

MAINE STATE LEGISLATURE

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STATE OF MAINE

Inter-Departmental Memorandum Date February 26, 1965

To K.B. Burns, Director, Bureau of Business Management, Department of Mental Health
and Corrections

From Courtland S. Perry, Assistant Attorney General

Subject: Charge Off or Adjustment of Board and Care Accounts

FACTS:

The State Controller shall charge off the books of account of the State, accounts receivable certified to be impractical of realization. See R.S. 1964, Title 5, §1504.

The Department of Mental Health and Corrections vested with the responsibility for determining the ability of patients or legally liable persons to pay for support, furnished in State institutions, may charge for such support only when ability to pay exists, which ability must be coexistent with the furnishing of support.

QUESTION:

Are board and care accounts required to be charged off if established by the department, on the basis of insufficient information or misinformation of ability to pay, when in fact there is no such ability?

ANSWER:

No.

OPINION:

Under R.S. 1964, Title 34, c. 195, a debt to the State does not arise, unless a person has ability to pay for support and is billed in accordance with such ability. In the event, that the department through insufficient information or misinformation, bills a rate in excess of a person's ability to pay and bills therefor, such person would not be indebted to the State beyond his ability to pay, thus, the excess incorrectly represented as due the State, not being a debt to the State, would not be an account receivable, and would not have to be charged off.

To illustrate, the department may be advised with respect to a patient, that such patient has insurance coverage which would pay x dollars for his support in the State hospital. An account is established, billing takes place and the department then discovers that the insurance did not cover the patient, in fact no ability existed, thus, no debt, no account receivable, and no necessity for charge off. The proper disposition of such account would be a bookkeeping adjustment.


If the department should determine through investigation that a patient or legally liable person has sufficient funds to pay for board and care at the rate of x dollars per day, the department would bill in accordance with such ability. If an unpaid balance should

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accrue and the department should discover that the patient's or the legally liable person's financial condition had altered to the extent that there was no longer an ability to pay, there would be a debt to the State for the balance covering the period in which there was ability to pay, and there would be no debt for the balance accrued after the date when ability to pay ceased. If through further investigation it is determined that the debt is impractical of realization, upon certification thereof, the account would be charged off. The remaining balance accrued during inability to pay would be disposed of by a bookkeeping adjustment.



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