

**LSU HEALTH CARE SERVICES DIVISION
BATON ROUGE, LOUISIANA
RECOUPMENT OF OVERPAYMENTS.**

POLICY NUMBER: 4569-25

CATEGORY: Human Resources

CONTENT: Policy and Procedures To Be Followed for Recoupment of Overpayments.

APPLICABILITY: This policy shall be applicable to the LSU Health Care Services Division Administration (HCSDA) and Lallie Kemp Medical Center (LKMC).

EFFECTIVE DATE: Issued: August 17, 2020
Reviewed: January 27, 2022
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INQUIRIES TO: Human Resources Administration
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Note: Approval signatures/titles are on the last page

**LSU HEALTH CARE SERVICES DIVISION
POLICY FOR RECOUPMENT OF OVERPAYMENT**

I. POLICY STATEMENT

The Louisiana State Constitution² and Louisiana State law³ prohibit donation of public funds, including unearned overpayments made to active or separated employees as well as erroneous payments made on behalf of active or separated employees. Therefore, in compliance with these laws and regulations, it is the policy of LSU Health Care Services Division to recoup all such unearned or erroneous overpayments to active or separated employees, which shall be conducted in the manner set forth within this policy.

2 LA Const, Article 7, Section 14 prohibits the donation of public funds and thus prohibits any unearned payments to, or inappropriate or erroneous payments made on behalf of, employees or students.

3 La. R.S. 42:460 states that “[t]he division of administration shall have the power to promulgate rules and regulations necessary to provide state agencies with the ability to recoup overpayments made to state employees. Such recoupments shall include but not be limited to overpayment of wages paid to employees and erroneous refunds of deductions withheld from employees.” See Louisiana Administrative Code Title 4, Part III, Chapter 7 for the rules and regulations promulgated pursuant to this statute.

Note: Any reference herein to Health Care Services Division (HCSD) also applies and pertains to Lallie Kemp Medical Center (LKMC).

II. IMPLEMENTATION

This policy and subsequent revisions to the policy shall become effective upon approval and signature of the HCSD Chief Executive Officer (CEO) or Designee.

III. DEFINITIONS

- A. Active Employee – currently on payroll and working for HCSDA or LKMC.
- B. Deduction - any voluntary or involuntary reduction in net pay (e.g., health insurance, Credit Union, taxes, miscellaneous deductions, etc.)
- C. Direct Deposit Reversal - a formal request to the financial institution to return funds deposited into an Active or Separated Employee’s account.
- D. Inappropriate or erroneous payment – payment for expenses on behalf of an Active or Separated Employee that is later deemed to be inappropriate or erroneous, but not fraudulent.

- E. Net Pay - the amount of compensation due to the Active or Separated Employee after withholding all voluntary and involuntary deductions from that person's wages and compensation earned.
- F. Overpayment - unearned compensation of any and all funds administered by HCSDA or LKMC which are paid in error to Active or Separated Employees, Including but not limited to, overpayment of wages, annual leave paid in error, and/or erroneous refunds of deductions.
- G. Prospective Employee – a new hire of HCSDA or LKMC to include an employee of another state agency who has transferred to HCSDA or LKMC.
- H. Recoupment - reimbursement of overpayment that was not due an Active or Separated Employee.
- I. Separated Employee - employee no longer on the payroll or working for HCSDA or LKMC.
- J. Wage - payment to an Active or Separated Employee for employment services rendered to HCSDA or LKMC, whether the employment is by the hour, day, week, or month.

IV. NOTIFICATION OF OVERPAYMENT, INAPPROPRIATE, OR ERRONEOUS PAYMENTS

Active or separated employees shall be notified immediately once HCSDA or LKMC determines that an overpayment, inappropriate, or erroneous payment has been made. Written notification to that person will be provided by the appropriate Payroll Department. This Notification of Overpayment, Inappropriate, or Erroneous Payment shall include:

- A. Date(s) the overpayment, inappropriate, or erroneous payment occurred;
- B. Amount of the overpayment, inappropriate, or erroneous payment;
- C. Reason for overpayment, inappropriate, or erroneous payment;
- D. Plan of action for recoupment of overpayment, inappropriate or erroneous payment;
- E. Options for reimbursement of overpayment, inappropriate or erroneous payment, as appropriate; and
- F. Procedure by which the proposed recoupment can be disputed.

V. RECOUPMENT FROM ACTIVE EMPLOYEES

HCSDA or LKMC will recoup overpayments, inappropriate, or erroneous payments made to Active Employees in one of the following ways:

- A. Direct deposit reversal.
- B. One-time deduction from a subsequent paycheck, as long as the deducted amount does not bring the Active Employee's gross hourly wage amount below minimum/special entrance rate (SER) of the pay range for the job class employee occupies (if classified employee), nor can it be reduced below the federal minimum wage, nor can it be reduced to such an amount that it will impact their regular payroll deductions to include insurance premiums, etc.
- C. Payment plan as agreed upon by HCSDA or LKMC for a period not to exceed six (6) months.
- D. Personal payment from the Active Employee, in the form of check or money order made payable to HCSDA or LKMC, whichever is applicable.
- E. If an Active Employee who has been overpaid, or for whom an inappropriate, or erroneous payment has been paid, is separating or being terminated from HCSDA or LKMC, the amount of the overpayment, inappropriate, or erroneous payment shall be withheld from the Active Employee's final paycheck. If the full amount is not recovered by such withholding, HCSDA or LKMC shall proceed under Section VI, Recoupment from Separated Employees.

VI. RECOUPMENT FROM SEPARATED EMPLOYEES

- A. If an overpayment, inappropriate or erroneous payment was made to an Active Employee and recoupment is first attempted after the employee has separated from HCSDA or LKMC, the debt shall not be forgiven. If HCSDA or LKMC is unable to recover overpayments from a Separated Employee, consultation with legal counsel will be appropriate to determine if legal recourse is warranted.
- B. HCSDA or LKMC will notify the Separated Employee of the overpayment, inappropriate, or erroneous payment pursuant to Section IV of this Policy, and will demand repayment.
- C. The following repayment options are available:
 - 1. One-time personal payment from the Separated Employee in the form of a check or money order made payable to HCSDA or LKMC, or

2. A payment plan, as established and agreed to by the HCSDA Chief Executive Officer or LKMC Hospital Administrator upon recommendation of the Human Resources Department for a period not to exceed six (6) months.

VII. NOTIFICATION OF RECOUPMENT POLICY

- A. All Active Employees will be notified of this Policy upon initial implementation through the on-line education system, WILMA.
- B. As a condition of employment or enrollment, all prospective employees will be given a copy of the policy and shall sign a statement acknowledging his/her understanding of the recoupment policy and that, if overpaid, or if an inappropriate, or erroneous payment was paid on the behalf of the employee, the recoupment may be made in a future pay period after notification from HCSDA or LKMC Payroll Department in accordance with this Policy. (Attachment 1)
- C. Job offers will be withheld to prospective employees who fail to sign the acknowledgment form of this policy.

VIII. COLLECTION AND REPORTING OF ACCOUNTS RECEIVABLE

HCSDA and LKMC shall handle all applicable reimbursed overpayments, inappropriate or erroneous payments in compliance with the policies and procedures for the collection and reporting of accounts receivable as published in the November 20, 2002 edition of the Louisiana Register.

IX. DISPUTE PROCEDURE

- A. If an Active or Separated Employee does not agree with HCSDA's or LKMC's claim of overpayment, inappropriate, or erroneous payment, that person may file an appeal with appropriate Human Resources Department, which must be received no later than fourteen (14) calendar days from the date of Notification of Overpayment, Inappropriate, or Erroneous Payment.
- B. The appeal must be in writing, must explain why the person believes recoupment is not warranted, and must contain any supporting documentation to be considered for review.
- C. The Human Resources Department shall make a recommendation to the HCSDA Chief Executive Officer (CEO) or LKMC Hospital Administrator, whichever is applicable, who shall accept, reject, or modify the recommendation. Consultation with legal counsel may be necessary to reach a final decision.
- D. The decision shall be final and shall be sent in writing to the active or separated employee, with a copy retained in the employee's official employment record.

X. EXCEPTIONS

The HCSD CEO or designee may waive, suspend, change or otherwise deviate from any provision of this policy they deem necessary to meet the needs of the agency as long as it does not violate the intent of this policy; state and/or federal laws; Civil Service Rules and Regulations; LSU Policies/Memoranda; or any other governing body regulations.

ACKNOWLEDGEMENT FORM FOR HCS D POLICY #4569, POLICY AND PROCEDURES TO BE FOLLOWED FOR RECOUPMENT OF OVERPAYMENTS. (For Prospective Employees Only)

Name (print)

Date of Hire

I have received a copy of HCS D Policy #4569 and understand that agreement to the overpayment recoupment requirements is a condition of employment. Failure to sign this form will be cause for my job offer to be withheld.

I agree to the overpayment recoupment requirements.

Signature

Date

(Copy of this signed, acknowledgement form will be kept in the employee’s official employment record in the Human Resources Department.)

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Prospective Employee refused to sign acknowledgement form:

Witness Name (Print)

Witness Title (Print)

Witness Signature

Date

(Copy of this form must be retained in Human Resources Department records to document why job offer was withheld.)

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