



SNAP 1504-1 CASE MANAGEMENT Over-Issuance

Supersedes: SNAP 1504-1 (06/01/2017)

Reference: 7 CFR 273.18(a), (d), (g), (3); 7 CFR 273.16

Overview: Evaluate the possibility of an overpayment claim against any household who received more SNAP benefits than it was eligible to receive (regardless of whether the household is currently participating in SNAP). Repayment of an over issuance is the legal responsibility of all household members age 18 or older who were required household members during the overpayment period. SNAP overpayments are pursued for both agency-caused and household-caused errors.

EXCEPTIONS:

1. For closed cases only, do not establish overpayment claims under \$125 unless:
 - a. There is evidence of an Intentional Program Violation (IPV); or,
 - b. The claim was the result of a Program Compliance review.

NOTE: If a claim was established for less than \$125 on a closed case, a request should not be made to remove the claim.
2. A claim must not be established if the over issuance occurred due to the eligibility staff member failing to ensure that the household signed the application, recertification, six-month report, or work registration forms.

CLAIM REFERRAL MANAGEMENT:

Eligibility staff members must record cases having potential overpayments on an Overpayment Log form maintained in each OPA. Overpayments are listed on the form beginning with the month of discovery and remain on each subsequent month's form until the overpayment is established. Local management staff maintain the log and review it monthly.

When overpayments are calculated manually, budget worksheets must be uploaded into DMS to substantiate the overpayment calculation amount.

Supervisors must review overpayment calculations/claims to ensure claims are established timely and accurately. Claims must be established before the last day of the quarter following the quarter in which

the overpayment or trafficking incident was discovered. No less than 90 percent of all claim referrals must be established or disposed per this time frame.

CATEGORICALLY AND EXPANDED CATEGORICALLY ELIGIBLE HOUSEHOLDS:

Claims against CE and ECE households are only established when the claim can be calculated based on changed net adjusted income and/or household size. Other issues unrelated to net income or household size such as resources do not result in overpayment claims.

EXPEDITED:

If it is determined after receiving postponed verification that some of the information was not accurate on an expedited case, there may not be an overpayment if the household provided information he/she believed to be true. Benefits are adjusted for the following month. However, if the applicant made a false or misleading statement, concealed information or withheld facts on the application, an overpayment is established and an IPV must be considered.

GROUP HOME, DRUG/ALCOHOL TREATMENT AND REHABILITATION PROGRAMS:

Group homes are liable for repayment of agency and household-caused overpayments when representatives of the group home act as authorized representatives (SNAP 201-6).

Residents of drug/alcohol treatment and rehabilitation programs are required to designate the drug/alcohol treatment, rehabilitation or mental health center as authorized representatives (SNAP 201-7). Drug/alcohol treatment, rehabilitation, and mental health centers are liable for repayment of agency and household-caused overpayments. The household's benefits must not be reduced to repay the over issuances.

CHILD SUPPORT/TANF:

All child support income received after initial TANF or Tribal TANF benefit authorization is excluded income due to the requirement to turn the money over to the Child Support Enforcement Division (CSED); there is no SNAP overpayment in this situation. However, if the Tribal TANF program does not require that child support income to be turned over to CSED, a SNAP overpayment may exist.

DUAL PARTICIPATION:

The State where duplicate benefits were authorized is the State that establishes the claim. This is the State that issues benefits AFTER another State has already issued benefits for the same month.

TYPES OF CLAIMS:

1: AGENCY-CAUSED ERRORS

2: HOUSEHOLD-CAUSED ERRORS: Inadvertent Household-Caused and Intentional Household- Caused (IPV):

When a household was over issued benefits, the eligibility staff member must determine if the error was agency or household caused.

An error is considered an **agency-caused error** if caused by:

1. An eligibility staff member's action or failure to act on known information;
2. An eligibility staff member incorrectly applying policy;
3. An eligibility staff member's action which results in an incorrect CE/ECE determination, and the claim can be calculated based on a change in net income and/or household size; or,
4. The Social Security Administration (SSA) failed to take an action that resulted in the household incorrectly being determined categorically eligible.

Agency-caused errors include but are not limited to:

1. The eligibility staff member failed to act timely (within 10 days) on a reported change.
2. A computation error was made or policy was applied incorrectly.
3. A change in the SNAP allotment was not made after changing the TANF cash grant.

NOTE: If the eligibility staff member could have known information at application, recertification, the six-month reporting period or when adding a household member via a query but does not query or does not correctly query the other computer systems, it is considered an **agency caused error**.

An error is considered a **household-caused error** when the household failed to report, provide information or provided incorrect information. The eligibility staff member must determine if the household inadvertently or intentionally caused the error. Errors caused because of one of the following are considered **inadvertent household-caused errors**:

1. A misunderstanding or unintended error on the part of the household.
2. A misunderstanding or unintended error on the part of a CE/ECE eligible household provided the claim can be calculated based on a change in net income and/or household size.

Inadvertent household-caused errors include, but are not limited to, those claims in which the household:

1. Unintentionally failed to provide correct or complete information;
2. Unintentionally failed to report changes in household circumstances; or,
3. Received continued benefits pending the outcome of a Fair Hearing and the decision determined the household was ineligible or received an over issuance.

Intentional household-caused errors include, but are not limited to, those claims in which a client intentionally:

1. Makes a false or misleading statement;
2. Misrepresents, conceals or withholds facts; or,

3. Commits any act that constitutes a violation of the Food Stamp Act or regulations, or any state statute relating to the use, presentation, transfer, acquisition, receipt, or possession of SNAP benefits (SNAP 1505-1).

Overpayments determined to be a **household-caused error** must be evaluated for **Intentional Program Violations (IPVs)**. Quality Assurance Division staff determine if an IPV occurred; eligibility staff members do not make this determination. Household errors must have a case note documenting whether an IPV referral has been completed. The case note must include justification to substantiate this decision. If an IPV is not being pursued the case note must include justification to substantiate this decision. Case notes must be entered at the point of discovery, throughout the investigation and when the claim is established.

Clients are informed about their rights and responsibilities (SNAP 103-3) and their reporting requirements (SNAP 1501-1). Therefore the household cannot simply state they did not understand their reporting requirements, forgot to report changes or unintentionally caused the error. For the error to be considered an 'inadvertent' household error, substantiated circumstances must be documented that confirm the error was inadvertent; examples include, but are not limited to:

1. Client has a documented mental condition that causes comprehension or memory problems.
2. Income was reported untimely, but the client relocated to a domestic violence shelter during the reporting time frames, causing the untimely reporting.

All possible IPV disqualifications are referred to the Program Compliance Unit even when an over issuance is not established (SNAP 1505-1). **All household-caused over issuance claims are initially established as inadvertent household-caused errors.**

REFUSAL TO COOPERATE:

When the eligibility staff member discovers information not reported according to the client's reporting requirements, a request for information notice is sent requiring the household to submit information/verification within 10 days of the notice. This notice must stipulate specific information being requested.

If the household refuses to provide the required information/verification (e.g., actual wage amounts) the case must be closed (timely notice must be provided). A program and person alert should be set. The client may be required to respond to the request in writing or over the telephone, but not in person. The eligibility staff member should attempt to obtain the information from the source (e.g., employer).

If the information/verification cannot be obtained, a case note is entered stating there is an outstanding claim issue and include specifically what information/verification is needed to determine the claim amount. If the case is closed and the household later reapplies, it must cooperate by providing information necessary to calculate the claim. The new application is denied if the household continues to refuse to cooperate with providing verification of actual income during the overpayment period.

EXCEPTION: If the household is entitled to expedited services, the application must be approved for the first month and the second month is pended for the information/verification. When the application date is on or after the 16th (SNAP 105-1), the third month is pended for the information/verification.

EXCEPTION: If the household is unable to obtain the information/verification due to no fault of their own, the new application can be approved and benefits are not pended for the information/verification. The eligibility staff member must case note why the information could not be obtained.

PROGRAM COMPLIANCE INVESTIGATOR:

A request for contact cannot be issued as an attempt to require an individual to meet with, or supply information to a fraud investigator. Threatening to terminate the individual/household for failure to respond to a request for contact, when the response involves communicating with a fraud investigator, circumvents the right to remain silent.

An individual does not face closure if the accused fails to attend an Administrative Disqualification Hearing (ADH), nor is the individual determined guilty of the IPV for failure to appear at the ADH unless the State can successfully argue its case before the hearing official. An individual cannot be closed for failure to cooperate in a fraud investigation.

ESTABLISHING CLAIM TIMELY:

For **agency-caused and inadvertent household caused errors**, a claim must be established for any over issuance not to exceed 12 months retroactively from the month of discovery.

For **Intentional Program Violation (IPV) errors**, a claim must be established back to the month the IPV act occurred. Amounts that occurred more than six years prior to the eligibility staff member becoming aware of the overpayment are not included.

The eligibility staff member must establish a claim and send both a demand notice and over issuance history notice by the end of the quarter following the quarter that the overpayment is first identified. A quarter is identified as January - March, April - June, July – September, and October - December. Therefore, an error discovered in February must have a claim established by the end of June. These dates also apply to over issuances that have been identified by a finalized Program Compliance review.

EXCEPTION: Case corrections for Quality Assurance reviews, Management Evaluation reviews, and National Directory of New Hire cases must be completed based on each review's correction procedures.

NOTE: All claims must be established even if they are not established timely.

A Supervisor must review all overpayment claims for accuracy and timeliness of the claim. The overpayment claim must be approved by the supervisor and this approval must be documented in a case note.

DETERMINING 1ST MONTH OF OVERPAYMENT:

The first month of overpayment is **determined according to the household’s reporting requirements. (SNAP 1501-1)**. All required unreported changes and changes that are not reported timely must be evaluated for a possible IPV disqualification (SNAP 1505-1). **NOTE:** When determining if a change was reported timely, deadlines that fall on weekends and holidays must be extended to the next working day.

LOSS OF DISREGARDS:

If the income was not reported timely, earned income disregards cannot be allowed on the portion that was not reported/verified timely.

CALCULATING AN OVERPAYMENT:

For Change Reporters: when an error is discovered, request verification of actual element(s) that caused the error to calculate the overpayment.

For Simplified Reporters: the amount of the claim is based on the corrected circumstances that should have been used at certification, Simplified Report, recertification or when a change was reported/discovered that required action.

QUICK CHART FOR CALCULATING CLAIMS

The actual steps for calculating a claim are		
You . . .	Unless . . .	Then . . .
(A) determine the correct amount of benefits for each month that a household received an overpayment, <u>making sure to base this amount on the household’s reporting requirements</u>		
(B) do not apply the earned income deduction to that part of any earned income that the household failed to report in a timely manner when this act is the basis for the claim	the claim is an Agency caused Error claim	apply the earned income deduction.
(C) subtract the correct amount of benefits from the benefits actually received. The balance is the overpayment amount	this answer is zero or negative	dispose of the claim referral.
(D) reduce the overpayment amount by any EBT benefits expunged from the household’s EBT benefit account. The difference is the amount of the claim	you are not aware of any expunged benefits	the amount of the overpayment calculated without EBT expunged benefits is the amount of the claim.

UNDER ISSUANCE:

If more than one past month is being re-evaluated, all overpayment months are totaled into one overpayment claim. If some of the months reworked result in an under issuance, the restoration should only be authorized if the error was agency caused (SNAP 1504-2).

OFFSETTING CLAIMS:

When the initial allotment is issued untimely, but within 60 days of application, it can't be reduced to offset an existing overpayment.

If an overpayment claim has not yet been established and there is also an under issuance that needs to be authorized, both actions must be taken. If there is an open overpayment claim for months prior to the underpayment month, the entire restoration (SNAP 1504-2) is applied to the oldest outstanding claim up to the total amount needed to satisfy the overpayment claim.

If a household is entitled to a supplement and there is an open overpayment claim for months prior to the under-issuance month, the amount recouped will be \$10.00 or 10% of the supplement, whichever is greater, up to the outstanding overpayment amount. Households determined to have committed an IPV must have an allotment reduction of \$20.00 or 20% whichever is greater.

FAIR HEARINGS AND CLAIMS:

If the Administrative Law Judge does not agree with an overpayment amount, the Fair Hearing/Quality Assurance staff is notified. A QA Specialist recalculates the claim; the QA Manager approves it and notice is sent to the household.

METHODS OF REPAYMENT:

1. **Lump Sum Payment** – the household may make a cash or SNAP payment for the entire claim amount. The household should not be required to liquidate all its resources to make this lump sum payment.
2. **Installment Payment** – If the household is unable to repay with a lump sum, payments may be accepted in regular installments or a partial payment and regular installments for the balance.
3. **Allotment Reduction** – This method is automatically used for all households still receiving SNAP benefits. Recipient households may choose lump sum or installment payments in addition to allotment reduction. The allotment reduction is \$10.00 or 10% of the current allotment, whichever is greater. Households determined to have committed an IPV must have an allotment reduction of \$20.00 or 20% whichever is greater. The household can elect to have a higher dollar amount (not percent) deducted by sending a request to QAD. Allotment reductions for households with outstanding claims who reapply for assistance will begin with the first FULL month's allotment. QAD maintains a record of:
 - a. The full allotment amount the household is eligible to receive;

- b. The amount withheld from the household's monthly allotment; and,
- c. The amount the household actually receives.

SNAP benefits not accessed in 365 days are expunged and no longer available to the household. If there is an outstanding overpayment, the benefits are applied towards the overpayment prior to being expunged. This is completed at Central Office.

- 4. **Treasury Offset Program (TOP)** - Accounts that are delinquent for 90 days or more will be referred by QAD to TOP or the Department of Revenue for collection. Funds that can be recouped include federal salaries, income tax returns, Social Security benefits, and any warrants issued through the State Department of Revenue. Concerns regarding collections are to be referred to QAD.
- 5. **Offset Debt with Electronic Benefit Balance** – SNAP clients may request the eligibility staff member to apply funds toward repayment of an overpayment claim from their Montana Access account. To remove funds from the EBT account:
 - a. The eligibility staff member completes a 'Request to Offset' form HCS/SNAP-004. This is applied as a one-time reduction and is not for future ongoing reductions. The household's signature is required on the form. One copy must be provided to the client and the original scanned into the client file in DMS. After scanning it into DMS, the eligibility staff member must send an email to Juline Nepine, jnepine@mt.gov. The email must include the case number, DMS document number for the SNAP-004 form, and indicate the amount the client requested to be deducted; OR
 - b. SNAP clients may also verbally request to apply funds toward repayment of an overpayment claim from their Montana Access account by contacting QAD, at (406)-444-2978.

NOTE: Clients should contact EBT Card Customer Service for the balance in their account prior to completing the form to ensure there is the amount of benefits in the account that they want to use for repayment.

COMPROMISING CLAIMS:

The Department may compromise or reduce an overpayment claim or any portion of an overpayment claim if the Department determines that the household's financial, mental or physical situation will prevent repayment of the overpayment claim within three years. Compromises are determined per program. TANF and SNAP overpayment claims cannot be combined when determining compromise.

Compromise will only be considered for:

- A. Agency caused error claims; and,
- B. Inadvertent household caused error claims.

Compromises will not be considered for:

- A. Suspected/Established Intentional Program Violation Claims;
- B. Claims due to receiving continued benefits pending a Fair Hearing; and,
- C. Court ordered restitutions.

Clients should be referred to QAD at 444-2978 for how to request a compromise or reduction of their claim.

Effective Date: September 1, 2019