

Types of Overpayments

Agency Error: The county agency fails to take action on known or reported information. This includes miscalculation of a budget or failure to make a timely reduction in benefits based on information fully and timely reported by the client.

Client Error: This includes any instance in which a client has not made a timely report.

Other examples of client error include:

- The unit's failure to give the county agency correct or complete information.
- The unit's failure to notify the county agency of changes.
- The unit's receipt of more benefits than it should have because of a request for an appeal hearing.
- The unit's participation in more than one county or state in the same month.

Consider cases suspected of fraud to be client error overpayments until a determination of fraud is made. Enter claims as non-fraud on MAXIS and adjust when appropriate.

Fraud: Consider cases suspected of fraud to be client error overpayments until the court or an Administrative Disqualification Hearing (ADH) makes a determination of fraud. Consider an overpayment in any month in which a client files a false report timely and this results in an overpayment to be a client error overpayment. This applies even if there is an agency error in the same month, unless the agency caused the client's failure to report.

Fraud overpayments may occur when:

- People willfully or intentionally withhold, conceal, or misrepresent information to receive or attempt to receive more assistance than they are eligible for.
- People plan with or knowingly help another person to fraudulently seek or obtain assistance.
- Ineligible or unauthorized people knowingly redeem or transfer assistance checks or EBT cards.

Error Source Codes

- 01 HH No Info
- 02 HH Incorrect or Incomplete
- 03 HH Not Timely Information
- 04 Estimate Wrong Inadvertent
- 05 No HRF
- 10 Benefits Recd Pending Appeal
- 11 Replacement Benefits Used
- 12 Program Policy Prevents Chg
- 13 EBT – Representment
- 31 IEVS – BEER
- 32 IEVS – BENDEX
- 33 IEVS – UNVI
- 34 IEVS – SDX
- 35 IEVS – WAGE
- 36 IEVS – UBEN
- 40 PARIS Interstate Match
- 51 Agency: Delay Action
- 52 Agency: Issue Comp Error
- 53 Agency: Dup Assistance
- 54 Agency: \$50 Pass-Thru
- 99 Other

Claim Discovery and Established Dates (TE02.09.45)

Discovery Date

This is the date the agency receives all of the documentation necessary to calculate a claim.

Documents needed to calculate a claim could be wage stubs, W-2s, bank statements, employer verification, etc. The “Discovery Date” will almost never be the date of an IEVS match as the agency usually needs to request verification/documentation necessary to determine if there is an overpayment.

The “Discovery Date” may be prior to or equal to the “Established Date.”

Established Date

This is the date the agency computes the overpayment.

This is the date you actually complete an overpayment computation or enter the information on MAXIS to create an unapproved version of eligibility based on the verification/documentation obtained from the “Discovery Date.”

The “Established Date” is often the same date the claim is entered on MAXIS. However, if the claim is not entered on CCOL the same date the overpayment computation is completed, the date the overpayment was first calculated should be the date entered in CCOL.

Why are these dates so important?

- Recovery must be initiated within the quarter following the quarter of discovery. This is a Federal Administrative requirement. If we fail to follow this requirement we risk losing federal funds for administrative reimbursement similar to what would happen if we have a high quality control error rate.
- There is a six year time limit for MFIP and SNAP to send out initial notification on a claim or the claim is invalid. This is a Federal Policy requirement. We must follow federal policy requirements when we determine eligibility and benefit levels. If the “Discovery Date” is not correctly identified it can result in monthly overpayments erroneously being included or excluded in a claim. *There is no time limit for pursuing administrative recovery of established overpayments. See CM 0025.*

MFIP Overpayments

Determine MFIP client error overpayments when:

- The unit does not report the change timely
AND
- The agency would have been able to send proper notice if it had acted on the date the change occurred.

MFIP reporting requirements:

All units must report changes that affect eligibility by the earliest of these dates:

- 10 days after the change occurs
- At recertification
- 8 calendar days after the end of the reporting period (Household Report Form)
- Immediately, for MFIP applicants while their application is pending.

Earned Income Disregard for MFIP

The 40% earned income disregard for MFIP is not allowed for income that was not reported timely. "Timely" under this provision means that the income must be reported the client, authorized representative, or guardian within 60 days from the month in which the income was received.

Example 1: A Client files an MFIP application on July 11th. All verifications are provided and eligibility approved on July 18th. On July 12th the client started a job but failed to report this to the agency.

Example 2: An ongoing retrospectively budgeted MFIP unit submits a HRF on March 7th. The HRF indicates that client started a job on February 20th.

Example 3: On May 12th, an MFIP participant wins a car valued at \$25,000. The vehicle does not meet an asset exclusion. The client reports this on May 22nd.
Is there an overpayment for May? June?

Example 4: On May 2nd, an MFIP participant wins a car valued at \$25,000. The vehicle does not meet an asset exclusion. The client does not report this until August 12th. For what months would you cite overpayments?

MFIP Notice Requirements

10 Day Notice:

Most adverse actions require a 10-day advance notice. MAXIS will issue a 10-day notice unless you override the notice.

Cash Cut-off Notice:

A cash cut-off notice is a notice sent by MAXIS by the cash cut-off date, which is generally 4 working days before the end of the month.

Give a cash cut-off notice when:

- The payee dies and no other relative will be payee.
- A participant asks in writing to end assistance.
- *You receive factual information to reduce, suspend, or terminate assistance based on failure to report changes timely.
- You disqualify a person from MFIP and/or reduce or terminate the grant due to a fraud conviction by a court or an Administrative Disqualification Hearing.
- You have received verification that a member of the assistance unit has entered a regional treatment center or a licensed residential facility for medical or psychological treatment or rehabilitation.
- You have received verification that a member of the assistance unit has been removed from the home as a result of a judicial determination or placed in foster care, and temporary absence does not apply.
- You cannot locate the caregiver.

MFIP household change exception:

Reporting procedures and client notice requirements used when clients report timely do not apply when arrival of mandatory unit member is not reported timely.

- When a mandatory unit member enters a household, and the unit fails to report the change timely, calculate the overpayment starting with the month the mandatory unit member arrives.
- When a mandatory unit member leaves the household and the unit fails to report the change timely, if the agency could have reduced or terminated assistance for 1 or more payment months had a delay in reporting the change not occurred, determine the correct benefit amount beginning with the 1st month in which you could have given timely notice.

Budgeting MFIP Overpayments

Prospective Budgeting

Do not establish an overpayment or underpayment for prospectively budgeted units for any month for which you:

- based the assistance issued on the best information available at the time
- applied the correct policy
- There was no client error.

Continuous Retrospective Budgeting:

Use retrospective budgeting continuously for all previously retrospectively budgeted months whether or not there were months of total ineligibility. Do not change budgeting cycles due to month(s) of ineligibility.

Example: An MFIP overpayment is determined for the months of June, July, and August. Unreported income for the month of May causes ineligibility for the month of July when calculating the overpayment. Do not start prospective budgeting in August. Continue retrospective budgeting using June income to determine the August overpayment amount.

MFIP Lump Sums:

Count lump sums as income in the month of receipt. Treat the remaining amount of a lump sum as an asset in the 3rd month after the month of receipt.

Example: A parent in an ongoing retrospectively budgeted MFIP unit receives a lump sum of \$7000 on August 31st. The lump sum is not reported by the unit until October 24th.

The lump sum is treated as income in the month of August. August income budgeted for October results in a total overpayment for that month. Any amount remaining on the lump sum is treated as an asset in the month of November.

The worker must verify that the lump sum combined with other assets has been reduced within the MFIP guidelines in order to continue eligibility for November. If the unit has not reduced assets accordingly, the case should be closed November 1st (Cash Cut-off Notice applies). MFIP issuance for the month of October is a total overpayment.

MFIP Overpayment Examples

1. An absent parent with income returns to an ongoing, retrospectively budgeted MFIP unit on December 15th. The change is reported and an addendum filed on December 23rd.

When is the new member added to the grant?

Does the change result in an overpayment?

2. An MFIP unit wins a car on May 23rd. The car is valued at \$25,000 and does not meet an asset exclusion. The change is reported on June 10th.

Does an overpayment exist in this case?

3. A caregiver in an ongoing, retrospectively budgeted MFIP unit starts a new job on May 8th. The change is not reported until August 24th.

What months are potential overpayments?

Is there a loss of the earned income disregard for any months?

4. The financial worker receives information from social services on February 2nd that an MFIP eligible child was placed in foster care on January 23rd.

Is there an overpayment for February?

5. An eligible child moves out of an MFIP household on May 25th. The caregiver reports the change on June 2nd.
Is there an overpayment for June?

6. An eligible child moves out of an MFIP household on May 25th. The agency does not become aware of the change until September 24th.
What months are overpayments?

7. An ongoing, retrospectively budgeted MFIP unit consists of a caregiver and two children. The absent parent moves back into the household on March 15th. The unit does not report the change until May 3rd, at which time an addendum and verifications are provided. The parent received earned income of \$900 for the month of March, \$1100 for the month of April, and \$1000 for the month of May. The MFIP unit received the full transitional standard for a household of 3 for in March, April, and May of 2011.

Determine the overpayment months and calculate a claim using the Computation of MFIP Overpayment Worksheet (DHS-2776).

<u>HH Size</u>	<u>MFIP Standards for the example given</u>			
	<u>Family Wage Level</u>	<u>Transitional Standard</u>	<u>Cash Portion</u>	<u>Food Portion</u>
3	\$ 1106	\$ 1005	\$ 532	\$ 473
4	\$ 1344	\$ 1222	\$ 621	\$ 601

SNAP Reporting Requirements

Who's a Six-Month Reporter?

SNAP Units with earned or unearned income and those who do NOT meet the criteria below will be Six-Month Reporters.

Who's NOT in Six-Month Reporting?

The following SNAP Units will not be Six-Month Reporters:

- Units in which all members are homeless.
- Units in which all members are in the migrant work stream. Not all members must be in agricultural work, but all members must be traveling together for this purpose.
- Units in which any member is a seasonal farm worker.
- Units in which all adult members are elderly or disabled if the unit has no earned income.
- Units living on Indian Reservations. Unit members do not have to be members of a tribe.

The following required changes are considered to be reported timely when reported by the unit by **the 10th of the month following the month of the change**:

Six-Month Reporting Units	Change Reporting Units
<ul style="list-style-type: none"> • When gross monthly income exceeds 130% of the FPG for their household size. • Able Bodied Adults without Dependents (ABAWDs) must report any change in work or job activities that cause the hours to fall below 20 hours per week. * <p>* Effective 1/1/09, the entire state of Minnesota is exempt from FSET participation. Therefore, ABAWDs are exempt from reporting these changes.</p>	<ul style="list-style-type: none"> • A change in the source of income, including starting or stopping a job, if the change in employment is accompanied by a change in income. • A change in more than \$100 per month in gross earned income. • A change of more than \$50 in the amount of unearned income, EXCEPT changes relating to public assistance. • A change in unit composition. • A change in residence. • A change in shelter costs due to a residency change. • A change in legal obligation to pay child support.

SNAP Reporting Examples

Example 1: A person with earned income moves into a household subject to six month reporting, on June 10th. The income is not above 130% FPG. Is it to the unit's advantage to wait and report this at recertification?

Yes. SNAP household members are added to ongoing unit the month after the month they arrive.

Because you add the person the month after timely reporting, you would not add this person to the SNAP unit until August 1st. The household would benefit from additional months of food support benefits without counting the new member's income.

If a person with no income moved into that unit on June 10th, would it be advantageous for the unit to wait and report this at the six month review?

No. In this instance they would lose out on SNAP benefits for this person. So it would be to their advantage to contact the agency and report this change as soon as possible.

Example 2: An elderly couple applies for SNAP. They have applied for subsidized housing but have not been approved. You verify that their rent is currently \$400 and certify them using that amount. They are change reporters.

During their recertification twelve months later you discover that they were approved for subsidized housing two months after applying for benefits. They have been paying \$175 rent for eight months and never reported the change to you. Is this an overpayment?

No. According to policy, they only have to report changes in shelter costs due to a residency change. There is no overpayment because they are not required to report the rent decrease.

There is also no requirement for reporting a change in total deductible medical expenses. But it is advantageous for the client to report if their medical expenses increase as it may increase their SNAP benefits.

Clients are not required to report a decrease in medical expenses until their next recertification.

The client may report other changes that may increase their benefits. It is our responsibility during the initial interview and at recertification to explain to the clients what is required and what isn't required to be reported. You should inform the client of the options, either in a handout or verbally.

SNAP Notice Requirements

10 Day Notice: Most adverse actions require a 10-day advance notice. MAXIS will issue a 10-day notice unless you override the notice.

Adequate notice: Notice you issue no later than the effective date of the action.

Give adequate, rather than 10-day, notice of a change in these situations:

- An approval of assistance or an increase in benefits. The client is eligible for the approved or increased benefits even without advance notice of the action.
- A client submits a signed Household Report Form (HRF) (or a signed Combined Application Form (CAF) at recertification) with information requiring a change that you can determine solely from the HRF or the CAF.
- A participant provides information in writing and acknowledges in writing that the result will be reduction or termination of assistance.
- Another state has approved the unit for assistance for the same period.
- A unit moves out of state and will not be able to get their next allotment. Notify the unit of termination no later than the date they would receive the next allotment. Do not delay the termination to provide advance notice. If the unit has already moved, you do not need to send a notice.
- A unit makes a request in writing or in the presence of a financial worker to end their SNAP. If the request to end benefits is not in writing or in the presence of a financial worker, you must send a 10-day notice.
- You disqualify a person from SNAP and/or reduce or terminate the grant due to a fraud conviction by the court, an ADH, a court approved pre-trial diversion plan, or a disqualification consent agreement.

Budgeting SNAP Overpayments

- Prospectively budgeted
- Best information available
- Cash assistance actually received
- Work expense deduction
- Categorical eligibility

When calculating an overpayment, determine whether the unit IS or is NOT categorically eligible for SNAP:

If the SNAP unit IS categorically eligible, they are subject to the budgeting provisions that were in place at the time of the overpayment.

For overpayments that occurred PRIOR to 03-01-09:

If the SNAP unit is NOT categorically eligible, they must meet prospective eligibility requirements. If the overpayment is caused by unreported income, the unit remains in retrospective budgeting unless there are 2 or more consecutive months of ineligibility. If there are 2 or more consecutive months of ineligibility, the case would be presumed closed. Switch the unit to prospective budgeting and presume that the unit reapplied on the 1st day they were eligible.

For overpayments that occurred ON OR AFTER 03-01-09:

Continue to budget all months prospectively.

EXCEPTION: For Uncle Harry Food Support (UHFS) units, follow the instructions for determining overpayments that occurred prior to 03-01-09.

SNAP Overpayment Examples

1. A SNAP unit is subject to six month reporting. The participant starts work on July 15th and is reported on July 25th. The anticipated income makes the unit ineligible for SNAP. Is August an overpayment?

2. In an ongoing, six month reporting SNAP unit, a participant starts work on November 8th but does not report it. You discover the income in February. What months are considered overpayments?

3. An employed SNAP participant subject to change reporting changes jobs on January 8th. The new job's wages will exceed the gross income limit beginning in January. He reports the new job on February 6th. Is there a SNAP overpayment for January or February?

4. A SNAP participant subject to six month reporting starts a new job on May 8th. This change is reported on his six month report due August 1st. The new income did not exceed 130% FPG. You determine, after receiving all necessary information, that the new job results in a decreased allotment. Is there an overpayment for May? June? July? August?

5. A participant in an ongoing SNAP unit subject to change reporting starts a part-time job on February 5th. You discover the unreported income on June 10th. The participant cooperates and provides all verifications on June 18th. The income did not make the unit ineligible, but resulted in overpayments.

What months are considered overpayments?

6. You discover that a SNAP participant received a lump sum eight months ago but never reported it. Does an overpayment exist?