

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
SACRAMENTO, CA 95814

March 10, 1989

Letter No.: 89- 23

TO: All County Welfare Directors
All County Administrative Officers

SUBJECT: OVERPAYMENT REFERRAL PROCEDURES

This is to inform counties of new procedures regarding 1) potential overpayment referrals to the Department of Health Services (DHS) and 2) new dollar amounts for these referrals. These procedures were established in response to the increased information now available through the Income and Eligibility Verification System (IEVS).

Due to enhanced IEVS wage and asset match capabilities, the Department expects a significant increase in overpayment referrals. In response, we need to streamline the referral process and increase the overpayment dollars collected.

I. Potential Overpayments - Excess PropertyA. Potential Overpayment - \$1 to \$100

No referral is required.

B. Potential Overpayment - \$100 or more

All potential overpayments of \$100 or more involving excess property will be sent to the appropriate DHS Investigations field office. Counties will no longer be required to determine if potential fraud is involved. If DHS investigators determine no fraud exists, the case will be forwarded to the DHS Recovery Branch for collection. The county will be notified of the case status.

II. Potential Overpayments - Wages/EarningsA. Potential Overpayment - \$1 to \$100

No referral is required.

B. Potential Overpayments - \$100 to \$1,0001. Open Cases

After the county has verified with the client that he/she did not report the wages/earnings correctly, open cases with a potential overpayment of \$100 or more will be referred to the Recovery Branch for action.

2. Closed Cases

For potential overpayments of \$1,000 or less, no referral to the Recovery Branch will be required if the case has been closed due to unsuccessful county attempts to contact the client. However, the county will be required to keep all information related to the IEVS match and the potential overpayment amount in the case file. If the client re-applies for Medi-Cal in the future, he/she will be required to explain and reconcile the discrepancies.

3. Suspected Fraud

If the county suspects fraud is involved in either an open or closed case, the county shall refer the case to the appropriate Investigations field office using the referral process in Item "C" below.

Further, if DHS Recovery Branch determines fraud is involved in any referral received from the counties, the case will be referred to the appropriate Investigations field office for action. The county will be notified of the case status.

C. Potential Overpayments - \$1,000 up to \$5,000

All wage/earning-based potential overpayments of \$1,000 to \$5,000 will be referred directly to DHS Recovery Branch for collection. If the Recovery Branch determines fraud exists, these cases will be referred to the appropriate Investigations field office for action. The county will be notified of the case status. (For IEVS referrals, DHS Recovery will notify the county if a collection case is not established.)

D. Potential Overpayments - \$5,000 or More

All wage/earnings-based potential overpayments of \$5,000 or more will be referred by the county directly to the appropriate Investigations field office. These referrals do not go first to DHS Recovery Branch.

All County Welfare Directors
All County Administrative Officers
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Attached for your use and distribution is a list of the required forms to include in the overpayment referral package. It is suggested that counties use this document as a checklist for the referrals.

If you have questions regarding this notice, please contact Maggie Roggero of my staff at (916) 324-4966.

Sincerely,

Original signed by

Sandra Duveneck, for
Frank Martucci, Chief
Medi-Cal Eligibility Branch

Enclosures

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: March 10, 1990

REQUIRED FORMS FOR REFERRAL PACKAGES

For both Resources/Assets and Wages/Earnings potential overpayments, the referral package to DHS shall include:
(DO NOT SEND ORIGINAL COUNTY RECORDS)

1. MC 609 *
1 Copy
Confidential Medi-Cal Complaint Report
 - Complete as shown in sample (Attachment I)
 - Note in upper right hand corner:
 - o "IEVS" in red ink (if applicable)
 - o Case status (note whether case is open or closed and the date case was opened or closed).

2. MC 239E*
1 Copy
Medi-Cal Notice of Action -
Overpayment and Repayment Instructions
 - Complete as shown in sample (Attachment II)
 - Note in upper right hand corner:
 - o "IEVS" in red ink (if applicable)
 - o Case status (note whether case is open or closed and the date case was opened or closed).

Note

If the county is unable to establish an overpayment period or potential overpayment amount, complete the MC 239E with all available information.

3. MC 210
1 Copy
Medi-Cal Statement of Facts
 - Include all MC 210's covering the potential overpayment period.

4. MC 217
1 Copy
Medi-Cal Responsibility Checklist
 - Include all MC 217's covering the potential overpayment period.

* MC 609 and MC 239E are being revised.

5. MC 176R
1 Copy - Resource Verification Questionnaire
6. IEVS Abstract
1 Copy - Assets/Earnings clearance
7. IEVS (CDR) Roster *
1 Copy - Mark in red the referred case number
8. Bank Records
1 Copy - Copies of all statements provided by client
9. Earnings Statements
1 Copy - Copy from EDD, and copies of all client's pertinent pay stubs
- Copy of employer's report
10. Case Narrative
1 Copy - Copy of case narrative relating to the potential overpayment period

* The Claims Detail Report (CDR) Roster will be available sometime in April/May 1989.

