.

Note: Warrants that have not been cashed are not considered overpayments. These warrants must be returned to Treasury and canceled.

The DHS-566 must be completed in its entirety and signed by the specialist. If information is missing from the letter, the specialist will receive a memo from the MDCH Medicaid Collections unit requesting the required information.

Distribution

The DHS-566 must be distributed as follows:

- Send two copies to the client/provider. The client/provider keeps a copy for their records and sends the other copy to

MDCH along with a check or money order for the overpayment amount.

- Send one copy to:
- MDCH Bureau of Finance

Medicaid Collections Unit
Lewis Cass Building, 4th Floor
320 S. Walnut
Lansing, MI 48913

OR
Fax to 517-346-9890

- File one copy in the case record.

Recoupment Letter for ACP/HA (DHS-567)

Follow the same procedures as the DHS-566. (See RFF 567) Recoupment for the adult community placement program is always sent to the adult foster care or homes for aged provider.

ASM 165 5-1-2013,
Pages 1 – 7.

Provider Errors

Service providers are responsible for correct billing procedures. Providers must only bill for services that have been authorized by the adult services specialist **and** that the provider has already delivered to the client.

Note: Applicable for home help agency providers and cases with multiple individual providers where hours may vary from month to month.

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: Provider error occurs when the provider bills for, and receives payment for services that were not authorized by the specialist or for services which were never provided to the client. ASM 165, 5-1-2013, p 3

In the ASM 135 Home Help Provider item, policy is explicit regarding when payments CANNOT be made when a client is hospitalized:

Home Help services CANNOT be paid the day a client is admitted into the hospital but can be paid the day of discharge. ASM 135, 12-1-2014, p 3.

Here, Appellant argues that she should not have to repay on the grounds that she was not aware of the policy. However, the Department did have evidence of having obtained a signed copy of the MSA 4676 by Appellant. (Exhibit A.39). In addition, at each review, policy states that the Department is required to review with providers policy requiring notification to inform the Department within 10 days if a beneficiary is hospitalized. ASM 135.

As to a decedent, under the 'reasonable person' standard, it is difficult to construe any situation where an individual would believe that a provider can be paid for services not provided.

As noted above, the HHS program is a Medicaid program for services provided in the home. There is no eligibility, and no payment that can be made when there is no client for which to provide services-both in the case of hospitalization and when the client has passed away.

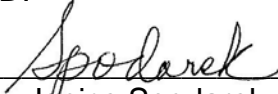
At the administrative hearing, Appellant did not argue that she provided the services. Nor did Appellant argue that she was not overpaid. A review of the policy and procedure shows that the Department's actions were appropriate and consistent with policy. There can be no payments when there is no customer, whether hospitalized or deceased. ASM 165.

DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the Department properly issued recoupment against Appellant in the amount of [REDACTED] for the time period from [REDACTED]

IT IS THEREFORE ORDERED that:

The Department's decision is hereby **AFFIRMED**.



Janice Spodarek
Administrative Law Judge
for Nick Lyon, Director
Michigan Department of Health and Health
Services

Date Signed: [REDACTED]

Date Mailed: [REDACTED]

cc: [REDACTED]

JS [REDACTED]

***** NOTICE *****

The Michigan Administrative Hearing System may order a rehearing on either its own motion or at the request of a party within 30 days of the mailing date of this Decision and Order. Michigan Administrative Hearing System will not order a rehearing on the Department's motion where the final decision or rehearing cannot be implemented within 90 days of the filing of the original request. The Appellant may appeal the Decision and Order to Circuit Court within 30 days of the receipt of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt of the rehearing decision.