



Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

FIA ACTION TRANSMITTAL

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

FROM: KEVIN MAHON, EXECUTIVE DIRECTOR, FIA

RE: CLAIM MANAGEMENT

PROGRAM AFFECTED: FOOD STAMP PROGRAM

ORIGINATING OFFICE: OFFICE OF POLICY AND RESEARCH

SUMMARY

Action Transmittal 96-01 issued July 24, 1995, which contained information about a Food and Nutrition Service (FNS) waiver permitting local departments to discard inadvertent household error and administrative error claims under \$100, is obsolete. The Food and Nutrition Service provided new options for claims management policy.

Local departments may opt out of applying the new \$125 threshold. If a local department chooses not to apply this limit on collecting claims, it must be agency wide and not on a case-by-case basis.

OLD POLICY

As a result of the waiver, collection action on agency error (AE) claims that totaled less than \$100 was not initiated. Collection action on intentional household error (IHE) claims was not initiated unless the claim could be recovered by reducing the household's monthly allotment.

NEW POLICY

- Do not establish or collect any claim that is \$125 or less for any non-participating household.
- This \$125 threshold applies to overissuances resulting from intentional program violations (IPV) as well as IHE and AE.
- For participating households, continue to recover all IPV, IHE, and AE claims.

Claims Termination and Write-off

Terminate and write-off any claim for a non-participating household if it meets any of the following criteria:

- Any claim which is found to be invalid in a fair hearing, administrative disqualification hearing or court determination.
- Any claim in which all adult household members are deceased and the local department is not planning to pursue collection from the estate.
- Any claim which has an outstanding balance of \$25 or less and has been delinquent for 90 days or more.
- Any claim that the local department has determined is not cost-effective to collect. Use the same standards used to assess cost-effectiveness in other programs when making this determination.
- Any claim which has been delinquent for 3 years. In deciding to allow termination and write-off after 3 years of delinquency, consider retaining the claim if prior collections have been realized through Federal or State tax refund offset.

Claim Referral Backlog

Local departments that have a backlog of unprocessed claims referrals should determine which unprocessed referrals are in an active status via system inquiry. Establish claims for these households immediately as collection can be done through recoupment.

Evaluate unprocessed referrals that are in a closed status for termination, using the above criteria. Establish claims for cases in a closed status after:

- Claims have been established on active cases, and
- Termination criteria have been applied to closed cases.

To avoid future claim referral backlogs, local departments must establish claims **no later than the end of the quarter following the quarter of the discovery of the existence of an overissuance.**

For example: The date of the overissuance discovery is in October, November or December, the last day for establishing the claim by sending a demand letter in timely manner would be March 31.

ACTION REQUIRED

AIMS

The Fiscal office maintains a manual record of the overpayment. If the case reopens, contact the Fiscal office to find out the balance owed. Complete an AIMS 3, entering the amount to be recouped, to establish the overpayment on AIMS.

CARES

Overpayments that Occur while in CARES

- For a customer who is not currently active on CARES:
 - Clear the customer on CARES to determine the food stamp assistance unit ID number
 - Once the AUID number is found, using option R, go into the AU historically for each month for which income was discovered.
 - Add the income to the appropriate individual's screen.
 - Place a "y" in the Calc Elig field on the MISC screen.
 - Confirm the benefit on the ELIG and FSFI screens. CARES will create an overpayment that shows on the FSFI screen.
 - Identify this overpayment as "CE" or "AE."
 - After overnight batch is run, the Participation History screen (CDBP) will identify this AU as having an overpayment by showing an "S" in the comments column beside the Client ID number.

- The next step is to process the Benefit Error Group.
 - Choose selection R, Benefit Error Submenu, on the CARES main menu.
 - Then choose option B, Add a Historical Benefit Error Group.
 - Process the BEG, have the supervisor approve the BEG but do not add a plan. When the customer reapplies and the AU becomes active, add a plan.
 - If the Benefit Error Group is less than \$125.00, the supervisor should remove (RM) the BEG rather than approve (AP) it.
 - If the Benefit Error Group is more than \$125.00, and the customer opts to repay in installments, follow current procedures used in this situation by the your Fiscal office.

Overpayments that Occurred Pre-CARES

- Process a pre-CARES benefit error group.
 - Choose selection R, Benefit Error Submenu, on the CARES main menu.
 - Then choose option C, Add a Pre-CARES Benefit Error Group.
 - Create the BEG,
 - Have the supervisor approve the BEG but do not add a plan. This will have to be done whenever the customer reapplies and the AU becomes active.

Collection of claims is a legislative audit issue. Any local department choosing not to apply the higher threshold, must initiate action on all claims and claims must be processed timely. The local department must also contact FIA of the decision to opt out of the policy. Please call Kay Finegan at (410) 767-7939.

ACTION DUE

This policy is effective upon receipt of the transmittal.

INQUIRIES

Please direct policy questions to Kay Finegan at (410) 767-7939 and systems questions to Gerald Conaway at (410) 767-7564.

cc: FIA Management Staff
Constituent Services
OIM Help Desk
CTF