



A Tradition of Stewardship
A Commitment to Service

NAPA COUNTY HEALTH AND HUMAN SERVICES AGENCY
Self Sufficiency Services Division

POLICY AND PROCEDURE:

Underpayments and Underissuances

REVIEW FREQUENCY:

Biennial

POLICY # 2000600-3004-19

DISTRIBUTION:

- Employment Services
- Eligibility
- Quality Mgmt

EFFECTIVE DATE: 10/13/04

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APPROVAL:

Jana Bautista 10/11/19
 Title and Signature Date

APPROVAL:

Lynn Perez 10/14/19
 Division Manager Date

APPROVAL:

Jim Yarbrough 10-14-19
 HHSA Director Date

POLICY STATEMENT:

It is the policy of the Self Sufficiency Services Division (SSSD) to issue benefits correctly and timely. Further, it is the policy of the division to detect all underpayments and underissuances through the available sources and correct the case data immediately to prevent continuation of erroneous payments. A reconciliation of payments shall occur for all months that were issued in error or for the entire period as permitted by the regulations, which ever is longer. The reconciliation shall be processed as prescribed by the various program Manuals of Policy and Procedures.

ADMINISTRATION:

Eligibility Specialist (EW)/EWIII
Eligibility Supervisor

DEFINITIONS:

Discrepancy - Divergence or disagreement, as between facts or claims; difference

Underissuance (UI) - The amount by which the CalFresh allotment to which the household was entitled exceeds the allotment which the household received.

Underpayment (UP) – The applicant/recipient receives less cash aid than the amount to which he/she is entitled in a given month or months.

END OF POLICY

PROCEDURE

1. **Overview** -- An underpayment (UP) for the CalWORKs (CW) program or underissuance (UI) for CalFresh (CF) occurs when an assistance unit (AU) or household (HH) receives less aid than the AU/HH is entitled to receive.
 - a. The AU/HH may have been underpaid or underissued benefits for reasons including:
 - i. Income or deductions
 - ii. AU/HH size
 - iii. Other eligibility factors
2. **Identification** -- UPs/UIs are identified in various ways, routine casework, system generated reports, earnings clearance, quality assurance, etc. and processed as follows:
 - a. Discrepancies for benefits paid can be discovered from system-generated reports.
 - i. If discovered by someone other than the Eligibility Specialist (EW) or an eligibility team member responsible for the case, the case is referred to the Eligibility Supervisor (ES) for review and action.
 - b. SIU may discover a discrepancy for benefits paid.
 - c. The EW may discover a discrepancy for benefits paid. The EW is responsible for processing the UP/UI on:
 - i. Active cases
 - ii. Closed cases
 - iii. Cases that have discrepancies reported from C-IV.
 - iv. Cases that have discrepancies reported from SIU.
 - v. Cases that have discrepancies as reported on the Authorized vs. Issued Report
 - vi. Cases that have discrepancies reported through Income Eligibility Verification System (IEVS) or Earnings Clearance reports
 - vii. Cases where discrepancies were discovered as a result of SIU Investigations
3. **Calculation** – The correct grant will be compared to the amount actually paid to the recipient for each month. An underpayment exists when the amount the recipient received is less than the correct grant.
 - a. If the UP/UI is caused by income or deductions, the benefit is recomputed with the correct income and/or deductions.
 - b. If the UP/UI is caused by the AU/HH size the benefit is recomputed using the same income and/or deductions, allowing or disallowing the person's needs, depending on whether s/he is included or excluded.

- c. If incorrect resources caused the UP/UI the benefit is recomputed excluding the counted resource for the month(s) it was counted incorrectly.

Example: A family applies for benefits but is denied because the checking account value was entered as \$1,000 when the correct value was \$100. The bank balance combined with other resources put the client over the resource limit.

Example: A man applies for benefits. His only resource is a savings account with a balance of \$2,400. \$500 was a gift from his brother, deposited this month. The \$500 was counted as income. The client was denied for being over resources.

Example: A family is denied benefits because of their grand piano worth \$5,000 that was counted in error against the family's resource limit.
- d. Use regulations in effect at the time the UP/UI occurred.
- e. For both SAR and AR/CO, no underpayment exists when a change in circumstances occurs or actual income received is less than what was reasonably anticipated for the payment period and the recipient did not voluntarily report the change or decrease of income during the SAR or AR/CO payment period.
- f. For CalFresh, UIs will be reduced by the amount of any outstanding claims (overissuances) except for administrative errors.

4. **Issuing Supplements in C-IV-** The EW is responsible for processing the Underpayment or Underissuance in C-IV using the data collection pages in Eligibility/Customer Information and running EDBC.

- a. Update the appropriate data collection pages (i.e. income, property, expenses, household status, etc).
- b. Run EDBC for the months of the underpayment/underissuance period.
 - i. For each month, a supplemental EDBC should result.
 - ii. Accept and Save EDBC.
- c. Check to be sure the supplement is issued.
- d. Send a NOA
 - i. NA 200 or, C-IV M44-340C with NA 281 or NA 281A (CW)
 - ii. CF 377.9 (CF)
- e. Create a journal entry, including:
 - i. Issuance months(s)
 - ii. Amount(s) issued
 - iii. Correct amount(s)
 - iv. Amount of UI/UP
 - v. Reason for UI/UP
 - vi. NOA sent
 - vii. If the supplement is due to income, identify the wage earner and income source
 - viii. If the supplement was due to direct child support, identify for whom the support was intended

5. **Underpayment/Underissuance Period** - The EW determines the time period of the UP/UI.

- a. CalWORKs--There are no time limits for calculating underpayments.

Example: A QA review reveals that the CWD has miscalculated the CW grant for 18 months, resulting in UPs. The county calculates and issues underpayments for the entire 18 months.

Example: Dad, who has earnings, moves out in May. The participant fails to report that he left until December. Dad's leaving results in an increased grant for the remaining AU members. The county adjusts the benefits and issues a supplement for the month of report and remaining months of the payment period. No underpayment is established for May-November. December is the month of

discovery. EAS Section 44-340.44 states that the month of discovery is the month in which the county obtained any information that could have reasonably led to a determination that an underpayment occurred.

- b. CalFresh—Section 63-802 states that benefits shall be restored for not more than 12 months prior to either the date the county receives a request for restoration from a HH or the date the county is notified or otherwise discovers that a loss to a HH has occurred.

6. **Issuance of Large Corrective Underpayments** – Receiving a large underpayment (over \$1500) may be burdensome to CW recipients. Recipients are required to spend down the back payment within two months or put the money into a restricted account in order to remain eligible to CW.

- a. The EW will allow the CW recipient to choose how they would like to receive any underpayment that is over \$1500 (EBT, paper check or direct deposit).

- i. Provide recipient with CW 2203 the same day the underpayment is created. Allow the recipient 15 calendar days to return the form.

- 1) The form may be sent either prior to the issuance of the underpayment notice, or with the notice of action informing the recipient of the establishment of the underpayment.

- ii. If the CW 2203 is returned within 15 calendar days, issue the payment as requested on the form.

- iii. If the CW 2203 is not returned within 15 calendar days, the underpayment shall be issued on the EBT card.

7. **Clocks and Calendars** – If everyone in a case was ineligible for an entire month and we calculate an UP for that month, the CW and TANF clocks and/or calendars in the case must be adjusted per current regulation to reflect that aid was received. If appropriate, WDTIP is updated and the client is notified of the change in his or her time clocks.

REFERENCES:

CW EAS 44-340

CF Regulation 63-102(u)(1), 63-802

[ACL 12-25](#)

[ACIN I-80-09](#)

FORMS

[CF 377.9](#) Notice of Back CalFresh Benefits

[NA 200](#) Notice of Action – Including Budget

[CW 2203](#) Request for Supplemental Payment by Check or Direct Deposit

CONTACT PERSON(S):

Shelly Todd, Staff Services Analyst

END OF PROCEDURE

REVISION HISTORY:

| Revision | Date | Description of Change | Requested By |
|-----------------|-------------|--|------------------------|
| 0.0 | 10/13/04 | Procedure created | |
| 1.0 | 12/31/2010 | Updated for new format. | Jessica Chapin, SSA II |
| 2.0 | 12/31/2012 | Scheduled Review. Minor changes to grammar and acronyms. Removed reference to Resource Specialists in the responsibility for calculation of UIs and UPs. | Jessica Chapin, SSA II |
| 3.0 | 6/25/2015 | Scheduled review. Created Calculation section, moved 3.a-c from Overview to Calculation, added 3.d-f. | Shelly Todd, SSA II |
| 4.0 | 10/11/2019 | Scheduled review. Added "Issuance of Large Corrective Underpayments" section. | Shelly Todd, SSA II |