

STATE OF MICHIGAN
Department of
Human Services

Fraud and Recoupment Administration
235 S. Grand Ave., Suite 1414
Lansing, MI 48909
www.michigan.gov

Tel: 517 241 5087
Fax:

Memo

To: Recoupment Staff
From: Martin Blasius

Date: 09/12/2013

Subject: Hardship/Compromised Claims(FAP only)

In an effort to simplify and expedite hardship/compromised claim requests a new procedure is being initiated. Hardship requests can only be considered for FAP claims. The department does not consider compromising claims for other programs.

If a client requests a hardship/compromised claim, the Recoupment Specialist (RS) will take the request with the client's reason(s) to their respective manager to evaluate the request. If it does not meet the criteria below it can be denied by the supervisor without collecting further documentation. If the request meets any of the following reasons as determined by the supervisor, the RS will need to gather supporting documentation and send the request to the Recoupment Department Specialist, Desiree DeCaire, for determination since only the Department Specialist has the authority to approve such requests.

Hardships/Compromised claim reasons:

- High out-of-pocket medical expenses. Note: Living expenses are not considered, as the client can choose to reduce those expenses.
- Client in a nursing/group home.
- Extreme emergencies.
- At the request of the client, **Agency** errors that are over \$1,800 and have a verified hardship, but not necessarily as demanding as the reasons mentioned above, can be reduced down to a balance of \$1,800. This encompasses the reason that they are not able to pay off the debt within three years. The three year time frame is supported within Federal regulations. The amount of \$1,800 is used because the minimum payment that a client must pay per month is \$50 and multiplying that by three years (\$50 x 36 mos.) provides us with the \$1,800 figure.

If the client's situation is anything other than what is listed above and the claim balance is under \$1,800 it will not be compromised. Therefore, the hardship(s)/compromised claim can be denied by the supervisor. If other questionable situations arise the RS should speak with their supervisor and the supervisor can address the concerns with Desiree.

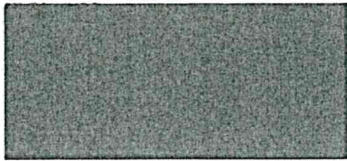
The policy and federal regulations that pertain to this procedure are:
BAM 725, 7 CFR 273.18 (e) (7), & 7 CFR 273.18 (e) (IV) (M).

HEARING SUMMARY

Michigan Department of Human Services

Case Name: [REDACTED]
 Case Number: [REDACTED]
 Date: 5/2/2018
 DHS Office: CENTRAL OFFICE
 Specialist: Dixon-Ingalls Bobi
 Phone: 517 241-5024
 Fax: 517 335-3676
 Specialist ID: dixoningallsb

If you do not understand this, call a DHS office in your area.
 DHS employees are prohibited by law from providing legal advice.
 Si Ud. no entiende esto, llame a su oficina local del Department of Human Services.
 La ley prohíbe a los empleados de DHS proporcionar asesoría legal.
 إذا واجهت صعوبة في فهم هذا الطلب، فاتصل بمكتب DHS الموجود في منطقتك.
 يحرم القانون على موظفي DHS إعطاء النصيحة القانونية.



Department of Human Services (DHS) will not discriminate against any individual or group because of race, religion, age, national origin, color, height, weight, marital status, sex, sexual orientation, gender identity or expression, political beliefs or disability. If you need help with reading, writing, hearing, etc., under the Americans with Disabilities Act, you are invited to make your needs known to a DHS office in your area.

CLIENT REQUESTED HEARING REGARDING ASSISTANCE OR SERVICE ACTIONS:

1. Date DHS Received Hearing Request [REDACTED]		2. Date Client Notified of Department Action [REDACTED]		3. Action Effective Date [REDACTED]	
4. Date of Administrative Review [REDACTED]		5. Actions Prompting Hearing Request <input type="checkbox"/> Termination <input type="checkbox"/> Denied Application <input type="checkbox"/> CPS Expunction Denial <input type="checkbox"/> Reduction <input checked="" type="checkbox"/> Other: <u>Denied Compromise Req</u>			6. Hearing Request Recorded in Bridges <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7. Benefits Restored? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		8. Date Claimant Offered Case Conference <input type="checkbox"/> Accepted <input type="checkbox"/> Rejected		9. Date DHS-1560 Sent [REDACTED]	
10. Amount of Monthly Benefits [REDACTED]		11. Benefits Before Negative Action No change	12. Benefits After Negative Action No change	13. Employment Related Activities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
14. Programs Impacted By the Department Action:					
<input type="checkbox"/> FIP <input checked="" type="checkbox"/> FAP <input type="checkbox"/> MA Eligibility		<input type="checkbox"/> SDA Eligibility <input type="checkbox"/> HMP <input type="checkbox"/> CDC		<input type="checkbox"/> ADOPTION SUBSIDY	
<input type="checkbox"/> SER <input type="checkbox"/> PATH <input type="checkbox"/> MA Disability		<input type="checkbox"/> SDA Disability <input type="checkbox"/> Other <input type="checkbox"/> CPS		<input type="checkbox"/> EXPEDITED	
15. Case Address [REDACTED]					

DEPARTMENT REQUESTED HEARING:

<input type="checkbox"/> Intentional Program Violation (IPV)	<input type="checkbox"/> Debt Collection
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Explanation of action taken and facts and fact sources used in taking action:

The Department believes this is an inappropriate request for hearing. The Department is requesting a determination regarding jurisdiction prior to the administrative hearing. Client requested a hearing based on the denial of her request to compromise her overissuance claim.

Bridges Administrative Manual (BAM) item 725, Collection Actions, updated 10/1/2017, states, the manager of the MDHHS Overpayment Research and Verification Section has final authorization on the determination for all compromise claims.

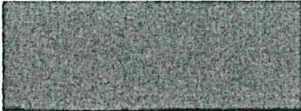
The manager, Martin Blasius, designated the compromise claim process to Bobi Dixon-Ingalls. All requests are reviewed by Martin Blasius prior to mailing.

Continued on attached word document

Law and regulation(s) or manual item(s) used in taking action:
 BAM 705, 725. CFR Title 7, 273.18

Prepared by	Date 5/2/2018
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Attach a copy of papers to be used at the hearing, INCLUDING MEDICAL INFORMATION where at issue. Submit original Hearing Summary WITHIN 15 DAYS of receipt of the hearing request to: DHS, Administrative Hearings, P.O. Box 30639, Lansing, MI 48909-8139. DISTRIBUTE one copy of this Summary, with all attachments, to claimant/attorney and retain one copy.



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Client is represented by:



Please ensure all documentation is provided to the client's representative as well as the client.

Client's concerns appear to be:

1. Agency error: Unfortunately the Department does make mistakes. Overissued benefits must still be repaid.
 - o BAM 705, Agency Error Overissuances.
 - o CFR 273.18, Claims Against Households.
 - o This fact is also covered in the MDHHS-1171, Informational booklet. Page 29.
2. Economic hardship: Due to the nature of the Department, most of the clients we serve are experiencing economic hardships.
 - o When an overissuance is being repaid by automatic recoupment the Department does not compromise.
 - o Even if a compromise was approved, the compromised amount can be reinstated for offset (automatic recoupment) against current benefits. CFR 273.18 (7)(ii)

3. Three year: Federal regulations state the Department "**may**" compromise a claim or any portion of a claim if it can be reasonably determined that a household's economic circumstances dictate that the claim will not be paid in three years.
 - o The Department does not compromise overissuance claims if the repayment is being made by offset (automatic recoupment). See second bullet in #2.

BAM 725, Collection Actions

Compromised Claims: FAP only

MDHHS **can** compromise (reduce or eliminate) an overissuance if it is determined that a household's economic circumstances are such that the overissuance cannot be paid within three years.

A request for a policy exception must be made from the RS to the Overpayment Research and Verification Section office outlining the facts of the situation and the client's financial hardship. The manager of the MDHHS Overpayment Research and Verification Section has final authorization on the determination for all compromise claims.

CFR 273.18, Claims Against Household

(7) *Compromising claims.* (i) As a State agency, you **may** compromise a claim or any portion of a claim if it can be reasonably determined that a household's economic circumstances dictate that the claim will not be paid in three years.

(ii) You may use the full amount of the claim (including any amount compromised) to offset benefits in accordance with §273.17.

(iii) You may reinstate any compromised portion of a claim if the claim becomes delinquent.