TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS/ELIGIBILITY STAFF

FROM: KEVIN MAHON, EXECUTIVE DIRECTOR, FIA

RE: FAMILY INVESTMENT PROGRAM (FIP) PROCEDURES FOR
PROCESSING AND COLLECTING OVERPAYMENTS

PROGRAMS AFFECTED: TEMPORARY CASH ASSISTANCE

ORIGINATING OFFICE: OPA/DIVISION OF PROGRAM POLICY AND
REGULATION

NEW REGULATION:

Overpayment Processing

An overpayment for Temporary Cash Assistance shall begin the first month the unreported change could have been made considering adverse action time. Whenever there is an overpayment and a customer does not verify actual income and the local department cannot get the required verification from the employer, information from secondary sources such as the Income Eligibility Verification System (IEVS), the Maryland Automated Benefits System (MABS), etc., may be used.

Examples:

#1   The customer begins working the 3rd of January and is paid on the 7th. He reports his income timely and the change can be processed for the following month. The income received will not constitute an overpayment.

#2   The customer begins working on the 13th of February and is paid on the 18th. He reports income on February 23rd, which is within 10 days. The agency sends the notice the same day, but there are not 5 working days as required for adverse action notice left in the month. The action will be effective in April. The income received in March and April will

not create an overpayment.

#3 The customer begins working on the 15th of March and was paid on March 18th, but does not report his income until the 10th of June. The local agency processes the change to be effective in July. If the income had been reported within 10 days (i.e., by March 28th), the action could have been effective for May. March and April are not overpayments. The customer's unreported income created an overpayment for the months of May and June.

Overpayment Verifications

Upon discovery of a potential overpayment, the case manager requests proof of income for the overpaid months from the customer, giving at least 10 days to provide the proof. If the customer does not provide the proof or otherwise respond to the request for information, the case manager processes the overpayment using secondary information. For example - proof of earnings is not provided and MABS shows $900 was earned in the 1st quarter. Attribute $300 each to January, February and March.

When a customer is overpaid benefits either through administrative error or inadvertent household error, the recoupment could not cause the family's remaining income from all sources to be less than 90 percent of the maximum benefit paid for an assistance unit of the same size with no income. A new Schedule R is attached. A new page for the AFDC Manual is attached.

Systems Requirements:

AIMS PROCEDURES

Update the case by completing the AIMS 2 form to enter the reported income on the cash assistance case. Use Code Table 15 to determine the appropriate Resource Type (Element 47 or 48) and Code Table 16 for the appropriate Deduction/Expense Type (Element 52), if necessary. Determine if a code is needed for Element 33 Suppress Notice from Code Table 5. Be sure to use the correct Reduction or Closing Case Status Reason Code from Table 4 for the type of income (e.g., 214 Benefits or 229 Earned Income).

If an overpayment is found and the case remains active, the AIMS 2 is used to initiate recoupment. Complete the Recoupment section: Code Table 17 gives the Repayment Status for Element 35 and Code Table 18 gives the Recoupment/Recovery Reason for Element 41. Recoupment will begin based on the status date of the ACHG transaction. Recoupment will continue monthly until the unrepaid debt is reduced to zero.

Effective 10/1/96 when the worker enters a Repay Reason of "A" in field 41 of the AIMS 2 form, AIMS will calculate the increased recoupment amount and apply the increased amount against any outstanding balance. Should there be an agreement for the customer to pay an increased amount of recoupment, enter the Repay Reason of "W" in field 41 of the AIMS 2.

CARES PROCEDURES

Enter the changed information on the Assistance Unit (AU) in the applicable historical month(s) using Option R. The information must also be entered in the ongoing month. Fast path to MISC and enter a "Y" in the Calc Elig field and press enter. On CAFI, code the OP Reason using the appropriate valid value and confirm the benefit.

Effective 10/1/96, the recoupment amount increases and will leave 90% of the maximum benefit paid. This will not require any local changes. Local departments should continue to process overpayments as usual. The increased recoupment amount will display on the CAFI screen for AFDC cases that have an eligibility computation (EC) overpayment plan active. CARES fiscal screens will also reflect the increased recoupment amounts and will maintain the fiscal records according to the current, previously established procedures. Overpayment plans established with a Grant Reduction (GR) repayment method will not be changed by mass modification.

MASS MODIFICATION AND MANUAL UPDATES

A mass modification of all active AFDC cases will be run in the September, 1996 migrations. The mass mod will change the October 1996 grant for AFDC cases affected by these initiatives. Cases automatically updated will receive notice of adverse action via the CARES and AIMS systems.

Recoupment cases in AIMS with a "W" repay status type, and in CARES with a "GR" repay status type must be manually updated. A query identifying these cases in CARES will be run the beginning of September, 1996. The print out will be forwarded to the local department for the caseworker to update the case with the correct recoupment amount and send notice of adverse action to the recipient.

AIMS jurisdictions receive the S-300 management report each month. This report identifies recoupment cases with the "W" code. Manually process these cases and send the 733RC.

To create a Benefit Error Group (BEG): From the CARES Main Menu select Option R (Benefit Error). On the RMEN select Option B (Add a Historical Case Change Benefit Error Group) with the AU number and press enter. Review the BEG(S) for accuracy, press enter to return to the RMEN. Once created, all BEGS must be approved by a supervisor. A system generated alert will be sent to the supervisor if the BEG(S) are not approved prior to overnight batch.

To initiate the recoupment process, a repayment plan must be created and approved. To create a plan, select Option K (Add/Update a Plan) from the RMEN and complete the Payment Plan SRC, amount and type fields. Automated recoupment calculations can be done on active cases by entering EC (Eligibility Computation) in the SRC field, 0000 (zeros) in the Amount field and an A (Automated) in the Type field. Eligibility computation cannot be done on closed cases and the Repayment Plan Type must be M (Manual).

The repayment plan must be approved by a supervisor to initiate recoupment. A system generated alert will be sent to the supervisor if the Repayment Plan is not approved prior to overnight batch.

REPAYMENT PLANS CANNOT BE APPROVED DURING THE ADVERSE ACTION PERIOD. IF REPAYMENT PLANS ARE APPROVED DURING ADVERSE ACTION, THE BEG BALANCE WILL BE INCORRECT.

<u>**ACTION REQUIRED OF:**</u> All local departments.

<u>**ACTION DUE DATE:**</u> October 1, 1996.

Contact the Division of Program Policy and Regulations with any questions: Sue Woolford at (410) 767-7190, Kay Finegan at (410) 767-7939, or Annette Smith at (410) 767-7475.

cc: FIA Management Staff
       Constituent Services

attachment (2)

SCHEDULE R

EFFECTIVE October 1, 1996

A Family Size	B Allowable Payment	C 90%	D Available Recoupment
1	$ 165	$ 149	16
2	292	263	29
3	373	336	37
4	450	405	45
5	521	469	52
6	573	516	57
7	645	581	64
8	709	638	71
9	766	689	77
10	826	743	83
11	886	797	89
12	936	842	94
13	1004	904	100
14	1063	957	106
15	1124	1012	112
16	1184	1066	118
Each person over 16	Add $61	Calculate 90% of Column B	Calculate 10% of Column B

DHR

State of Maryland
Department of Human Resources
Income Maintenance Administration

CORRECTION OF
PAYMENT IRREGULARITIES

14

REF:

Section Title	Section	Pa
Schedules	3500	2

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