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Employees' Manual
Title 4
Chapter H

FAMILY INVESTMENT PROGRAM

PAYMENTS AND ADJUSTMENTS



Iowa Department
of Human Services

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Overview

This chapter provides information on Family Investment Program (FIP) payments to participants. These policies also apply to payment of Refugee Cash Assistance.

This chapter includes sections on:

- ◆ [Payments, including the methods of issuing payments.](#)
- ◆ [Overpayments, including when, how, and from whom to recover.](#)
- ◆ [Underpayments, including issuing corrective payments.](#)

Payments

Legal reference: 441 IAC 45.26(239B)

Policy:

A FIP payment is made to a participant only when the grant amount is \$10 or more.

Payments may be issued by:

- ◆ Electronic access card,
- ◆ Direct deposit to the participant's own account in a financial institution, or
- ◆ Warrant.

Procedure:

No payment is made for a month when the grant is less than \$10, including when an initial month's grant is prorated to less than \$10 because eligibility is for less than a full month.

All regular monthly assistance payments are the amount of the payment standard minus any countable income, rounded down to the next whole dollar amount, except when a portion of the monthly assistance grant is being recovered.

Comment:

The following sections describe policy and procedures for issuing payments:

- ◆ [Determining the Method of Payment](#)
- ◆ [Electronic Access Card](#)
- ◆ [Direct Deposit](#)
- ◆ [Warrants](#)
- ◆ [Changing the Method of Payment](#)

Determining the Method of Payment

Legal reference: 441 IAC 45.21(239B)

Policy:

Payments are issued on an electronic access card, also known as a debit card, **except** when:

- ◆ The payee requests direct deposit to the payee's account at a financial institution.
- ◆ The payee does not have a social security number.
- ◆ The payee is not the case name (head of household) for the case.

Procedure:

Discuss the options for receiving payment with each applicant.

- ◆ If the payee requests direct deposit to the payee's own account, follow the steps under [Direct Deposit](#). Explain that any payments made before the direct deposit becomes effective will be issued by electronic access card.
- ◆ If the payee does not have a social security number, explain that payments will be made by warrant. See [Warrants](#) for more information on issuance.
- ◆ If the payee is not the case name on the Automated Benefit Calculation (ABC) system's TD01 screen, explain that payments will be made by warrant unless the payee chooses direct deposit. See [Warrants](#) for more information.
- ◆ Explain that if none of the previous three conditions apply, payments will be made by electronic access card. See [Electronic Access Card](#) for more information on issuing payments by electronic access card.

Electronic Access Card

Legal reference: 441 IAC 45.21(1)

Policy:

Electronic access card payments are issued on a VISA debit card. When a participant receives FIP on an electronic access card, any of the following types of payments issued for that case will be issued on the card:

- ◆ Monthly benefits
- ◆ Special allowances
- ◆ Adjustive and corrective payments
- ◆ PROMISE JOBS allowances

Procedure:

When FIP is approved, the ABC system automatically issues benefits on the electronic access card unless one of the following circumstances applies:

- ◆ Direct deposit is active for the case. NOTE: Direct deposit is not considered active until the START DATE in the DIRD = Automated Direct Deposit system is reached. See [Direct Deposit](#).
- ◆ The payee does not have a social security number entered into the ABC system.
- ◆ The payee is not the case name for the case.

Only one card is issued for a household, in the name of the person who is entered as the case name state ID number (CNID) person on the Automated Benefit Calculation (ABC) system's TD01 screen. Two-parent households must determine which parent they would like to have named on the card.

A person who is the "case name" for both a parental case and a nonparental caretaker case can receive benefits:

- ◆ For both cases in the same electronic access account, using the same card, or
- ◆ For one case by electronic access card and the other by direct deposit.

The vendor providing electronic access card services (ACS):

- ◆ Mails the cards and information on their use to all clients enrolled.
- ◆ Answers client questions about the cards.
- ◆ Handles problems with the cards.
- ◆ Issues replacement cards.

When an electronic access account is set up for a person who has not previously had an account, the electronic access card is mailed by the evening of the next working day after the ABC system action that caused the account to be set up. The client should expect to receive the card about two mailing days later.

Benefits issued to an electronic access account should be available to the client as follows:

- ◆ Payments issued in the normal monthly cycle will be available in the client's electronic access account on the first calendar day of the month.

- ◆ Daily issuances will be available in the client's electronic access account by noon of the day that is four working days after the date the action was taken in the ABC system. Daily issuances include:
 - Application approvals,
 - Special issuances,
 - PROMISE JOBS allowances, and
 - Reinstatements that are entered after the ABC system cutoff date.
- ◆ Benefits issued for a specific month will not be made available before the 1st day of the month for which they are intended.

Clients will be able to use the electronic access card to:

- ◆ Make purchases and get cash back at store point-of-sale terminals, and
- ◆ Withdraw cash at an ATM or bank teller window.

Refer clients with questions or problems using the electronic access card to the ACS Customer Service Center at 1-866-899-5611. This number is available toll free, 24 hours per day. Also refer clients to the ACS website at www.EPPICard.com for additional information on electronic access card.

Once an electronic access account has been opened for a client, the account will not close, even if the client leaves FIP or changes to direct deposit or warrant issuance.

- ◆ Any balance remaining on the card remains available to the client even if FIP has been canceled.
- ◆ If the client returns to FIP or begins to get FIP by electronic access card again, the same electronic access account and card will continue to be used. If the client has not kept the card, the client must contact the ACS Customer Service Center to request a replacement card.
- ◆ If the person named on the card dies or becomes incapacitated, the family will have to work with ACS to gain access to funds in the account, just as they would for a bank account.

Comment:

The FIP electronic access card is similar in appearance to the VISA card used by Iowa Workforce Development for unemployment insurance benefits. The FIP card can be distinguished by a "D" following the client's name.

1. On Monday the income maintenance (IM) worker successfully enters approval of a FIP case into the ABC system. Payments will be issued by electronic access card, but the case name person has not previously had an electronic access account.

Tuesday evening the electronic access card is mailed to the client. The client should receive the card in the mail on Thursday or Friday. Friday at noon, the payment will be available in the electronic access account.

2. Same as Example 2, except that the ABC approval entries are successfully made on Wednesday. The electronic access card is mailed on Thursday evening. The following Tuesday at noon, the payment will be available in the electronic access account.
3. On Monday, October 26, the IM worker successfully makes ABC entries to reinstate FIP for November for a case. The fourth working day after the reinstatement was entered is October 30, but the November FIP benefits won't be available in the client's electronic access account until November 1.

Direct Deposit

Legal reference: 441 IAC 45.21(239B)

Policy:

Participants have the option to have their benefits deposited directly to their own account at a bank, savings and loan, or credit union. A payee who acts on behalf of a participant may also request direct deposit.

When a participant requests direct deposit, the following types of payments will be issued by direct deposit:

- ◆ Monthly benefits
- ◆ Special allowances
- ◆ Adjustive and corrective payments
- ◆ PROMISE JOBS allowances

Procedure:

When a participant requests direct deposit:

- ◆ Have the participant complete form 470-0261, *Agreement for Automatic Deposit*. The form must be submitted together with a voided check for the account. A deposit slip should be provided for savings accounts that do not provide checks. See [6-Appendix](#) for the form and instructions.

- ◆ The participant must provide the nine-digit route number for the account the benefits are to be deposited into. A checking account route number is printed on the checks between the two I: symbols.

NOTE: Do not use the routing number from a deposit slip, as it is not the same. A participant who requests direct deposit to a savings account must check with the bank to obtain the routing number.

- ◆ Use the Automated Direct Deposit (DIRD) system to start direct deposit. See 14-B(4), [DIRD = Automated Direct Deposit](#), for instructions on using the DIRD system.
- ◆ The beginning date for direct deposit must be ten working days past the date you enter the direct deposit request in the DIRD system, unless you request another, later beginning date.
- ◆ Remind participants to report promptly if the account is closed. Failure to timely end or change direct deposit when an account closes will result in a delay in receiving the payment, when the bank rejects the direct deposit.
- ◆ Remind participants that there is a risk that creditors holding past-due bills could attempt to garnish the account.

By law, FIP payments are protected from being garnished, even when converted to another form, such as a checking account. However, there is a question about whether the protection holds if the FIP payment is combined in the same account with money from other sources.

Participants are responsible for overdraft fees and other bank charges, as these are not considered a garnishment.

- ◆ Act promptly to stop or change direct deposit when the participant so requests. Benefits will continue to be sent to the account until the direct deposit is stopped in the DIRD system.

See 14-B(4), [DIRD = Automated Direct Deposit](#), for instructions for stopping direct deposit. Unless a future stop date is requested, enter the current date as the stop date. For active cases, the stop entries must be processed and the stop date must be effective before the ABC system's cutoff to stop direct deposit for the next calendar month.

If FIP is canceled and...	Then...
There is active Medicaid, or Medicaid is approved within two months of the effective date of cancellation, or FIP is reinstated or reopened within two months of the effective date of cancellation	Direct deposit will continue unless entries are made in DIRD to stop the direct deposit.
The break in FIP assistance is longer than two months and Medicaid is not opened or approved	Direct deposit will end and DIRD system entries will be required to begin direct deposit again.

1. FIP assistance is canceled effective June 30 for a family receiving FIP by direct deposit. Medicaid is not active.

 If FIP for the case is reinstated or reopened in July or August, direct deposit will continue unless the worker makes entries in the DIRD system to stop it.

 If FIP for the case is not reopened until September, direct deposit will not begin again unless entries are made in the DIRD system to start it.
2. FIP is canceled effective May 31 for a family that has an active Medicaid case. The family reapplies for FIP and is approved effective October 7.

 Because the Medicaid case is open, direct deposit will begin again unless entries are made in the DIRD system to stop the direct deposit.

Comment:

The date the money is deposited into the participant's account depends on when the payment is authorized, as follows:

- ◆ For benefits issued in the regular monthly issuance cycle, the money is deposited into the account on the first working day of the month.
- ◆ For daily issuances, the money is generally deposited into the account five to seven days after the date on the *Notice of Decision*.
- ◆ For reinstatements that occur before the payment month but too late in the month to be included with the monthly issuances, the money is generally deposited into the account three to five days after the first working day of the month.

Procedure for Handling Rejected Direct Deposits

Legal reference: 441 IAC 45.21(2)

Policy:

Payments can be made to an open account at a financial institution. If a direct deposit payment is sent to a closed account, the bank will reject the payment and return the funds to the state.

Procedure:

When a client reports failure to receive a payment because the account is closed:

- ◆ Enter the current date as the stop date in the DIRD system to prevent any future payments from being issued to the closed account.
- ◆ Do not reissue the payment until the funds are actually returned by the bank. It can take several days for the bank to return the funds.
- ◆ Explain that once the payment is returned by the bank, the payment can be reissued by electronic access card (or by direct deposit to a different account or by warrant if the payee meets the requirements to receive payments by warrant, as described in [Determining the Method of Payment](#)).

The Bureau of Purchasing, Payments, Receipts and Payroll will be notified when a bank returns a direct deposit payment. When notified, Bureau staff will:

- ◆ Adjust the Issuance Verification System (ISSV) to show that the direct deposit payment was canceled.
- ◆ Enter the information into the return warrants spreadsheet to notify the IM worker that the payment was returned.

When you see that the bank has returned the payment, reissue the payment using the ABC system's TD06 screen, as described in 14-B(6), [Reissuing Payments](#).

If the stop date has been entered in the DIRD system and is effective, the reissued payment will be issued by electronic access card or by warrant, as appropriate.

Warrants

Legal reference: 441 IAC 45.21(239B), 45.22(239B)

Policy:

FIP payments may be issued by warrant when the payee has not requested direct deposit and

- ◆ The payee is unable to provide a social security number, or
- ◆ The payee is not the case name (head of household) for the case.

Procedure:

The ABC system will automatically issue payments by warrant if:

- ◆ The payee's security number is recorded in the ABC system as 000 00 0000 or 999 99 9999, or
- ◆ The payee is not the person who is the case name. The system recognizes this through the entry in the PAYEE/MOD field on the TD01 screen. See [14-B-Appendix](#) for PAYEE/MOD field entries.

Do not issue FIP payments by warrant in any other situation without approval by central office. Contact the SPIRS help desk for assistance.

When FIP is issued by warrant, the warrant is mailed to the participant's current address unless the participant asks that it be mailed to another address. Warrants **cannot** be mailed to "General Delivery" and cannot be mailed to a Department office, except in an emergency.

Advise the participant that the post office may not deliver a warrant unless the participant's name is on the mailbox.

If a warrant is incorrectly issued because of a system entry error, determine the cause of the error and correct it. If the error does not stop the participant from cashing the warrant, the participant may do so.

If the error stops the participant from cashing the warrant:

- ◆ Instruct the participant to return the warrant to the local office.
- ◆ Complete form 470-0009, *Official Receipt*.
- ◆ To issue a new warrant, forward the returned warrant, a copy of the receipt, and a note explaining the problem to the Bureau of Purchasing, Payments, Receipts and Payroll, Hoover Building, First Floor, Room 14, 1305 E Walnut Street, Des Moines, IA 50319-0114.

Procedure for Handling Returned Warrants

Legal reference: 441 IAC 45.22(239B)

Policy:

When a warrant is undeliverable as addressed, the post office must return the warrant to the Department. Warrants cannot be forwarded. If the participant's whereabouts become known, make the returned warrant available to the participant.

Procedure:

If possible, arrange for local post offices to return warrants to your office if they can't be delivered as addressed. This will speed up the delivery of warrants. As an alternative, the post office may agree to retain undelivered warrants until a designated Department employee picks them up.

Notify the Bureau of Purchasing, Payments, Receipts and Payroll in central office when these arrangements are complete. When a post office does not agree to one of these arrangements, warrants are returned to central office.

When the warrant is returned to the local office, the participant may pick up the warrant after showing proper identification and signing a receipt acknowledging delivery.

Do not give the warrant to any other person except the participant's payee, guardian, or conservator. Do not withhold the warrant because of any requirement for the participant, such as refunding an overpayment.

In unusual situations, you may mail the warrant to the participant. Send the warrant by registered mail with return receipt requested.

Return to the Bureau of Purchasing, Payments, Receipts and Payroll any warrant that you cannot deliver to a participant by the twentieth of the month.

When the post office returns a warrant to central office, the Bureau of Purchasing, Payments, Receipts and Payroll will see if a new address has been entered in the ABC system:

- ◆ If a new address has been entered, the Bureau will:
 - Remail the warrant and
 - Enter the information into the return warrants spreadsheet to notify the worker that the warrant has been remailed.
- ◆ If a new address has not been entered, the Bureau will:
 - Cancel the warrant and
 - Enter the information into the return warrants spreadsheet to notify the worker that the warrant has been canceled.

Reissue the payment if the participant is later located. Use the ABC system's TD06 screen, as described in 14-B(6), [Reissuing Payments](#).

The payment must be made available because the participant was not given the required notice canceling FIP for the month of the payment. If the participant was ineligible for the payment, refer the overpayment for collection.

Changing the Method of Payment

Legal reference: 441 IAC 45.21(239B)

Policy:

The method of payment may be changed from electronic access card to direct deposit or from direct deposit to electronic access card at the payee's request. The method of payment will be changed to warrant only when the household meets the criteria described in [Warrants](#).

Procedure:

If a household receiving FIP by electronic access card asks to change to direct deposit, follow the instructions in [Direct Deposit](#) and 14-B(4), [DIRD](#), to start direct deposit.

If a household receiving FIP by direct deposit asks to change to electronic access card, follow the instructions in [Direct Deposit](#) and 14-B(4), [DIRD](#), to stop direct deposit. If the household does not meet the criteria for warrants, benefits issued after the STOP DATE in DIRD will automatically be issued by electronic access card.

- ◆ If the case name person already has an electronic access account, that account and card will be used.
- ◆ If the case name person does not have an electronic access account, when direct deposit is stopped, an account will be set up and a card issued.

If a household is receiving warrants because the case name person does not have a social security number, an electronic access account will automatically be set up when a social security number is entered into ABC for the case name person, and a card will be issued.

Overpayments

Legal reference: 441 IAC 46.22(239B), 46.24(239B), 46.25(239B), 46.27(239B)

Policy:

An overpayment occurs when the payment the participant receives is more than the amount for which the participant is eligible.

Procedure:

Use the following sections to assist with overpayments:

- ◆ [Overpayments Subject to Recovery](#)
- ◆ [Requesting Overpayment Information](#)
- ◆ [Determining Number of Months of Overpayment](#)
- ◆ [Calculating the Amount of Overpayment](#)
- ◆ [Referring an Overpayment for Recovery](#)
- ◆ [Methods of Recovery](#)
- ◆ [Voluntary FIP Refunds](#)

| Also refer to 6-G, [RECOVERY OF PUBLIC ASSISTANCE DEBTS](#), for more information on overpayment recovery policies and procedures.

Overpayments Subject to Recovery

Legal reference: 441 IAC 46.21(239B), 46.24(239B)

Policy:

Recover overpayments caused by:

- ◆ [Agency errors.](#)
- ◆ [Client errors.](#)
- ◆ [Assistance paid pending an appeal decision.](#)
- ◆ [Overpayments in needy relative cases.](#)
- ◆ [Excess PROMISE JOBS expense allowances.](#) (The PROMISE JOBS worker prepares the overpayment referral.)

The following procedural errors by the Department do **not** result in an overpayment:

- ◆ Failure to get a properly signed application either at the initial application or at reapplication.
- ◆ Failure to conduct an interview as described in [4-B](#) and [4-G](#).
- ◆ Failure to ask for a *Review/Recertification Eligibility Document* (RRED) at the time of a review.
- ◆ Failure to refer a mandatory person to PROMISE JOBS before approving FIP, if the person signs a family investment agreement when the error is discovered and the referral is made. (If the person fails to sign a family investment agreement when referred after the error is discovered, benefits received in error are subject to recovery.)
- ◆ Failure to cancel FIP when the participant submits an incomplete RRED.
- ◆ Failure to cancel FIP when the participant requests cancellation (whether the delay is due to administrative limitations or to failure to process the cancellation request). FIP assistance issued beyond the month for which cancellation was requested is not subject to recovery if the participant is otherwise eligible for FIP.

Procedure:

Recover overpayments caused by agency or client errors and assistance paid pending an appeal decision.

Recover any FIP overpayments that result from information that was or should have been provided if the application or RRED had been completed or the interview held.

Agency Errors

Legal reference: 441 IAC 46.21(239B), 46.24(239B)

Policy:

Agency errors include situations in which:

- ◆ A participant receives a duplicate warrant.
- ◆ The Department fails to take timely action on a change in circumstances.
- ◆ The Department incorrectly considers income, deductions, diversions, or household composition.
- ◆ FIP cancellation or benefit reduction must be delayed because of timely notice requirements or system limitations.

Procedure:

Compute an overpayment due to agency error as if the information had been acted upon timely. **EXCEPTION:** Do not initiate recovery if the client receives a benefit that is less than \$10 over the amount shown on the most recent notice.

Client Errors

Legal reference: 441 IAC 46.21(239B), 46.24(3)

Policy:

Client errors include the following situations:

- ◆ False or misleading statements (oral or written) about the client's income, resources, or other circumstances that affect FIP eligibility or the benefit amount.
- ◆ Failure to timely report changes in beginning income, resources, or other circumstances that affect FIP eligibility or the benefit amount.
- ◆ Failure to refund to the Collection Services Center any direct support received from an absent parent for members of the eligible group after the date the eligibility information is entered into the ABC system.

Procedure:

Compute an overpayment due to client error as if the information had been timely reported.

Assistance Paid Pending an Appeal Decision

Legal reference: 441 IAC 46.24(2)

Policy:

If a participant loses an appeal, the participant is responsible for repaying any excess assistance received during the appeal process.

Procedure:

Begin recovery no later than one month after the month when the final decision is issued. The recovery may be delayed until the second month because of timely notice or because data were not entered on the Overpayment Recovery system in time to reduce the participant's grant.

Overpayments in Needy Relative Cases

Legal reference: 441 IAC 41.28(1) and (2)

Policy:

When a needy relative has unreported income, only the needy relative's portion of the FIP benefits are subject to recoupment.

Procedure:

When a needy relative has unreported income:

- ◆ If the unreported income exceeds the FIP income limits for one person (or for two people, if the relative's spouse is in the home), recoup only the relative's portion of the FIP benefits.
- ◆ If the needy relative's unreported income is within the FIP income limits for one person (or for two people if the relative's spouse is in the home), compute the overpayment based on the size of the eligible group with the needy relative included. See 4-C, [Needy Specified Relative](#), for more information.
- ◆ If the needy relative fails to provide requested verification of the relative's previously unreported income, recover only the relative's FIP portion for the entire period in question.

PROMISE JOBS Expense Allowances

Legal reference: 441 IAC 93.12(239B)

Policy:

Recovery of an overpayment of a PROMISE JOBS expense allowance or duplicate payment is different than other types of recovery because:

- ◆ The PROMISE JOBS worker is responsible for handling the referral for recovery.
- ◆ PROMISE JOBS overpayments are not deducted from the FIP benefits unless the client gives written permission.

Procedure:

If a participant wants to refund a PROMISE JOBS overpayment or unused allowance:

- ◆ Accept the refund and follow the regular procedure used when accepting money from participants. (See [6-G.](#))
- ◆ Send a copy of form 470-0010, *Adjustment to Overpayment Balance*, to the PROMISE JOBS worker.

Requesting Overpayment Information

Legal reference: 441 IAC 46.24(4)

Policy:

When a participant fails to cooperate with an investigation of an alleged overpayment, the participant is ineligible for the months in question. The overpayment is the total amount of assistance received in those months.

Comment:

“Noncooperation” means the participant fails to supply information necessary to determine eligibility and the correct amount of assistance.

Procedure:

When you discover a suspected overpayment, send a written request to the current or former client asking for any information or verification that is necessary to determine the amount of the overpayment.

If the participant fails to provide the requested information or verification, take action as follows:

- ◆ If the needed information or verification affects only past months, prepare an overpayment referral for the entire amount of assistance issued for each past month in question. Continue ongoing FIP assistance.
- ◆ If the needed information or verification affects only ongoing eligibility or benefit amount, cancel FIP assistance for failure to provide essential information or verification. Give timely notice. If timely notice requirements delay the FIP cancellation to the second month, also recover excess FIP assistance issued for the first month.
- ◆ If the needed information or verification affects both past and ongoing eligibility and benefit amount, cancel ongoing FIP assistance and also prepare an overpayment referral for the entire amount of assistance issued for each past month in question.

Determining Number of Months of Overpayment

Legal reference: 441 IAC 46.22(1)

Policy:

Make a referral for collection for each month FIP was overpaid.

Procedure:

When an overpayment exists, determine the months that the overpayment occurred as follows:

- ◆ For overpayments during the **application** process, consider the overpayment as beginning with the effective date of eligibility. Ten-day notice requirements do not apply.

Mr. C fails to report his \$204 monthly social security benefits on his application. The unreported social security benefits caused an overpayment for FIP. The FIP must be recovered beginning with the first prorated FIP payment.

- ◆ For overpayments during ongoing prospective budgeting, determine the date the change occurred that caused the overpayment. Except when stated otherwise, any change that affects **eligibility** after assistance is approved is effective the first day of the calendar month following the month of change.

When a change in beginning income affects only the **amount** of assistance and is timely reported and timely acted on by the Department, but timely notice requirements delay the action, the change is effective the second calendar month after the month of change.

1. Ms. A and her child are on FIP. The IM worker receives a report from the Income and Eligibility Verification System (IEVS) that shows unreported earnings for Ms. A. Ms. A provides verification that she received her first paycheck May 11 and her last paycheck on July 23. Her actual monthly earnings exceeded the FIP income limits each month.

Because the unreported earnings affected Ms. A's FIP eligibility, the first month of the overpayment period is June. Recovery is made beginning with the June payment month.

2. Ms. B and her two children are on FIP. On March 21, Ms. B turns in verification that shows that she started a new job and her first check was March 12. Ms. B remains eligible for FIP. The worker acts on the change timely, but timely notice delays the reduction of benefits until May 1. There is no overpayment for April.

- ◆ For overpayments for months before January 1, 2007, determine whether retrospective budgeting applies.

When calculating overpayments on retrospectively budgeted benefits, first determine the date the change occurred that caused the overpayment. Except when stated otherwise, any change that affects **eligibility** is effective the first day of the calendar month following the month of change.

Any change that affects only the **amount** of assistance is effective with the corresponding payment month. Under retrospective budgeting, the payment month was the second month after the change.

When eligibility does **not** continue, the first overpaid month is the month following the change. No overpayment is due for the month of change. Ten-day notice requirements do not apply.

1. Ms. D had unreported earnings while she was subject to retrospective budgeting. Her first check was received May 23 and the income continued through July. Her earnings exceeded the FIP income limits each month. The first month of overpayment is June. Recovery is made beginning with the June payment month.
2. Same as Example 1, except that the earnings did not create ineligibility. Therefore, the earnings received in May affect the July payment month. The first month of overpayment is July.

Calculating the Amount of Overpayment

Legal reference: 441 IAC 46.21(239B) and 46.22(1)

Policy:

The amount of the overpayment is the difference between the amount of FIP benefits paid and the amount the participant was eligible to receive.

Procedure:

To calculate the amount of an overpayment:

1. Calculate the amount of the overpayment for each month using the actual (not projected) income received and the circumstances that existed in the month.
2. Add the monthly amounts together to calculate the total amount of overpayment.
3. Document the calculations in the case record.
4. Give a copy of the calculation to the participant upon request.

Comment:

Preparing an overpayment referral means you are determining FIP eligibility and the amount of the grant "after the fact." Except as described under [Requesting Overpayment Information](#), the participant's actual income and circumstances in the affected month are now known. Compute the overpayment as if the information had been reported and acted on timely.

Earned Income Deduction

Legal reference: 441 IAC 41.27(2); 46.24(239B)

Policy:

Applicable deductions and diversions are allowed when computing an overpayment.

Procedure:

Allow the 20% earned income deduction, the 58% work incentive deduction, and other applicable deductions or diversions from countable earned or unearned income.

Ms. A is a FIP participant. She had unreported earnings from March to June. March is considered the month of change. No overpayment is due for that month. Eligibility is determined for April through June using actual earnings received in those months. The 20% and 58% deductions are allowed.

EXCEPTION: When determining an overpayment for either of the two initial months of eligibility, allow the 58% work incentive deduction only when the participant's earnings are below the standard of need for the eligible group. See [4-E](#) and [4-F](#) for instructions on use of the 58% percent work incentive deduction.

NOTE: When calculating overpayments, allow the applicable work incentive deduction for the months of the overpayment. The work incentive deduction was changed to 58% effective August 1, 2007. From October 1993 through July 2007, a 50% work incentive deduction was allowed.

Retrospectively Budgeted Claims

Policy:

Before January 2007, policy required prospective budgeting for the first two months of eligibility and retrospective budgeting beginning with the third month of eligibility.

Procedure:

When calculating an overpayment for months before January 2007, determine whether each month is subject to retrospective or prospective budgeting.

Use the following definitions when calculating a retrospectively budget claim:

"Retrospective budgeting" means the computation of the amount of assistance for a payment month based on the actual income and circumstances that existed in the budget month.

"Budget month" means the calendar month used to determine eligibility and the amount of assistance for the eligible group, based on income and other circumstances in that month. For retrospective budgeting, the budget month is the second month preceding the payment month.

"Report month" for retrospective budgeting means the calendar month following the budget month.

“Payment month” means the calendar month for which assistance is paid. It includes a month that the participant is eligible but for which a FIP payment is not issued due to the limitation on grants below \$10 or due to rounding.

For months before January 2007, use prospective budgeting for the first two months of eligibility and retrospective budgeting beginning with the third month of eligibility.

EXCEPTION: Prospective budgeting was not used following one month of total ineligibility if suspension would have been applicable had the earnings been timely reported. Therefore, suspend assistance retrospectively when the income or circumstances in the budget month make the case ineligible for only one month (e.g. a participant receives a third or fifth check in a month).

1. Ms. B and her son receive \$361 FIP assistance. In August 2006, she reports that she began employment in March. She continues to be employed. Income verification reveals that Ms. B received her first paycheck in March. She remains prospectively eligible for September. Countable net earnings received were:

March	\$200	
April	\$280	
May	\$400	(a three-paycheck month)
June	\$280	
July	\$280	
August	\$280	

\$0 child support was collected for the overpayment months. Compute the overpayment as follows:

March	Month of change; no overpayment due
April	No overpayment because the household had no earnings in February
May	Use retrospective earnings received in March
June	Use retrospective earnings received in April
July	Use retrospective earnings received in May. This causes a month of suspension because ineligibility exists for one month only.
August	Use retrospective earnings received in June

If the September grant was not adjusted, determine the overpayment for September based on the retrospective July earnings.

2. Ms. A and her daughter receive \$361 FIP assistance. In July 2006, Ms. A reports that she began employment in January. She continues to be employed. Subsequent income verification reveals that Ms. A received her first paycheck in January. She remains prospectively eligible for August. Countable earnings received in the previous months are:

January	\$250	May	\$400
February	\$400	June	\$400
March	\$400	July	\$350
April	\$350		

\$0 child support was collected for the overpayment months. The overpayment is computed as follows:

January	Month of change -- no overpayment due
February	Ineligible based on February earnings
March	Ineligible based on March earnings
April	Eligible based on April earnings (first prospective month)
May	Ineligible based on May earnings
June	Ineligible based on June earnings
July	Eligible based on July earnings (first prospective month)

Start over with prospective budgeting for July, because a month of ineligibility followed the first month of prospective budgeting in April, thus interrupting the required two consecutive months that are subject to prospective budgeting.

Adjust the August grant based on prospective August earnings to complete the required two consecutive months subject to prospective budgeting. Use retrospective earnings received in the July budget month to adjust the September payment month. Ms. A is required to complete monthly reports beginning with the July budget month.

3. Same as Example 2, except Ms. A's countable monthly earnings are \$350 and do not cause ineligibility. The overpayment is computed as follows:

January	Month of change -- no overpayment due
February	No overpayment because of retrospective budgeting
March	Use retrospective earnings received in January
April	Use retrospective earnings received in February
May	Use retrospective earnings received in March
June	Use retrospective earnings received in April
July	Use retrospective earnings received in May

Adjust the August grant based on retrospective June earnings.

When an overpayment results in a month of total ineligibility (rather than just a reduced grant amount), the client is not considered a FIP participant for that month. Thus, use prospective budgeting following the month of total ineligibility.

Continue to use prospective budgeting until you have determined **two consecutive** months for which the client was eligible based on the prospective income received in these two months. Then switch to retrospective budgeting after the two months of prospective eligibility.

Revert to prospective budgeting following each additional month for which you determine total ineligibility. Repeat these steps as often as appropriate for the particular overpayment period.

Ms. C has unreported earnings from May through October 2006. May is considered the month of change. No overpayment is due for that month.

Determine prospective eligibility for June based on the actual earnings received in June. If eligibility exists for June, use the actual retrospective earnings received in May to determine the correct grant amount for July. In this instance, July is the first month of the overpayment period.

If the actual June earnings create ineligibility for June, June is the first month of the overpayment period. Also, the client is not considered a FIP participant for the month of June. Use prospective budgeting for the next two months of the overpayment period. Use the actual nonexempt earnings received in July and August when determining eligibility and the correct grant amount for July and August, respectively.

If eligibility exists for both July and August, switch to retrospective budgeting. That is, use retrospective July earnings for September.

If eligibility does **not** exist for July based on actual July earnings, prospective budgeting continues for August and September, using actual August and September earnings, respectively. Then switch to retrospective budgeting starting with October, using actual August earnings.

If eligibility exists for July based on July earnings but does not exist for August, based on August earnings, prospective budgeting continues for September and October, using actual September and October earnings.

Impact of Assigned Support

Legal reference: 441 IAC 41.27(239B)

Policy:

Support is assigned to the Department effective with the date the FIP approval is entered into the ABC system. Although assigned support that the Department collects and retains is exempt when determining ongoing FIP eligibility, support retained by the Department must be considered when determining an overpayment.

The overpayment amount subject to recovery is the lesser of the monthly "net assistance" or the total monthly overpayment amount. Net assistance is the amount of the FIP grant issued for the overpayment month minus the support that the Collection Services Center retained and applied to the client's FIP account for the same month.

Procedure:

To determine the net amount of assistance:

1. Access the Iowa Collection and Reporting (ICAR) system.
2. Then access the VPAYHIST screen on the client's ICAR case.
3. Go to the RECEIPT CREDITED column on the left side of the screen.

The dates in this column reflect the specific date to which the Collection Services Center applied a support payment.

When a date in this column corresponds to a month in the overpayment period, consider the support amount for that date listed in the PAID TO column that is preceded by "11" (eleven). Code "11" signifies that the amount under PAID TO was retained by the Department and applied to the client's FIP account for the period listed in the RECEIPT CREDITED column.

4. Deduct from the FIP grant issued for the overpayment month the support amount applied to the participant's FIP account for the same month. The balance represents the "net" FIP assistance for that month.
5. Recover for each month either the net FIP assistance or the amount of the overpayment, whichever is less.

1. Mrs. M received a \$426 FIP grant in May but was ineligible for FIP for that month. The VPAYHIST screen reflects the following support amounts that were applied to Mrs. M's FIP account for May:

Receipt Credited	Paid To	
4/07	11	50.00
4/20	11	60.00
5/14	11	50.00*
5/25	11	70.00*
6/08	11	60.00

Deduct \$120 child support (\$50 applied to 5/14 and \$70 applied to 5/25) from the \$426 May FIP grant. The net FIP assistance for May is \$306. Although Mrs. M received a \$426 FIP grant to which she was not entitled, only \$306 is subject to recovery.

2. In June, the IM worker determines that Mrs. B was ineligible for April, May, and June, because the only eligible child was no longer in the home. Mrs. B's case is canceled effective July 1.

The VPAYHIST screen on the participant's ICAR case shows that Mrs. B received a grant of \$361 in each month. \$100 support was applied to Mrs. B's FIP account for each of the three months. The net assistance amount is \$261 (\$361 grant minus \$100 support). The amount to be recovered for each of the months is \$261.

3. Mr. A and his two children get \$426 FIP per month. Mr. A fails to timely report earnings from a new job. The worker determines a \$200 overpayment for the month of March. The Collection Services Center applied \$100 support to the month of March.

The net assistance is \$326 (\$426 FIP grant minus \$100 support). Therefore, the amount subject to recovery is \$200.

4. Same as Example 2, except that the Collection Services Center applies \$300 support to the overpayment month. Mr. A's net assistance is \$126 (\$426 FIP grant minus \$300 support). Therefore, the maximum amount subject to recovery is \$126.

When determining net FIP assistance, consider only support payments that have been applied to the participant's FIP account for the overpayment month at the time you are determining the overpayment. If no support payments show applied to the affected months at that time, there is no support to consider when determining the overpayment.

Do not take any further action or recalculate the established overpayment amount when support payments are applied to an overpayment month after you have submitted an overpayment recovery claim to the Department of Inspections and Appeals (DIA).

Comment:

Reimbursement cannot exceed the actual FIP amount paid out to the family. If the Collection Services Center is pursuing support and DIA is pursuing overpayment collection on behalf of the same family, both agencies need to communicate with each other on their activities to prevent collection in excess of FIP assistance paid out for the family.

Direct Support

Legal reference: 441 IAC 41.27(6)

Policy:

When an overpayment occurs because the FIP participant failed to refund support as required, the amount subject to recovery is the amount received minus the \$50 support exemption.

This policy applies to direct support received from the absent parent and to support payments the Collection Services Center released to the participant in error. For details, refer to 4-E, [Direct Support Not Refunded](#).

The amount of the support exemption cannot exceed \$50 per month per eligible group.

Procedure:

Exempt the first \$50 in support the participant receives directly from the absent parent or in error from the Collection Services Center and keeps.

Allow the exemption only for support paid for a member of the eligible group. If the FIP parent receives direct support payments for a child who is **not** living in the home and uses the support for the needs of the eligible group, count the entire payment as unearned income to the eligible group. See 4-E, [Support for an Ineligible or Excluded Child](#), for details.

Subsequent Overpayments

Legal reference: 441 IAC 46.25(239B)

Policy:

Overpayments are calculated based on the FIP grant amount before the grant reduction for any prior overpayment.

Procedure:

When the participant's FIP grant is reduced to recover an overpayment, and a subsequent overpayment occurs for the months for which the grant is reduced, use the FIP grant amount **before** the grant reduction when calculating the subsequent overpayment amount.

The participant's \$361 FIP grant is reduced by 10% to \$324.90 for the months of May through December to recover an overpayment. The worker subsequently discovers another overpayment for the payment months of June and July. The worker uses a \$361 FIP grant when determining the second overpayment.

Referring an Overpayment for Recovery

Legal reference: 441 IAC 46.22(1), 46.23(239B), 46.27(239B)

Policy:

The amount of the overpayment must be established and recovery initiated no later than 90 days after the overpayment is discovered.

Overpayments are recovered from the parent or nonparental relative who was the caretaker relative when the overpayment was received. If both parents were in the home when the overpayment was received, both parents are equally responsible for repayment.

Procedure:

To establish the amount of the overpayment, follow the instructions for:

- ◆ [Determining Number of Months of Overpayment](#)
- ◆ [Calculating the Amount of Overpayment](#)

To initiate recovery, enter the overpayment recovery claim into the Overpayment Recovery (OPR) system to notify DIA of the amount and dates of the overpayment and the type of error that caused the overpayment.

Notify the PROMISE JOBS worker of the existence of a FIP overpayment when you determine that:

- ◆ The entire FIP grant for a month is subject to recovery and a member of the family was referred to PROMISE JOBS during the month, or
- ◆ The entire monthly FIP amount issued for the needs of a person is subject to recovery and the person was referred to PROMISE JOBS during the month.

The PROMISE JOBS worker will determine if PROMISE JOBS allowances for the month are subject to recovery. (See also [PROMISE JOBS Expense Allowances](#) in this chapter.)

Complete the Fraud Referral screen in the OPR system whenever:

- ◆ The total FIP overpayment is greater than \$1,000; or
- ◆ DIA requests the information to pursue recovery action; or
- ◆ Recovery will be attempted from the resources of an alien sponsor.

If a fraud referral must be made after the claim was entered into OPR, use form 470-0465, *Overpayment Supplemental Information*, to provide the fraud referral information. For example, a referral may be made later if a claim is adjusted to be greater than \$1,000 after the claim was entered into OPR.

Methods of Recovery

Legal reference: 441 IAC 46.23(239B)

Policy:

DIA notifies clients of overpayments.

Procedure:

Within 30 days of entry of the overpayment into the Overpayment Recovery system, DIA notifies the client of an overpayment by sending a "demand letter," form 470-4683, *Notice of FIP or RCA Overpayment*. See 6-G, [Issuing Notice for Repayment](#). The letter lists the dates of the overpayment, the cause of the overpayment, and the total amount of the overpayment.

Who Is Responsible for Repayment

Legal reference: 441 IAC 46.27(5)

Policy:

The relative who was the payee at the time of the overpayment is responsible for refunding the overpayment, including an overpayment due to agency error. If the children move into the home of another relative, the new payee has no liability for the overpayment.

1. Bobbie's aunt received FIP for Bobbie for two years. During this time Bobbie's social security income was not reported. Last month Bobbie moved in with his grandmother. The aunt is responsible for repaying the overpayment.
2. Ms. G received FIP for herself and two children. She failed to report her earnings, which resulted in an overpayment. The two children now live with their father. Ms. G is responsible for repaying the overpayment.

Procedure:

If a household files for bankruptcy, send the notice of bankruptcy to DIA immediately. This allows sufficient time for the state to file a claim in the United States Bankruptcy Court.

Recovery Through Grant Reduction

Legal reference: 441 IAC 46.25(3), 46.22(2)

Policy:

FIP overpayments for active cases are recovered by grant reduction.

Procedure:

The ABC system recovers FIP overpayments by grant reduction whenever the overpaid case is active. The system withholds a specific percentage of the participant's basic need when recovering the overpaid amount from the participant's grant, as follows:

- ◆ **10%** when the overpayment resulted from a client error or a combination of client and agency error.
- ◆ **10%** when the overpayment resulted from a pending appeal decision or a combination of client error, agency error, and a pending appeal decision.
- ◆ **1%** when the overpayment resulted solely from agency error.

1. Mrs. A receives an overpayment due to client error. She receives a \$361 FIP grant for two people. The monthly recovery amount is \$36.10.
2. Mr. B appeals a *Notice of Decision* that reduced his grant, and his benefits are continued pending an appeal decision. Mr. B loses the appeal. He gets a \$495 FIP grant for four people. The monthly recovery amount is \$49.50.
3. Ms. C receives an overpayment of \$40.00 due to an agency error. She receives a \$426 FIP grant for three people. The monthly recovery amount is \$4.26.

EXCEPTION: When recovery is made by withholding from a FIP grant, the grant amount cannot be reduced to less than \$10.

Ms. A and two children have basic needs of \$426. Ms. A has countable income and receives a \$40 monthly FIP grant. She has a \$120 overpayment due to client error.

Ten percent of basic needs is \$42.60, which is more than Ms. A's ongoing grant of \$40. Since the FIP payment amount must be no less than \$10, the grant is reduced to \$10 and \$30 per month is recovered.

\$ 40.00	Grant amount
- <u>10.00</u>	Minus minimum payment
\$ 30.00	Monthly recovery amount

The amount of the recovery or grant reduction is changed when the client's circumstances change.

Mr. D gets a \$495 grant for four people. He receives an overpayment due to client error, and \$49.50 per month is withheld from his grant. In May, he reports that a child has permanently left his home. His FIP grant is reduced to \$426. The monthly recovery amount is lowered to \$42.60 effective June 1.

Other Methods of Repayment

Legal reference: 441 IAC 46.25(239B)

Policy:

Clients may choose to pay more, but cannot pay less than the designated amount described in [Recovery Through Grant Reduction](#). Former clients who no longer get FIP are expected to pay at least \$50 per month or the amount owed divided by 60 (one payment monthly for five years), whichever is more.

Procedure:

If the client wants to pay more than the minimum repayment amount or indicates inability to pay that amount, refer the client to DIA.

DIA negotiates with the client and obtains a signed agreement that shows the amount of the repayment and the methods of repayment that the client chooses, either:

- ◆ Lump-sum payments, or
- ◆ Periodic installment payments

When the client makes a payment by check or money order, instruct the client to make the remittance payable to "Iowa Department of Human Services."

If the local office receives a payment, issue form 470-0009, *Official Receipt*. (See instructions in [23-B-Appendix](#).) Attach the receipt and the payment to form 470-0010, *Adjustment to Overpayment Balance*, and send them to:

Cashier's Office
Bureau of Purchasing, Payments, Receipts and Payroll
Hoover Building, First Floor, Room 14
1305 E. Walnut Street
Des Moines, Iowa 50319-0114

If the client later fails to make the agreed upon-payments, grant reduction will be resumed on active FIP cases. DIA also has other recovery methods available. See 6-G, [DIA Activities to Initiate Recovery](#).

When Recovery Is Suspended or Waived

Legal reference: 441 IAC 46.27(6)

Policy:

Recovery is suspended on nonfraud overpayments when the case is canceled and the amount of the overpayment is less than \$35.

DIA is responsible for suspensions and waivers of recovery efforts.

Procedure:

Even though recovery may be suspended, refer all overpayments of less than \$35 on canceled cases to DIA.

If the case reopens within three years, recovery is started again. (This may result in a grant reduction on active FIP cases.) Recovery is waived on nonfraud overpayments that are less than \$35 and have been in suspension for three years.

Voluntary FIP Refunds

Policy:

Clients may voluntarily choose to refund FIP assistance at any time, whether or not an overpayment exists.

Procedure:

Complete an overpayment recovery claim in OPR when a client voluntarily refunds FIP assistance in any form other than a warrant (cash, personal check, etc.), whether or not client is entitled to the assistance.

When the local office receives the voluntary refund:

1. Establish a claim in OPR.
2. Issue form 470-0009, *Official Receipt*, to the client.
3. Purchase a money order if the client returned cash. (The county pays for the money order.)
4. Complete form 470-0010, *Adjustment to Overpayment Balance*. Note on the form that the payment should be applied to the FIP claim for the month of the voluntary return. See [6-Appendix](#) for instructions on completing form 470-0010.

5. Attach the yellow copy of the receipt and the check or money order to form 470-0010, *Adjustment to Overpayment Balance*, and sent them to:

Cashier's Office
Bureau of Purchasing, Payments, Receipts and Payroll
Hoover Building, First Floor, Room 14
1305 E. Walnut Street
Des Moines, Iowa 50319-0114

Do **not** complete an overpayment recovery claim in OPR when:

- ◆ A client voluntarily refunds a FIP assistance warrant to which the client is otherwise entitled.
- ◆ A client returns the current month's assistance warrant and the client was overpaid for only that month. Document in the case record that the payment would be subject to recoupment if it had not been returned.

Forward the voluntary refund and form 470-0009, *Official Receipt* to:

Cashier's Office
Bureau of Purchasing, Payments, Receipts and Payroll
Hoover Building, First Floor, Room 14
1305 E. Walnut Street
Des Moines, Iowa 50319-0114

When the client is entitled to the refunded assistance but a prior overpayment claim has been established in OPR:

- ◆ Identify the payment as a "voluntary refund—overpayment exists" on the *Official Receipt*.
- ◆ Prepare form 470-0010, *Adjustment to Overpayment Balance*. Do not change the amount owed in OPR.

The Cashier's Office will process the refund and apply it to an outstanding overpayment as appropriate.

Upon receipt of a voluntary refund of a FIP warrant, the Bureau of Purchasing, Payments, Receipts and Payroll corrects the FIP payment history as needed.

See 23-B, [COLLECTIONS](#), for information on refunds made to the Department. Also see [23-B-Appendix](#) for instructions on completing the *Official Receipt*.

Underpayments

Legal reference: 441 IAC 45.24(239B)

Policy:

An underpayment occurs when the payment a participant receives is less than the amount for which the participant is eligible. A corrective payment is issued whenever a former or current client's underpayment is discovered.

Procedure:

Issue corrective benefits regardless of whether FIP eligibility currently exists, including instances where an application was denied in error. Make retroactive corrective payments regardless of when the underpayment occurred. The client is responsible to provide all necessary verification that you need to determine the amount of the corrective underpayment.

It is not necessary for a client to appeal to receive a corrective payment. When an appeal is filed, and you discover before a hearing that a client has been underpaid, make the corrective payment without waiting for the appeal hearing.

When support collections exceed the family's total FIP assistance, the excess support amount (or overage) must be refunded to the current or former FIP participant. The Collection Services Center is responsible for processing the excess support payments. FIP underpayment does not exist in this instance. See 4-E, [Treatment of Support for Participants](#), for information.

Underpayment Due to Agency Error

Legal reference: 441 IAC 45.24(1)"a"

Policy:

Agency error can result from one or more of the following:

- ◆ Failure to make prompt revisions in grants following changes in policies requiring the changes as of a specific date.
- ◆ Failure to issue the correct amount of benefits when necessary information was available.
- ◆ Misfiling or losing forms or documents.
- ◆ Typing or copying errors.
- ◆ Computer entry errors.
- ◆ Mathematical errors.

Procedure:

Issue corrective payments for underpayments due to agency errors.

Underpayment Due to Client Error

Legal reference: 441 IAC 45.24(1)"b"

Policy:

Client error can result from one or more of the following:

- ◆ Failure to report correctly, either orally or in writing, **information** about the client's income, resources, or other circumstances affecting eligibility or the amount of assistance received.
- ◆ Failure to report timely, either orally or in writing, **changes** in income, resources, or other circumstances that may affect eligibility or the amount of assistance received.

Procedure:

Issue corrective payments for underpayments due to client errors.

Establishing an Underpayment

Legal reference: 441 IAC 45.24(239B)

Policy:

A corrective payment is issued whenever an underpayment is discovered.

Procedure:

If a current or former client is entitled to a corrective payment because of an underpayment:

1. Establish the months in which the error occurred. Your supervisor must approve any corrective payment exceeding two months.
2. Compute the amount of the underpayment for each month it was received.
3. Enter the corrective payment on the system. It is not necessary to reopen a closed case to make a corrective payment. See 14-B(6), [Supplemental Issuances](#), for complete instructions.

4. Issue a *Notice of Decision* to the client with an explanation of the corrective payment. Retroactive corrective payments must first be applied to any unpaid overpayment before any balance is paid to the participant. The ABC system checks overpayment records to see if a client has an unpaid FIP overpayment.
5. Document your actions in the case record.

Issuing a Corrective Payment for a Deceased Payee

Legal reference: 441 IAC 45.25(239)

Policy:

A retroactive corrective payment for a deceased payee is issued only when the payment was approved **before** the participant's death.

Procedure:

Send the payment to the estate of the participant or to someone actively involved in the care of the children, if an estate has not been established.