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Applicability:	DDSN Regional Centers and Central Office Administration

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I. PURPOSE

The South Carolina Department of Disabilities and Special Needs (DDSN) is responsible for collecting care and maintenance fees from people receiving residential services from this agency. The fees are charged according to DDSN Directive 200-09-DD: Fees for Residential Services Provided by DDSN. Care and maintenance charges are billed to the person or to a third party serving in the capacity of financial representative for the person. The purpose of this directive is to state agency policy regarding the collection of overdue or delinquent charges and to outline the procedures for the determination and disposition of bad debt.

II. APPLICABILITY

The procedures in this directive should be followed by staff at all Regional Centers operated by DDSN and by Central Office Administration staff.

III. PROCEDURES

A. ACCOUNTS RECEIVABLE REVIEW COMMITTEE

DDSN's Accounts Receivable Review Committee (ARRC) is charged with recommending the

necessary course of action to be taken in cases of excessively delinquent care and maintenance accounts receivable. ARRC members are appointed by the Associate State Director for Administration. The committee should be comprised of the following staff positions:

- ✓ A Regional Facility Administrator
- ✓ A Regional Claims and Collections Officer
- ✓ The Central Office Director of Finance (serves as Chairman)
- ✓ A Legal Services staff member
- ✓ A Program Services staff member

Regional representatives on the ARRC should be appointed from different regions. All appointments are for two (2) year terms of service.

B. ACCOUNTS RECEIVABLE AGING

DDSN's policy is to process past due accounts receivables in accordance with the following guidelines:

1. 60 Days Past Due

Regional Claims and Collections Officers should advise a payor in writing when his/her account is 60 days past due and urge that payment be made. Claims and Collections Officers, along with the assistance and approval of Regional Facility Administrators, should work to establish a payment schedule with the payor when it is evident that remittance of the entire balance in one payment is not possible.

Payment agreements of less than the full balance due may be approved by Regional Facility Administrators. Monthly amounts of a minimum of five percent (5%) of the delinquent balance or $100.00 may be approved. Payment agreements of lesser amounts may be recommended to the ARRC by Regional Claims and Collections Officers with Facility Administrator approval. The ARRC may approve the payment schedule as proposed or recommend a different schedule. **Note**: It should be made clear to the payor that the amounts set forth in such agreements are in addition to regular charges continuing for care and maintenance.

Past due payment agreements should be created in a format similar to Attachment A: DDSN Past Due Payment Agreement. It should be signed by the party responsible for the debt, the Regional Claims and Collection Officer and the Regional Facility Administrator. The agreement, with all required signatures, should be sent to the Central Office Director of Finance for review and approval by the ARRC. After the proposed agreement has been reviewed, if approved the ARRC Chairman should sign it and return it to the Regional Claims and

Collections Officer keeping a copy for Central Office files.

Default occurs when payment is not received within 30 days of the due date on the payment agreement. The total outstanding balance must then be paid in full by the responsible party after notification from DDSN that the payment agreement is in default.

2. 120 Days Past Due

Regional Claims and Collections Officers should notify the ARRC Chairman in writing any time an account is 120 days past due. Claims and Collections Officers should also send a certified letter to the responsible party advising him/her that the debt has been referred to the ARRC. In both correspondences, Claims and Collections Officers should outline the actions taken at 60 days past due.

3. 180 Days Past Due

At 180 days past due, the Regional Claims and Collections Officer should notify the ARRC in writing requesting a review of the case. The ARRC Chairman should notify the responsible party for the debt that an ARRC review meeting date has been scheduled and of his/her right to appear before the committee. A copy of the letter should be sent to the appropriate Regional Claims and Collections Officer. (See Attachment B: ARRC Review Notification) The ARRC review meeting should be scheduled no more than 12 months from the date of notification by the Claims and Collections Officer that an account is 180 days past due. The ARRC Chairman's notification letter to the responsible party should be sent by certified mail and delivered no fewer than 30 days in advance of the scheduled ARRC review.

Regional Claims and Collections Officers may, at their discretion, refer a case to the ARRC earlier than provided for by the procedures outlined above. Referral of a case should be done when the time required by the routine procedures may jeopardize DDSN's ability to collect on an outstanding debt.

C. ARRC COURSES OF ACTION

At any time, the ARRC may review a past due debt. As a result of a review, the ARRC may choose to take one of the following actions:

- Write-off the debt
- Temporarily suspend billing procedures
- Refer the debt to the inactive debt file
- Refer the debt to the Department of Revenue GEAR/Debt Setoff Program

for collection

- Refer the debt to the Legal Services Division for prosecution

1. Bad Debt Write-Off Procedures

The ARRC may determine that a past due debt (in part or in full) should be forgiven or written off. The request to write-off a debt should be made in writing to the ARRC by the Regional Claims and Collections Officer. It should include a brief history of the attempts to collect the past due debt and all pertinent information used in reaching the decision to request a write-off. All documentation should be kept in the person's permanent file for future reference.

If the ARRC concurs with the recommendation to write-off the debt, the ARRC Chairman should send a written request to the Associate State Director for Administration for review and signature approval. Following approval, the Regional Claims and Collections Officer should be notified in writing to adjust the Regional Banking and Billing System accordingly.

2. Temporary Suspension of Billing Procedures

The ARRC may approve temporary suspension of billing procedures in certain cases where a responsible party cannot be located or when it seems likely that the delinquent account will prove uncollectible in the future. Regional Claims and Collections Officers should attempt an extensive search to locate the responsible party before making a request to suspend billing. Such attempts to locate responsible parties should be thoroughly documented prior to making the request to suspend billing.

Upon location of a responsible party who has had care and maintenance billing suspended, billing procedures should resume on the account.

The status of accounts on which billing activity has been temporarily suspended should be reviewed at least semi-annually by Regional Claims and Collections Officers. Any reasons for continuing the suspended status should be documented and filed with ARRC for approval. ARRC suspension approvals should be confirmed in writing back to Regional Claims and Collections Officers. Suspended accounts should remain in active status on the Banking and Billing System but flagged so that monthly bills will not be produced.

3. Referral to Inactive Debt File

The ARRC may authorize the transfer of a past due debt to an Inactive Debt File if one of the following situations exists:

- A debt has little likelihood of collection through efforts other than legal action
- Due to the amount of the debt or the financial standing of the responsible party, legal action is not appropriate
- Due to the amount of the debt or the possibility of assets becoming available to pay the debt in the future, writing the debt off is not appropriate

Placement of a debt in the Inactive Debt File requires that the ARRC, with the assistance of the Regional Claims and Collections Officer, document the history of the debt and the substance of the ARRC's deliberations. Copies of all documentation should be retained in the person's permanent file for future reference.

The Central Office Director of Finance should notify each region annually of accounts in the Inactive Debt File. Claims and Collections Officers should review each account for changes in financial condition and possible collection activity.

4. Referral to Department of Revenue (DOR) GEAR/Debt Setoff Program

Upon recommendation of the ARRC, a case may be referred to the Department of Revenue (DOR) for collection. Debts of $300.00 or more may be forwarded to the GEAR Program, which has a variety of means available to help collect debts such as tax intercept, liens on homes, cars, wage garnishments, etc. Debts of less than $300.00 may be placed in the Debt Setoff Program, which only collects from tax intercepts. The responsible party should be notified by certified mail from the Central Office Director of Finance that the past due debt has been placed with DOR for collection and they have 30 days to appeal. If the responsible party does not appeal or if the appeal is turned down, DOR is notified the amount of the debt, debtor's name, and social security number. **Note**: DOR will not accept a debt ten (10) years old or older.

5. Referral of the Debt to Legal Services

Upon the recommendation of the ARRC, a case may be referred to DDSN Legal Services Division for further legal action pending approval by the Associate State Director for Administration. The referral should include documentation of all information known by the ARRC and the reason for the referral.
The Legal Services Division should proceed with collection procedures according to internal procedures and in keeping with the requirements of SC Code §44-20-350 regarding collection of claims.

D. NOTIFICATION OF DECISION AND RIGHT TO APPEAL

If a party that is responsible for a past due debt appears before a review meeting of the ARRC at which the disposition of their debt was considered, they should be officially notified of the ARRC's decision by certified letter from the ARRC Chairman (see Attachment C: ARRC Decision/Appeal Notification). The notification should state that they have ten (10) business days to file an appeal with the State Director. If an appeal is received within ten (10) business days, the State Director may review the case and at her discretion decide to:

- uphold the decision of the ARRC,
- completely overturn the decision or
- modify the recommendations of the ARRC as he or she sees appropriate.

Notification of the State Director's final appeal decision should be sent to the responsible party by certified letter from the Office of the State Director. Copies of the letter should be distributed to the ARRC Chairman, the Regional Claims and Collections Officer, and the Facility Administrator from the appropriate region.

E. MEETINGS OF THE ACCOUNTS RECEIVABLE REVIEW COMMITTEE

The ARRC should plan to meet once each calendar quarter as necessary. Meetings may be held at Regional or Central Office locations at less frequent intervals, if needed.

Tom Waring
Associate State Director-Administration
(Originator)

Beverly A.H. Buscemi, Ph.D.
State Director
(Approved)

Related Directives

200-09-DD: Fees for Residential Services Provided by the South Carolina Department of Disabilities and Special Needs (DDSN)

To access the following attachments, please see the agency website page "Attachments to Directives" under this directive number.

Attachment A: Past Due Payment Agreement
Attachment B. ARRC Review Notification Letter
Attachment C. ARRC Decision/Appeal Notification Letter