The purpose of this Local Commissioners' Memorandum (LCM) is to advise social services districts that they have the flexibility to pursue recovery actions by contracting for these services to be provided by a private entity. There are two methods to accomplish this end. They are:

1. The social services district may sell the debt. Under this arrangement, the right to reimbursement from third party liability or client owned assets is purchased by an agent who assumes both the responsibility and the revenue associated with collection activity. Generally, such an arrangement calls for the agent to buy the debt for an amount representing a percentage of the total outstanding amount.

2. The social services district may contract to have recovery related tasks performed by an agent while retaining status as a creditor. Reimbursement for the services would be made on a contingency basis (i.e. linked to a percentage of the amount collected by the contractor), or a fee per activity basis.

These arrangements can be made by a single district or by a group of districts and are subject to existing local procurement requirements regarding the content and approval process for contracts. Entering into such an arrangement will save establishing and/or maintaining a local
recovery operation. As a result, staffing limitations that inhibited pursuit of this source of revenue would be removed. Where recovery activities are staffed, contracting would permit redeployment of personnel and other resources. You are encouraged to give consideration to the option of using one or more contractors for your recovery activities. If you use a contractor for estate and/or casualty recoveries, the contractor should assume responsibility for completion of the Quarterly Estate and Casualty Recovery Report (see 94 LCM-89 for details).

The Social Services District must notify the Department of contracts entered into, the list of recovery activities to be provided under provisions of the contract, and the reimbursement method chosen for payment to the service provider(s). This information should be reported in writing to Mary C. Mahoney, at the following address:

New York State Department of Social Services
Division of Health and Long Term Care
40 North Pearl Street
Albany, New York 12243

If assistance is needed in preparing Requests for Proposals (RFP) to solicit bids for a contract, please contact Mary C. Mahoney at (518) 474-9795.

Sincerely,

Richard T. Cody
Deputy Commissioner
Division of Health and Long Term Care