

Business and Labor Committee
LB 981
February 29, 2016

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Good afternoon, Senator Harr, and members of the Business and Labor Committee. I'm David McManaman (D-A-V-I-D M-C-M-A-N-A-M-A-N), an Attorney with the Department of Health and Human Services. I'm here to testify in support of LB 981, specifically Section 3 which would permit the Department of Health and Human Services (DHHS) to write-off certain debts owed for fiscal or accounting purposes, and to provide additional information.

The total debt for which DHHS is requesting write-off authorization is in the amount of \$1,590,534.29, about \$57,000 less than the amount currently stated in LB 981.

That reduction is due to our having pulled six of the debts that were originally included in our request to the State Claims Board. Those debts were pulled due to our having received payment on three accounts and because the other two debts are the subject of a restitution order that was part of the debtors' criminal sentencing.

The remaining requested write-off amount relates to debts owed to DHHS by way of assistance provided through twelve programs. The debts are due to overpayments made or for services provided for which we have not been reimbursed.

Prior to submittal of these debts for write-off, the agency pursued recovery through one or more of the following efforts: (1) regular billing statements; (2) recoupment; (3) demand letters signed by the program, by one of the agency's directors, and/or by one of the agency's attorneys; (4) referral to a collection agency and use of credit reporting; and (5) litigation.

Over 99.9%, \$1,589,751.50, of the debts being submitted for write-off are being submitted because: (1) the debtor has passed away with no probate being filed; (2) because the debtor had the debt discharged in bankruptcy; or (3) because the applicable statute of limitations has passed, to include money owed from persons who remained on needs based assistance. Category three includes 81% of this debt, \$1,289,288.64. The debt now barred by the statute of limitations was not collected mostly because the debtors were on needs based assistance where a determination had already been made that they were of very limited resources without likelihood of recovery, or because the debt was either referred to an outside collection agency or submitted to the agency's legal department and returned due to inability to garner recovery.

An additional reason for one debt's submission as uncollectible is because: (4) the debt was reduced by way of an approved settlement agreement.

These four categories and DHHS's presentation of these debts for write-off is consistent with DHHS's Collection Policy, a copy of which is attached to my written testimony.

Thank you for the opportunity to be here today. I'm happy to answer any questions you may have.