



A Tradition of Stewardship
A Commitment to Service

NAPA COUNTY HEALTH AND HUMAN SERVICES AGENCY

Self Sufficiency Services Division

<u>POLICY AND PROCEDURE:</u>		EFFECTIVE DATE: May 26, 2004
CalWORKs Overpayments		ORIGINAL DATE OF ISSUE: May 26, 2004
		LAST REVISION DATE: March 27, 2020
<u>REVIEW FREQUENCY:</u> Every two years		
POLICY # 2000600-3000-20		
<u>DISTRIBUTION:</u>		
<input type="checkbox"/> Employment Services	<input checked="" type="checkbox"/> Eligibility Services	APPROVAL: <i>Juanne Baubista</i> 4/3/20 Eligibility Services Manager Date
	<input checked="" type="checkbox"/> Quality Mgmt	APPROVAL: <i>Lynn Berg</i> 4/3/20 SSSD Deputy Director Date
		APPROVAL: <i>Quinn Young</i> 4-6-2020 HHSA Director Date

POLICY STATEMENT:

It is the policy of the Napa County Health and Human Services Agency (NCHHSA), Self Sufficiency Services Division (SSSD) to issue public assistance benefits correctly and timely. Further, it is the policy of SSSD to detect all overpayments 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 permitted by the regulations, whichever is longer.

ADMINISTRATION:

Collections Clerk
Eligibility Specialist (EW)
Eligibility Supervisor

DEFINITIONS:

Discrepancy – Divergence or disagreement, as between facts or claims: difference

Overpayment – The amount by which CalWORKs (CW) benefits issued to an Assistance Unit (AU) exceeds the amount it was eligible to receive. An overpayment may be all or a portion of an aid payment, including but not limited to, an immediate need payment, a special need payment, or aid paid pending a state hearing.

END OF POLICY

PROCEDURE

I. Overpayment Overview

- A. The EW must take all reasonable steps necessary to promptly correct and collect any overpayments that are known.
- B. An overpayment (OP) for the CW program occurs when an AU receives more aid than the AU is entitled to receive. An OP may be all or a portion of an aid payment.
- C. The AU may have been overpaid benefits because of:
 - 1. Income or deductions
 - 2. AU size (including total ineligibility, lack of deprivation, no eligible child in the home)
 - 3. Excess resources
 - 4. Other eligibility factors
 - 5. An electronic theft payment was made before the Electronic Benefit Transfer (EBT) vendor approved a cash dispute claim
- D. An immediate need payment is only an overpayment if the applicant was not apparently eligible for CW when the immediate need payment was issued.
 - 1. A determination that an applicant is not eligible to CW after full evaluation of the application does not, by itself, mean that the immediate need is an overpayment.
 - 2. Refer to Attachment 1 – Examples # 1 and 2 for when an overpayment can be assessed for an immediate need payment.
 - 3. Refer to Attachment 1 – Examples # 3 and 4 for when an overpayment cannot be assessed for an immediate need payment.
- E. In Semi-Annual Reporting (SAR) cases, effective January 1, 2017, an overpayment cannot be established in the month following a change in income over the Income Reporting Threshold (IRT) if the recipient has reported the change timely and the EW does not have ten day notice to reduce the benefits at the first of the following month.
 - 1. Refer to Attachment 1 – Example # 5 for when an overpayment cannot be assessed
 - 2. If the recipient fails to report the income over the IRT within the 10-day reporting period, any aid received in a month in which action was not able to be taken, an overpayment can be assessed
 - a. Refer to Attachment 1 – Example #6 for when an overpayment can be assessed
- F. In Annual Reporting / Child Only (AR/CO) cases, effective January 1, 2017, an overpayment cannot be established in the month following a change in income over the IRT or change in household composition if the recipient has reported the change timely and the EW does not have ten day notice to reduce the benefits at the first of the following month.
 - 1. Refer to Attachment 1 – Example #7 for when an overpayment cannot be assessed.
 - 2. If the recipient fails to report income over the IRT or changes in household composition within the ten (10) day reporting period, any aid received in a month in which action was not able to be taken, an overpayment can be assessed.
 - a. Refer to Attachment 1 – Example #6 for when an overpayment can be assessed.
- G. In SAR and AR/CO cases, an overpayment shall not be assessed based on any differences between the amount of income the county reasonably anticipated the recipient would receive during the SAR payment period and the income the recipient actually received during that period, provided the recipient's reports were complete and accurate.

1. In AR/CO cases if the recipient's report was incomplete or inaccurate, the EW shall assess an overpayment based on what should have been reasonably anticipated at the time of the report, had the recipient reported completely and accurately.
- H. There are no time limits for establishing OP claims.
- I. There are two types of errors that lead to overpayments. These include administrative errors and client-caused errors.
 1. Administrative errors include:
 - a. EW failed to act on reported information in a timely manner
 - b. EW determined benefits incorrectly
 - c. EW issued duplicate benefits
 - 1) Example: Customer received aid in another case or county
 - d. SAR 7 is received timely but was not processed or was processed incorrectly.
 - e. SAR 7 is submitted late, but before the NOA cut-off, however was not processed by the EW until after the NOA cut-off.
 - f. An electronic theft payments is made before the Electronic Benefit Transfer (EBT) vendor approves a cash dispute claim
 2. Customer caused errors include:
 - a. Customer failed to report information due to a misunderstanding or unintended error
 - b. Customer unintentionally gave incomplete or incorrect information
 - c. When fraud is suspected and a referral for investigation is made.
 - d. SAR 7 is submitted after the NOA cut-off, but by the extended filing date.
- J. If the OP is caused by income or deduction, the benefit is recomputed with the correct income and/or deductions(s).
 1. Refer to MPP [44-352.12](#) for additional information on calculating an overpayment due to income or need or circumstance other than excess property.
- K. If the OP is caused by the AU size, the benefit is recomputed using the same income and/or deduction(s), either allowing or disallowing the person's needs, depending on whether the person is included or excluded.
 1. Refer to MPP [44-352.12](#) for additional information on calculating an overpayment due to income or need or circumstance other than excess property.
- L. If excess resources caused the OP, the benefit is recomputed including the omitted resource for the month it became available. Any benefits received for the month(s) in which the AU had excess resources is an OP.
 1. Refer to MPP [44-352.11](#) for additional information on calculating an overpayment due to excess property.

II. Overpayment Identification

- A. Overpayments can be identified in a variety of ways including, but not limited to:
 1. Routine Casework
 2. System Generated Reports
 3. Earnings Clearance
 4. Quality Assurance Reviews
 5. Fraud
- B. When a discrepancy of benefits is discovered by Fiscal, the case is referred to the Eligibility Supervisor for review and action.

- C. All overpayments determined to be caused by an applicant or recipient's failure to report information shall be referred to the Special Investigations Unit (SIU), including overpayments caused by an alleged Intentional Program Violator (IPV). Failure to report occurs when the applicant/recipient has:
 - 1. Made oral or written misstatements in response to oral or written questions from the county or state concerning the applicant/recipient's income, resources or other circumstances which may affect the eligibility or grant amount: **or**
 - 2. Failed to report changes in income, resources or other circumstances which may affect the amount of the grant, **or**
 - 3. Failed to report receipt of a grant amount which the applicant/recipient knew represented an erroneous payment.
- D. When OP information is received from another county for collection in Napa County, the case is referred to the Eligibility Supervisor for review and action.
 - 1. If the OP information comes over with an Inter-County Transfer (ICT), the assigned EW will process the OP collection when processing the ICT.
- E. An overpayment shall not include aid paid when all four of the following conditions are met:
 - 1. An applicant/recipient fails to perform an act constituting a condition of eligibility for aid per the following guidelines: **AND**
 - a. CW applicant/recipient shall furnish a SSN (MPP 40-105.21)
 - b. Eligibility responsibilities for sponsored noncitizens (MPP 43-119.23); **and**
 - c. The EW shall deny or discontinue aid, including immediate need, to the AU when the applicant/recipient fails or refuses to provide information necessary to determine income.
 - 2. The applicant/recipient's failure to perform an act constituting a condition of eligibility is caused by state agency or County error, and not by an applicant/recipient error; **AND**
 - 3. The amount of aid paid would have been the same had the act constituting the condition of eligibility been performed; **AND**
 - 4. The state agency or County error is discovered, or an overpayment is being calculated, or an overpayment is being recouped on or after January 1, 1985.

III. IEVS Overpayments

- A. When Income Eligibility Verification System (IEVS) matches are received showing unreported income, the EW must process these matches to determine actual monthly income received.
- B. When an IEVS match reveals that a recipient had unreported income in any month that was over the IRT, the EW must first determine if that income lasted for more than just one month.
 - 1. If income over the IRT lasted for more than just one month, that income will result in the calculation of an OP.

IV. Overpayment Processing

- A. EWs shall process the OP when:
 - 1. CW case is currently Active
 - 2. OP was discovered within three (3) months of the CW case discontinuing
 - 3. An OP from another county is sent with a current ICT to Napa County for collection
 - 4. Case that has a discrepancy reported from the Payment Verification System (PVS) Reports/Alerts generated in C-IV.
 - 5. Cases that have discrepancies reported through New Hire Registry IEVS Match
- B. The EW III in the Special Investigations Unit (SIU) shall process the OP when:

1. CW case was closed over three (3) months from the date of the OP discovery.
2. OP was determined to be complicated by the Eligibility Supervisor.
3. Cases that have discrepancies reported through:
 - a. Integrated Fraud Detection/Earnings Clearance System (IFD)
 - b. Franchise Tax Board (FTB) Asset Match System
 - c. Internal Revenue Service (IRS) Asset Match System
 - d. Beneficiary Earnings Exchange Record (BEER)
 - e. Deceased Persons Match (DPM)
 - f. Fleeing Felon Match (FFM)
 - g. Nationwide Prisoners Match (NPM)

V. Calculating OPs

- A. EW shall review all information obtained to determine the OP.
- B. Case circumstances must be recreated based on all reports that were required to be made
- C. IRT must be calculated based on the income used in each month of the OP calculation and the multiplier must be used when necessary to determine a monthly average for weekly and biweekly income.
- D. OPs shall not be assessed based on more income than the applicant/recipient actually received.
 1. OPs shall be calculated on actual income information if received.
 2. Any decreases of income identified shall be considered when calculating OPs.

VI. Processing OPs in C-IV

- A. OPs cannot be processed in C-IV until after the benefit has been issued.
- B. Potential fraud related OPs must receive a determination from SIU prior to the OP being processed.
 1. SIU to provide a response within ten (10) business days.
- C. Multiple months must be grouped into one recovery account if caused by the same error.
- D. C-IV will detect any overpayments when EDBC is run.
- E. To calculate the OP in C-IV the EW shall:
 1. Update C-IV with correct information on the C-IV data pages prior to running EDBC.
 2. Run EDBC for the month(s) in which the overpayment needs to be calculated.
 3. Ensure that all the expected income and deductions are showing in the budget.
 - a. Click hyperlinks to show more information about the budget.
 4. Determine that EDBC budget is accurate
 - a. Potential Benefit = full amount that the customer is eligible to prior to any existing issuances, grant adjustments, and previously identified OPs
 - b. Previous Potential Benefit = amount the customer has received including existing issuances, grant adjustments, and previously identified OPs
 - c. Overpayment Adjust Amount = grant adjustments or lost adjustments
 - d. Overpayment Amount = amount the customer was overpaid.
 5. Add a recovery account if the claim is for one month only or for the first month of a multi-month claim.
 - a. If the OP is for the same claim, it is added to an existing recovery account.
 - b. Complete the Recover Account Detail Page (Refer to C-IV Job Aid)
 - 1) Discovery date = date the EDBC was run to identify the OP.
 - 2) ICT should always be "No" and Originating County left blank

- 3) Investigations should only be "Yes" if an SIU Referral was sent.
- 4) In the Responsible Party section:
 - i. Click Add under "Persons" to search for and add a responsible party.
 - ii. Responsible Party Detail Page will be populated with the results
 - iii. Responsible Party must be in the case that the OP is being attached to will normally be the Case Name or the Primary Applicant/Recipient.
 1. Only one responsible party is allowed when case is originally set up. Other responsible parties can be added once the Recovery account is set to active.
 2. Minors in the case should not be added as a responsible party.
- 5) If additional months need to be added, the EW should not activate the recovery account yet.
- 6) Comments to include at minimum:
 - i. Reason for overpayment
 - ii. Month(s) overpayment is for
 - iii. Amount of overpayment by month
 - iv. If information does not fit in the recovery account comment field, enter a line "See journal entry dated _____" to reference details in the journal.
6. Save the EDBC results.
 - a. If the EW does not click Save and Continue, the OP will "fall out" of the recovery account just created.
7. Run EDBC for all other OP months associated to the same claim, adding them to the existing recovery account.
8. Activate the recovery account on the Recovery Account Detail Page.
9. Review the recovery account and generate the repayment Notice of Action (NOA)
10. Determine the method of recovery
11. Complete a C-IV Journal Entry to include, but not limited to:
 - a. Issuance month(s)
 - b. Amount(s) issued
 - c. Correct amount(s)
 - d. Amount of overpayment
 - e. Reason for overpayment
 - f. NOA sent
 - g. Repayment agreement sent, if applicable

VII. Overpayment Collection

- A. Non-fraudulent overpayments will cease to be collected for balances under \$250 on individuals no longer receiving CW.
 1. The \$250 overpayment threshold for collections to be ceased will apply to each non-fraudulent overpayment claim, rather than the total overpayment figure resulting from grouped overpayment claims.
- B. Overpayments shall be collected in the following priority order
 1. Caretaker Relative (CR) recipient
 - a. When the CR was a member of the AU at the time of the overpayment the EW shall seek recoupment from the CR even when they:
 - 1) Have moved to another AU

- 2) Are no longer receiving CW
 - i. Non-fraudulent overpayment amounts less than \$35 shall not be sought after for recovery.
2. Members of the AU
 - a. The County shall only initiate recovery of the overpayment from other members of the AU after all efforts to collect from the CR have been exhausted and the CR:
 - 1) Dies and the County cannot collect from the estate
 - 2) Is unable to be located
 - 3) Has the overpayment discharged through bankruptcy
 - 4) Is no longer on aid, the overpayment is less than \$35, and there are other members of the overpaid AU who remain on aid.
 - 5) Is no longer on aid, and per existing county policy guidelines, it is not cost effective to collect from the CR.
 - b. Effective January 6, 2012, adults or emancipated minors who were minors receiving CW in an AU when an overpayment occurred, are not responsible for the overpayment.
 - c. Counties cannot recoup overpayments from any minor who becomes a member of a new AU when the overpayment occurred while the minor was a member of the previous AU.
 - d. There is no priority order in seeking collection from member of the AU who was not the CR.
 - 1) Collection may occur in sequence against any one member at a time or concurrently from any of the members, when in separate AUs or when not receiving aid.
3. Unaided Caretaker Relative
 - a. When the CR was not a member of the AU at the time of the overpayment, the County shall seek recovery from the members of the overpaid AU.
4. Recovery from AU Members
 - a. There is no priority order in seeking collection of the overpayment from members of the overpaid AU who were not the caretaker relative.
 - b. Collection may occur in sequence against any one member at a time or concurrently from any of the members, when in separate AUs or when not receiving aid.
- C. Methods of Recovery
 1. Grant Adjustment
 - a. Under SAR, recoupment by grant adjustment shall only be initiated at the beginning of a SAR payment period.
 - b. Under AR/CO, recoupment by grant adjustment shall be initiated mid-period.
 - c. The following method shall be used when overpayment is recovered by grant adjustment:
 - 1) Agency Error – The AU’s adjusted grant amount is the AU’s computed grant amount for the payment month minus 5% of the MAP amount for the AU rounded to the next lower dollar.
 - i. The adjustment should be the lesser of:
 1. The overpayment balance, **or**
 2. The maximum adjustment amount, **or**
 3. The current aid payment
 - 2) All Others - The AU’s adjusted grant amount is the AU’s computed grant amount for the payment month minus 10% of the MAP amount for the AU rounded to the next lower dollar

- i. The adjustment should be the lesser of:
 1. The overpayment balance, **or**
 2. The maximum adjustment amount, **or**
 3. The current aid payment
 2. Voluntary Cash Recoveries
 - a. Voluntary cash recovery should be explained by the EW to a recipient (or former recipient) but no request for voluntary payment should be made.
 - b. If a recipient or former recipient offers to repay all or a portion of an overpayment which is not subject to grant adjustment or demand for repayment and action for civil judgment the following apply:
 - 1) EW shall obtain a CW 2217 – CalWORKs Request for Voluntary Repayment
 - 2) The recipient is not required to fulfill any voluntary agreement he/she enters into and may suspend at any time payments the recipient agreed to make.
 3. When an AU has both an overpayment and an underpayment, the County shall use the underpayment to reimburse the overpayment.
 - a. It is not permissible to use a supplement against an overpayment, as a supplemental payment is not considered an underpayment.
 4. Demand for Repayment
 - a. Fiscal shall demand repayment of any amount not recovered by grant adjustments, or otherwise repaid, except that no demand shall be made for nonwillfull overpayments
 5. Civil Judgment
 - a. If the recipient or an individual no longer receiving aid refuses or is unable to repay the amount demanded, the County shall refer the case to the appropriate county official for action on a civil judgment unless specifically exempted (Refer to MPP [44-352.2](#))

VIII. CalWORKs 48-Month Time Clock

- A. If all members of the AU were ineligible for an entire month of CW and the County recoups an OP for that entire month, the CW 48-Month time clock in the case must be adjusted to reflect that no aid was received.
 1. Is there something that notifies us of this?
 2. EW must update the Exceptions on the Cash Aid Time Limit Month Detail page in C-IV
 - a. Type = Repay
 - b. Reason
 - 1) 700 – TANF/CalWORKs Repayment (For federal or mixed federal/state aided cases)
 - or**
 - 2) 701 – CalWORKs Repayment (for state only aided cases)

REFERENCES:

ACIN [I-45-18](#) – CW Program: Underpayments Versus Supplemental Payments
 ACL [12-02](#) – CW Program: Overpayment Collection
 ACL [12-23](#) – Stopping Overpayment Collection from Certain Current Minors
 ACL [12-25](#) – Implementation of SAR
 ACL [12-66](#) – Overpayment Collection – Settlement of Hartley vs. Lightbourne Litigation

ACL [15-95](#) – CW Overpayments and the Treatment of IEVS Matches Under SAR and AR/CO. Includes Examples
 ACL [16-120](#) – Changes to Overpayment Establishment Based on Income or Household Composition Reporting
 ACL [18-26](#) – CW Program – Immediate Need Payments and Overpayments
 ACL [18-148](#) – EBT Skimming and Scams and Mass Replacement
 ACL [19-19](#) – CW Program – Implementation of SB 726. Includes Scenarios.
 ACL [19-102](#) – Implementation of SB 726. Change in SB 726.
 Bulletin [17-01](#) – OP Establishment Based on Income or Household Composition Reporting
 C-IV Job Aid – Recovery Accounts – Internal – Create
 C-IV Job Aid – Recovery Accounts – External – Create
 MPP [44-350](#) through MPP [44-352](#)

FORMS

CW 2217 – CalWORKs Request for Voluntary Repayment

CONTACT PERSON(S):

Shanna Gardner, Staff Services Analyst

END OF PROCEDURE

REVISION HISTORY:

Revision	Date	Description of Change	Requested By
0.0	09-24-19	Procedure re-created. Issued in 60 day working draft.	S. Gardner, SSA
0.1	03-27-20	Updated with ACL 19-102. Procedure issued as Final Release.	S. Gardner, SSA

Examples

Example #1

An applicant applied for CW and was issued an immediate need payment as the EW determined that the applicant was apparently eligible for the grant.

After issuing the immediate need payment, the EW determines the applicant is not eligible for CW because of income attributed to an adult who was a member of the household when the immediate need grant was issued but the applicant did not report it to the EW during the intake process. In this scenarios, the applicant would not have been eligible for the immediate need grant and the EW can assess an overpayment.

Example #2

An applicant applied for CW and was issued an immediate need payment as the EW determined that the individual was apparently eligible. The eligibility was based on the applicant's statement that they had a pending claim for Workers' Compensation benefits but was told that they would not receive the Workers' Compensation benefits for two to three months and the amount was not yet determined.

However, the applicant had already received the first \$2,000 Workers' Compensation payment when the immediate need payment was issued, which would have made the applicant ineligible for CW. In this situation, the applicant is liable for an overpayment because they would not have been determined eligible for the immediate need payment had the EW known that the applicant had received the \$2,000.

Example #3

An applicant applied for CW and was issued an immediate need payment. When the applicant applied, they were the only adult in the household and the EW determined the applicant was eligible for CW and issued the immediate need payment.

After issuing the immediate need payment, the EW determines the applicant was not eligible for CW because of income attributed to an adult who was not a member of the household when the immediate need payment was issued, but who returned to the household before the final determination of CW eligibility.

In this example, the applicant is not liable for an overpayment as the EW correctly determined the applicant was eligible for the immediate need payment when it was issued.

Example #4

An applicant applied for CW and was issued an immediate need payment as the EW determined that the applicant was apparently eligible for the grant. The EW determined apparently eligibility based on the individuals statement that the applicant had a pending claim for Workers' Compensation benefits but was told that the applicant would not receive the Workers' Compensation benefits for two to three months and the amount was not yet determined.

However, two weeks after the immediate need payment was issued and before the regular application was processed, the applicant received a \$2,000 Workers' Compensation payment and a letter that the applicant would receive \$1,500 in Workers' Compensation benefits per month. In this scenario, the applicant is not liable for an overpayment because the applicant was apparently eligible when immediate need was issued because the Workers' Compensation benefit was not reasonably anticipated income.

Example #5

A SAR recipient in an AU of three timely reports that the AU is over the IRT on January 24th and the income is expected to continue. On the day of the report, the EW issues the 10-day notice regarding the termination of CW effective the last day of February.

Although the resulting decrease in CW was not in effect by February 1st, the EW shall not terminate CW in February based on January's changes because the EW did not have sufficient time to issue the 10 day notice. In this scenario, an OP will not be established for February.

Example #6

A recipient reports on March 22nd that in February the AU was over the IRT. Since the recipient failed to meet the 10-day reporting requirements, an overpayment will be established for March.

Further, if the EW acts to reduce the CW, but cannot give timely notice on the action, aid received in April will also be an overpayment.

Example #7

On February 21st, a timed-out adult in an AR/CO case timely reports on behalf of a child only AU of two that one of the children has moved in with its other parent. The next day the EW mails the 10-day notice regarding the reduction in CW for April 1st.

Although the resulting decrease in CW does not affect the March grant due to insufficient time to issue the 10-day notice, the EW shall notify the AR/CO case of the pending change to take place in April based on February's changes in household composition. In this scenario, an overpayment will not be established for March.