

Out-Of-Home Care Overpayments, Collections and Reconciliation Policy

Policy Number: ADMIN 1.00 OCM 50.00

Subject: OHC Overpayments, Collections and Reconciliation Policy

Previous Date: September 20, 2012

Release Date: May 18, 2017

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Any information referenced within this document is considered to be a part of this policy.

Summary:

This policy establishes what constitutes an overpayment. Overpayments may be generated by untimely placement entries by Contractor's staff or by the mechanism for repayment of overpayments to the Department of Children and Families. An overpayment may be created when untimely entry, approval of, or inaccurate creation of the following out-of-home care (OHC) placements occur: Court-Ordered Kinship; Voluntary Kinship; Foster Care; Treatment Foster Care; Group Home and Residential Care Center.

Policy:

The objective of this policy is to substantially reduce or eliminate overpayments. These procedures detail how to accomplish this task. If an overpayment has been generated and is subject to collection, this policy demonstrates the procedures Contractors must follow to collect overpayments and reimbursements to the Department of Child and Families.

Definitions and Responsibilities:

DMCPS Auditor: State-employed DMCPS staff responsible, in part, for monitoring OHC placements, payments, overpayments and overpayment resolution.

Case Manager: Contracted agency staff that provide case management services for children in OHC. Referred to as an ongoing case manager (OCM) or family case manager as each contracted agency has determined.

Contracted Agency and Contracted Agency Staff: Agencies and their staff contracted by DMCPD to provide case management and other services to families with Child Protective Services (CPS) involvement.

DCF Accounts Receivable Staff: DCF Bureau of Finance staff responsible for receiving and applying payments from contracted agencies, OHC providers (which includes kinship and general foster parents) providing Levels 1 and 2 certified out-of-home care.

eWiSACWIS: Wisconsin's automated child welfare database and case management system.

Foster Parent: An individual or relative caregiver providing Levels 1 through 4 out-of-home care.

Out-of-Home Care: Placement resources for children in the custody and care of DMCPD which include Levels 1-4 foster care, group homes, assessment and stabilization centers, and residential care centers.

Out-of-Home Care Provider: An agency licensed under Administrative Code Chapter 54 providing Levels 3 and 4 foster homes, residential care centers licensed under Administrative Code 52 and group home care licensed under Administrative Code Chapter 57, contracted to provide placement resources and to care for children in the custody and care of DMCPD.

Overpayment: Payments made erroneously to an OHC provider for a specified child not in their care for the time period that the payment encompasses.

Procedures:

A. Avoiding Overpayments

1. Placements, whether for a child new to CPS or for a child who has experienced an unplanned or unanticipated placement change for any reason, must be entered into eWiSACWIS within **three** business days.
2. Previous services or placements must be closed out in eWiSACWIS within **three** business days of the child leaving that service or placement.
3. Both the Ongoing case manager (OCM) and his/her supervisor ensure that service or placement information entered into eWiSACWIS is accurate and complete. The OCM's supervisor checks placement accuracy for all assigned cases **no less than once weekly** whether or not the weekly supervisory meeting has occurred.

B. Identifying and Correcting Overpayments Before They Occur

1. Contracted agency staff identify placement overpayments by reviewing the DMCPD Overpayment Report. If an overpayment is suspected, the contracted agency staff

must verify whether or not an actual payment has been sent to the Out-of-Home Care (OHC) Provider.

- a. If the payment has not yet been mailed, the contracted agency staff immediately contact the DCF's fiscal processing coordinator (at 608-422-6364 or Dana.Bohm@wisconsin.gov), to request that the pending placement be canceled. Once this request has been made and cancellation of the payment has been verified, the associated overpayment may be canceled in eWiSACWIS by the contracted agency.
 - b. If a payment has been sent in error or sent to the wrong OHC placement provider, the contracted agency must contact the provider within five business days of discovery to:
 - i. Request immediate repayment and/or
 - ii. Establish a repayment plan and/or
 - iii. Submit the overpayment liability to DCF Accounts Receivable staff for collection. (See #2 below).
 - iv. The contracted agency must use DCF-F-2890-E DMCPs Master 2017 form to tracking overpayments, create provider letters, create repayment agreements and collect information for possible DOR collections. Contact the DCF fiscal processing coordinator to obtain this Microsoft Excel form.
2. If an overpayment remains uncollectible after 45 days, i.e., the debtor is not responding to requests for payment and/or is not agreeing to enter into an acceptable repayment agreement, Contracted Agency staff shall send the completed DCF-F-2890-E form tabs; OP Detail and Foster Care (STAR) or Kinship Care (STAR) to the DCF fiscal processing coordinator for collections. When repayments are mailed to the contracted agency by a OHC provider, the contracted agency must send that payment to DCF for deposit and application of repaid funds in eWiSACWIS. Payments shall be mailed to:

Wisconsin Department of Children and Families
Bureau of Finance
P.O. Box 8916
Madison, WI 53708-8916

C. Cap on Overpayments

Overpayments shall not exceed \$5,700 per month in any single month. Contracted agencies are responsible for reimbursing DCF for overpayments exceeding that amount whether they are collectible or uncollectible.

D. Repayment Process

Contracted agencies are responsible for the full uncollected amount in the month that the overpayment occurs for the purpose of reconciliation and repayment to DCF.

1. OHC Providers are required to repay all overpayments immediately unless negotiated with DMCPs contracted agencies, DMCPs or DCF.
2. Contracted agencies notify the OHC providers of any overpayments due to the State within 15 days of receipt of the overpayment monthly report.

3. Contracted agencies must establish repayment agreements within 45 days of receipt of the overpayment monthly report (includes the 30-day right to appeal timeline) for those OHC providers unable to reimburse the overpayment in full upon notification.
4. Upon failure of the OHC providers to reach an acceptable repayment agreement within the time period specified above, the overpayments in question are referred to DCF Accounts Receivable staff for collections (See B. 2, above).
5. Repayment agreements shall not extend beyond 12 months in duration and are monitored by the contracted agency. The Wisconsin Department of Revenue may also monitor these repayment agreements.
6. Fully executed copies of all repayment agreements shall be submitted to DMCP's auditor and DCF's bureau of finance, fiscal processing coordinator.
7. The Department applies any amount the contracted agency is able to collect in the subsequent 12 months to the child-specific OHC providers responsible for repayment.
8. Any repayment agreement in default, i.e., three months without payment or with any balance due after 12 months, will be referred to DCF's Accounts Receivable staff for collection (See B. 2.).
9. Upon generation of the eWiSACWIS overpayment report, DMCP's auditors report to DCF's Bureau of Finance fiscal processing coordinator overpayments to any one OHC providers in excess of \$10,000.

E. Overpayment Reconciliation between DMCP's and Its Contracted Agencies

1. Overpayments are reconciled between each contracted agency and DMCP's on a monthly basis. Final monthly reconciliation do not take place until three months following the close of the month in question in order to allow each agency time to collect outstanding overpayments for that month.
2. On the date of reconciliation, the contracted agency repays DCF any overpayments still outstanding that exceed \$5,700 for the month in question pursuant to the liquidated damages provision of the contract. (Any unpaid balance *not* under a repayment agreement are calculated as an outstanding overpayment for the purpose of this reconciliation. If the agreement is not paid on schedule for any three payments within the 12-month period, the contracted agency must pay DCF the remaining balance in excess of the \$5,700 allowance that has not already been utilized during the original reconciliation.) The source of repayment must be from non-State or non-Federal funds. Payment to DCF must be made within 30 days of formal notification.
3. Repayments received after the reconciliation period are *non-refundable* and will *not* be credited to the contracted agency that generated the overpayment; rather, these payments will be utilized to offset DCF's costs related to additional collection efforts.
4. *As of July 1, 2012, this policy supersedes any existing contract provision or practice that provides for a quarterly reconciliation and a forgivable overpayment amount of \$17,100 per quarter.*

Related Resources:

[DCF policies and procedures](#)

- DCF/DMC/BF Policy 225: Overpayments, Collections and Reconciliation Policy

- [DCF Allowable Cost Policy Manual](#), p.9 Bad Debts, Losses & Collection Expense
[DCMPS policies and related resources](#)
- DCF-F-2890-E DMCPs Master 2017 (*found on DMCPs policy website*)
[CPS Ongoing Services Standards](#)