# Annual Discharge of Accounts Receivable

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# Background

- Overpayments and types
- How and why they occur
- Collaborative effort for improved processes



### Overpayments Overview

 Overpayments occur when a participant is paid more than they are entitled to

- Collections process begins
  - Funds collected are applied to the outstanding receivable
  - Uncollected balances could result in a discharge of accountability



# Project Scope Overview



Data analysis to understand the volume, age and dollar value of the outstanding receivables.



Enhanced dashboards for improved overpayment tracking.



Implement changes in myCalPERS to streamline collection processes.



# Refund Overpayments



# Refund Overpayment Creation

Member separates from CalPERScovered employer

Employer submits payroll adjustment









Upon request,
CalPERS
issues refund of
member
contributions

CalPERS starts collections process



#### **Enhanced Refunds Collection Process**

Overpayment identified



Four dunning notices are sent at 30 days interval

CalPERS also contacts between these notices



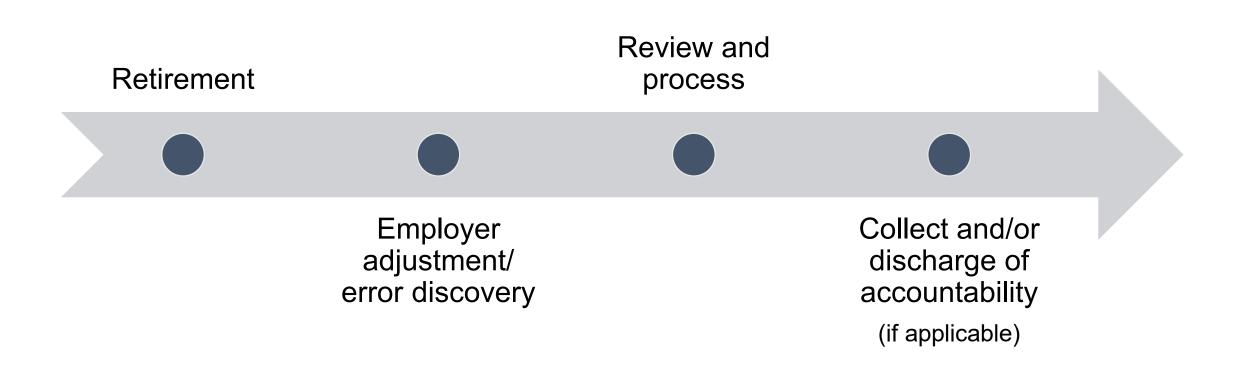
At 120 days, Franchise Tax Board intercept is requested



# Retirement Benefit Overpayments



### Retirement Benefit Overpayment Creation





#### Current Retirement Benefit Collection Process



\*AER (Actuarial Equivalent Reduction) is an alternative payment method which reduces a member's monthly retirement benefit by an actuarially equivalent amount of a remaining balance owed.



# Death Overpayments



## **Death Overpayments**

#### How is CalPERS notified?

#### **Personal report**

Relative / Friend / Caretaker / Estate

#### **Third parties**

- Death verification vendors
- Health insurance companies
- Bank / IRS / Convalescent home

#### **Employer report**

#### Internal

CalPERS discovers death via news report



# **Death Overpayments**

Receivables Over 10 Years Old

**4,084** receivables

**\$6.8M** in overpayments



# Death Overpayment Creation

Participant starts receiving payment

Participant continues to receive benefit payment

CalPERS conducts dunning process













Participant passes away

CalPERS notified of participant's death Collect and/or discharge of accountability (if applicable)



#### **Enhanced Death Collection Process**

System identifies overpayment



Dunning process



Benefit offset and/or FTB intercept (if applicable)



Discharge of accountability

(if applicable)

- Contract with Socure
- Benefit verification
- New dashboards/ tools

- Exceptional Process (cases over \$8,000)
- Streamlined subpoena process

- Immediate offset with any benefits payable
- Streamlined workstream to FINO



## Summary

- What we have already implemented since October 2023
- Next Steps



# Questions

