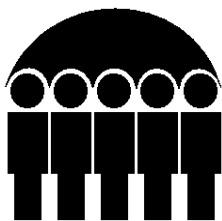


Revised June 29, 2004

Employees' Manual  
Title 7  
Chapter H

# ADJUSTMENTS



Iowa  
Department  
of  
Human Services

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## **OVERVIEW**

This chapter provides instructions for what to do when an incorrect Food Assistance allotment has been issued and how to replace Food Assistance destroyed in a household misfortune. The first section covers when and how to restore lost benefits, followed by an explanation of claims and collection actions. The remaining sections review policies relating to handling requests for replacement of Food Assistance.

## **RESTORATION OF LOST BENEFITS**

**Legal reference:** 7 CFR 273.17

If a household is entitled to lost benefits, take the necessary action to restore the benefits. A household does not need to do anything before the Department can restore lost benefits, nor does the household need to be currently eligible for Food Assistance in order to receive lost benefits.

The following sections give more information on:

- ◆ [When to restore lost benefits](#)
- ◆ [Time limits for restoring benefits](#)
- ◆ [How to restore benefits](#)
- ◆ [Disputed benefits](#)

### **When to Restore Benefits**

**Legal reference:** 7 CFR 273.17(a)(1)(e)

Restore benefits only when:

- ◆ The Department made an error; or
- ◆ Judicial action found that household benefits were wrongfully withheld; or
- ◆ An intentional program violation (IPV) determination was reversed. A person who is disqualified because of an IPV is not eligible for restoration of lost benefits just because a criminal conviction was not obtained. The IPV determination still needs to be reversed before the person can get lost benefits.

There may also be other specific situations cited in sections of Title 7 where a household is entitled to restoration of lost benefits. “Restored” benefits apply only when issuing additional benefits for months other than the current month. (To issue additional benefits during the current month, see 7-G, [Issuing Supplemental Allotments](#).)

- | Do not restore benefits when the household got less Food Assistance than it should have because of a household error.

### **Time Limits for Restoring Benefits**

**Legal reference:** 7 CFR 273.17

Restore benefits for up to 12 months before whichever of the following occurred first:

- ◆ A household asks for restoration
- ◆ The state or county office finds out that a loss has occurred
- ◆ The household initiated court action

When the judicial action is a review of a state agency action, restore benefits up to 12 months before whichever of the following occurred first:

- ◆ The Department receives a request for restoration
- ◆ The hearing action was initiated, even if the household did not request restoration
- ◆ The Department is notified of or discovers the loss

### **How to Restore Benefits**

**Legal reference:** 7 CFR 273.17

1. Determine if the household was eligible during each of the months affected by the loss. Ask for additional information from the household if there is not enough information in the case file to determine eligibility for any of the affected months.
2. Decide which month to start with, depending on the situation:

- ◆ If the household was eligible but received an incorrect amount of Food Assistance, calculate benefits only for those months that the household was certified.
  - ◆ If benefits were stopped by mistake, start with the first month that benefits were not issued.
  - ◆ If an eligible household's application was denied by mistake, start with the month of application. If an eligible household filed a timely reapplication that was denied by mistake, start with the month following the expiration of its certification period.
  - ◆ If an eligible household's application was delayed, use the procedure in 7-B, [PROCESSING STANDARDS](#), relating to delays in processing.
3. After deciding which month to start with, calculate the loss for that month and each following month up to:
    - ◆ The month the mistake was corrected, **or**
    - ◆ The first month the household was found ineligible for Food Assistance.
  4. Calculate the amount of Food Assistance the household should have received, and subtract the amount the household was authorized to receive.

When the lost benefits are the result of the reversal of an IPV, compare what the household received with what the household would have received if the disqualified member participated.

The system will show the amount the household actually received. This may be less than the benefits issued to the household if there was a recoupment for that month. Use the amount **before** recoupment as the amount received when calculating the amount to restore.

5. Check to see if the household has unpaid claims or claims in suspension. See [CLAIMS](#) in this chapter. Apply the amount of the restored benefits to the balance of the unpaid claims before returning any lost benefits to the household. **Exception:** Apply lost benefits to agency error claims only for February 2007 or after. Do not apply lost benefits to an agency error claim for months before February 2007.

## RESTORATION OF LOST BENEFITS

### How to Restore Benefits

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6. Use form 470-0318, *Record of Lost Benefits Restored*, to document restored benefits. Also complete form 470-0010, *Adjustment to Overpayment Balance*, when lost benefits are used toward paying off a claim. See [6-Appendix](#).
7. Use form 470-0334, *Notice of Lost Benefits*, to let the household know about any restoration of lost benefit action. See [6-Appendix](#) for instructions. For instructions on issuing lost benefits, see 14-B(5), [Supplemental Issuances](#).
8. Restore lost benefits to a household by issuing an allotment equal to the amount of lost benefits. If the household is currently eligible, issue lost benefits in addition to the household's allotment.

### **Disputed Benefits**

**Legal reference:** 7 CFR 273.17(c)

A household can ask for a hearing if the household is entitled to lost benefits but disagrees with the amount or any other actions taken to restore lost benefits. The household must ask for a hearing within 90 days of the date it is notified that it is entitled to lost benefits.

If a household asks for a hearing before or during the time lost benefits are being restored, restore lost benefits at the level that has been determined while waiting for the appeal decision. Follow the direction order in the final hearing decision once it is issued.

If the household believes it is entitled to lost benefits but the county office reviews the case record and does not agree, the household has 90 days from the date of this determination to request a hearing. Restore lost benefits only if directed by the hearing decision.

## **CLAIMS**

**Legal reference:** 7 CFR 273.18

Establish a claim, or overissuance, whenever a household receives more Food Assistance than it should receive. Establish the claim within 90 days after the date the overissuance is discovered. However, if this is not done within 90 days (for whatever reason), you must still go ahead and establish the claim.

The following definitions apply when establishing claims:

- ◆ “Date of discovery” means the date on which you first determine that an overissuance has occurred. You must enter this date on the Overpayment Recovery System. (For instructions, see 6-G, [Making Referrals to DIA.](#))
- ◆ “Date claim established” means the date the first demand letter is sent to the debtor. The Overpayment Recovery System enters and tracks this date.

The following sections explain:

- ◆ [When not to establish a claim](#)
- ◆ [Procedures for inadvertent household error claims](#)
- ◆ [Procedures for intentional program violation claims](#)
- ◆ [Procedures for agency administrative error claims](#)
- ◆ [Procedures for calculating the amount of a claim](#)
- ◆ [Procedures for establishing the debtor for a claim](#)

### **When Not to Establish a Claim**

**Legal reference:** 7 CFR 273.18(b)(3)

Do **not** establish a claim when the household does not complete procedural requirements such as:

- ◆ Signing the correct application form
- ◆ Agreeing to register for work
- ◆ Being certified in the correct project area
- ◆ Using a valid 470-0335, *Issuance Authorization and Client Receipt*

Do not establish a claim on a categorically eligible case if excess resources caused FIP, SSI, or GA ineligibility.

Do not establish a claim if the household is not currently participating and the claim is for \$125 or less. **Exceptions:**

- ◆ Establish a claim if the overissuance was discovered through a Quality Control review.
- ◆ Establish the claim regardless of the amount if you anticipate that the household will be reinstated for the current month or the following month.

Do not apply this policy to claims that are already established.

### **Inadvertent Household Error Claim**

**Legal reference:** 7 CFR 273.18

Establish an inadvertent household error claim when the overissuance was caused by a misunderstanding or unintended error on the part of the household. Some examples are:

- ◆ The household unintentionally gave incorrect or incomplete information.
- ◆ The household unintentionally failed to report changes.
- ◆ The household asked that benefits continue while waiting for an appeal decision and the decision reached is not in favor of the household.
- ◆ A failure on the part of the Social Security Administration to act on something caused a household to be categorically eligible (if the claim can be based on a change in net income or household size).

### **Months a Household Error Claim Covers**

**Legal reference:** 7 CFR 273.18, 441 IAC 62.21(1)

For claims that result because a household failed to report a change within the required time frames, calculate the amount of the claim starting with the month the change would have been effective if it had been reported timely.

When eligibility continues but the household got too many benefits, start the claim with the month you would have made the change if reported timely. This month varies depending on when the change was supposed to be reported and the notice requirements.

Calculate the amount of the claim back to the month the error occurred, but not beyond three years from the date that the overissuance was discovered.

If a nonmonthly or change reporting household was required to report the change within ten days and timely notice would have been required, allow the 10-10-10 period. This includes full use of the ten days for the household to report, ten days for the agency to take action, and the ten-day notice period. The first month the change would have been effective is the month following 30 days after the date of change.

1. Household A (a change reporting household) received new income on April 15 that made the household ineligible for Food Assistance. The household should have reported this change within 10 days, but did not. The first month of the Food Assistance claim is June.

<b>April 15</b>	<b>April 25</b>	<b>May 5</b>	<b>June 1</b>
Change occurred.	Household was required to report by this date.	Agency would have sent NOD to cancel here.	Claim done for June benefits.

2. Household R (a nonmonthly reporting, retrospectively budgeted household) received new income on November 13. The household remained eligible for Food Assistance, but received an overissuance. The household should have reported this change within 10 days, but did not. The first month of the Food Assistance claim is January.

<b>November 13</b>	<b>November 23</b>	<b>December 3</b>	<b>January</b>
Change occurred.	Household was required to report by this date.	Agency would have sent notice to reduce January benefits.	Claim done for January benefits.

**CLAIMS**

**Inadvertent Household Error Claim**

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The first month of the claim cannot be any later than two months after the month in which the change occurred. This is the case even if allowing the 10-10-10 period would normally make the first claim month three months after the month in which the change occurred.

Household B's income increased on January 31, which made the household ineligible for Food Assistance. The household should have reported this change within 10 days, but did not. The first month of the Food Assistance claim is March, not April, due to the "not more than two months" provision of the rule.

<b>January 31</b>	<b>February 10</b>	<b>February 20</b>	<b>March</b>
Change occurred.	Household was required to report by this date.	Agency would have sent notice to cancel here.	Claim done for March benefits.

If a household is required to report the change within 10 days and only an adequate notice is required, the first month the change would have been effective is 20 days after the date of the change. Assume full use of the 10 days for the household to report and the 10 days for the agency to act.

Household N is an ongoing nonmonthly reporting or change reporting Food Assistance household consisting of father, mother, and one child. The household fails to report that the child was removed from the home on November 2.

In January, the worker discovers the child is no longer in the home and establishes the claim beginning with the December benefit month, because adequate notice (not timely notice) is required.

When a household failed to report a change on a monthly report and eligibility continues, calculate the amount of the claim starting with the benefit month that corresponds to the budget month in which the change occurred.

Household C's income increases on January 20. The household fails to report the change on the monthly report. The income is discovered on the wage matching report in April. The household remains eligible for benefits. The first month of the Food Assistance claim is March, the benefit month that corresponds with the budget month of January when the income increased.

<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>
Change occurred.	Household was required to report on January PAER due February 5.	First month change should have been used for benefits.	Change discovered. Claim done for March and April overissuances.

When a simplified reporting household failed to report that income exceeded 130% of the poverty level for the household size, calculate the amount of the claim starting two months after the month the household income exceeded that amount.

At the end of February, household P's income exceeds 130% of the poverty level, which makes the household ineligible for benefits. The household does not report this. The income is discovered in May. The first month of the Food Assistance overpayment is April.

<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>
Total household income exceeds 130% of poverty.	Household required to report by March 10th.	First month change should have been used to determine assistance.	Change discovered. Claim done for April and May.

When a simplified reporting household failed to report a required change on a Food Assistance Interim Report (FAIR), calculate the amount of the claim starting with the month after the FAIR was due.

A household member began a job in April. The FAIR is due June 5. The household does not report the job on the FAIR. The income is discovered in July. The total gross monthly household income is not over 130% of the poverty level for the household size. The first month of the Food Assistance overpayment is July.

<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>
Household member started job.	FAIR sent.	FAIR returned job is not reported.	Change discovered. Claim done for July.

**Intentional Program Violation Claim**

**Legal reference:** 7 CFR 273.18(a)(3)

Establish an intentional program violation claim when an intentional program violation hearing decision establishes that a household member committed an intentional program violation. (Consider the claim to be an inadvertent household error claim until a hearing decision has established that an intentional program violation has occurred.)

Calculate the amount of an intentional program violation claim back to the month when the error occurred, but not beyond six years from the date that the overissuance was discovered.

**Trafficking-Related Claims**

Establish an intentional program violation claim when an overissuance occurs as a result of a trafficking-related offense. (For a definition of trafficking, see 7-A, **Definitions**.) Base the amount of the claim on:

- ◆ The person's admission.
- ◆ The amount identified in the adjudication.
- ◆ The amount identified in the documentation that is the basis for the trafficking determination.

**Agency Administrative Error Claim**

**Legal reference:** 7 CFR 273.18

Establish an agency administrative error claim when Department action or failure to act caused the overissuance. Examples of administrative errors are:

- ◆ Failing to take timely action on a change reported by the household.
- ◆ Incorrectly calculating the household's income or deductions, or otherwise assigning an incorrect allotment.
- ◆ Incorrectly issuing duplicate allotments.
- ◆ Continuing benefits after a household's certification period has expired.

- ◆ Failing to reduce a household's Food Assistance because of a change in the FIP grant.
- ◆ A state or local government action that resulted in the household improperly receiving public assistance or general assistance, if you can base the claim on a change in net income or household size.

### **Months an Administrative Error Claim Covers**

**Legal reference:** 7 CFR 273.18(a)(1), 441 IAC 65.12(1), 65.21(1), Bliet v. Palmer, 102 F.3d 1472 (8<sup>th</sup> Cir. 1997)

Calculate the amount of the claim back to the month when the agency error occurred, but not beyond 12 months from the date that the overissuance was discovered.

**Exception:** Do not include any month before February 2007. Agency error claims for months before February 2007 are forgiven as part of the Bliet lawsuit settlement.

If the household timely reported a change, but the Department did not act on the change within the required period, use the month the Department would have made the change effective if it had acted timely. See [Inadvertent Household Error Claim](#) for examples.

If a notice was required but not provided, assume that the advance notice period would have expired without the household requesting a fair hearing. The first month of the change cannot be later than two months from the month the change occurred.

### **Calculating the Amount of the Claim**

**Legal reference:** 7 CFR 273.18

Determine the correct amount of Food Assistance the household should have received for each month that a household received an overissuance. The amount of the claim is the difference between what the household received and what it should have received. Use the budgeting method you would have used if the change had been reported timely.

When recalculating a month's benefits that involve both an overissuance and an underissuance (something you would be doing a restoration of lost benefits for), calculate the amount of benefits the household should have received using the factors that contributed to the overissuance and underissuance.

- ◆ If the final calculation results in an underissuance, do a restoration of lost benefits.
- ◆ If the final calculation results in an overissuance, do a claim.

When determining the claim, do not allow the 20 percent earned income deduction from earned income that was not timely reported. This applies to household errors as well as intentional program violations.

The system will show the amount the household actually received. This may be less than what the household was authorized to receive if there was a recoupment or a reduction for that month. Use the amount **before** recoupment as the amount the household received when calculating the amount of the claim.

When a household refuses or fails to provide verification necessary to calculate the amount of a claim, use the best information available for the calculation. When the best information available is the wage matching report, and it is not known how much was earned in each of the months, assume an equal amount received in each month.

When calculating the overissuance, you are determining the Food Assistance eligibility and benefits “after the fact.” The client’s actual income and circumstances in the affected month are now known, unless the client has refused or failed to cooperate and you are using the best information available.

Therefore, use the actual prospective or retrospective nonexempt income received and circumstances that existed in each budget month of the overpayment period to determine eligibility and benefit amount for each of these months. If the case was correctly calculated using annualized income, continue to use the annualized income amounts.

In the case of unreported income, do not use projected income to determine whether the client was prospectively eligible, as you would have had the income had it been timely reported. For example, if the overissuance period affects the payment months of January through June, use the actual prospective or retrospective income received in each budget month when determining the overissuance.

If the overissuance is a result of both agency error and household error or intentional program violation, establish separate claims for the amount of overissuance caused by the agency error and the amount of the overissuance caused by the household error or intentional program violation. Complete form 470-0311, *Documentation of Claim Determination*, for each claim.

Household B is a change reporting prospectively budgeted household. In April, Mr. B gets a job that he fails to report. In August, a Quality Control report identifies the unreported income. The report also finds that the worker failed to act on a reported change for June benefits that resulted in an agency error. The household remains eligible.

Step 1: Determine the amount of the agency error.

- ◆ Recalculate the June benefits using the same figures used originally.
- ◆ Adjust the original calculation by including the information you failed to act on.
- ◆ Determine the amount of the overissuance.

Step 2: Calculate the inadvertent household error. Use the actual income and circumstances for June to calculate the claim.

Step 3: Determine the amount of the inadvertent household error overissuance for June. Subtract the agency error amount of overissuance as identified in Step 1 from the inadvertent household error amount for June identified in Step 2. The remainder is the inadvertent household error overissuance amount for June.

Step 4: Make direct entry of the two claims.

Step 5: Complete necessary forms.

- ◆ Complete form 470-0311, *Documentation of Claim Determination*, for each claim.
- ◆ Complete form 470-3035, *IPV Referral Cover Sheet*, to make a referral for an administrative disqualification hearing if deemed appropriate.

**Note:** Initial allotments and supplemental allotments cannot be used to offset an unpaid claim, even if the initial allotment is paid retroactively.

### **Retrospectively Budgeted Claims**

**Legal reference:** 7 CFR 271.18

When an overissuance results in a month of ineligibility for a retrospectively budgeted household (rather than just a reduced benefit amount), the household is not considered a Food Assistance household for that month. Thus, use prospective budgeting following the month of 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. If appropriate, switch to retrospective budgeting following the two months of prospective eligibility.

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

These procedures mirror the policy that requires prospective budgeting for the first two months of eligibility and retrospective budgeting beginning with the third month of eligibility. **EXCEPTION:** Do not use prospective budgeting following one month of ineligibility if suspension would have been applicable had the earnings been timely reported.

### **Establishing the Debtor on a Claim**

**Legal reference:** 7 CFR 273.18(a)

The following people are liable for repayment of an overissuance:

- ◆ Each adult member of the household when the overissuance or trafficking occurred.
- ◆ A sponsor of an alien household member if the sponsor was at fault.
- ◆ A person connected to the household, such as an authorized representative, who actually traffics or otherwise causes an overissuance or trafficking. See 7-A for a definition of trafficking.

Forward information on all adult household members to the Department of Inspections and Appeals (DIA).

The recoupment system can collect from only one debtor at a time. Select the adult household member from whom collection is most likely. Adult household members are still liable even if they move to another household.

Confer with DIA before changing a debtor on a claim. To revise an existing claim, make changes in red ink on a copy of the appropriate document as described below and mail to DIA. Make the changes on:

- ◆ A copy of the Overpayment Recovery Information Input Summary screen if the claim was entered through direct claim entry, or
- ◆ A copy of the previously completed form 470-0464, *Overpayment Recovery Information Input*, for an older claim not entered through direct claim entry.

Complete the Fraud Referral screen whenever:

- ◆ The total Food Assistance overpayment is greater than \$1,000.
- ◆ DIA requests the information to pursue recovery action.
- ◆ You want legal action pursued.
- ◆ Recovery will be attempted from the resources of an alien sponsor.

## **COLLECTION ACTION**

**Legal reference:** 7 CFR 273.18(d)(1), (2)

The Department of Inspections and Appeals (DIA) initiates collection action against the household on all inadvertent household or administrative error claims. DIA also initiates collection action against the household when a household member is found to have committed an intentional program violation.

**Note:** Collection action is postponed when an overissuance is referred to the Economic Fraud Control Unit for investigation for possible court action. See 7-J, [COURT REFERRALS](#).

When a court finds a household member guilty of misrepresentation or fraud, DIA will make a request to the court regarding restitution. Collection action is initiated for an unpaid or partially paid claim, even if collection action was previously initiated against the household as an inadvertent household error claim.

## COLLECTION ACTION

### If a Household Fails to Respond to a Demand Letter

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Iowa Department of Human Services

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The Overpayment Recovery System initiates recovery by sending demand letters as follows:

- ◆ Form 470-0338, *Demand Letter for Food Assistance Agency Error Overissuance*, for agency error claims.
- ◆ Form 470-3486, *Demand Letter for Food Assistance Intentional Program Violation Overissuance*, for intentional program violation claims.
- ◆ Form 470-3487, *Demand Letter for Food Assistance Inadvertent Household Error Overissuance*, for household error claims.

See 6-G, [Issuing Demand for Repayment](#), for more information on these procedures.

Apply any lost benefits against a claim (including a claim in suspension) before issuing lost benefits to the household.

The following sections explain:

- ◆ [Procedures when a household fails to respond to a demand letter](#)
- ◆ [Procedures when a household requests a settlement, adjustment, or compromise](#)
- ◆ [Methods of collecting payments](#)
- ◆ [Suspending or ending collections](#)
- ◆ [Effect of changes in household composition](#)
- ◆ [Overpaid claims](#)
- ◆ [Interstate claims collection](#)

### **If a Household Fails to Respond to a Demand Letter**

**Legal reference:** 7 CFR 273.18(d)(4), 441 IAC 65.21(4)

If a household that is currently participating in the program does not respond to the written demand letter within 20 days of the date the notice is mailed, the household's Food Assistance is reduced for the next month.

**Exception:** Benefits may continue with no reduction when the household files an appeal of an inadvertent household or agency error claim. (See 1-E, [Continuation of Assistance Pending Final Appeal Decision](#).) If the Department is upheld, a second demand letter is sent to the household. If the household is currently participating in the program and does not respond within 20 days of this letter, the allotment is reduced the next month.

Revise the claim to alert DIA when an appeal has been filed and when a final decision is received, in order to stop recovery or to start it again. (See 6-Appendix for instructions.)

DIA may also pursue other collection actions to obtain restitution of a claim against any household that fails to respond to a written demand letter for repayment of any inadvertent household error, administrative error, or intentional program violation claim. Other collection actions may include, but are not limited to, withholding of income tax refunds and civil court action.

### **If a Household Requests a Settlement, Adjustment, or Compromise**

**Legal reference:** 441 IAC 65

Any household with a claim has the right to ask the Department to settle for an amount less than the total amount of the overissuance. The household must send a letter to the Department asking for such a settlement. The request for settlement is a request for an exception to policy. See criteria at 1-B, [EXCEPTIONS TO POLICY](#).

The letter is to include:

- ◆ The name, address, and case number or state identification number of the person requesting the settlement.
- ◆ The specific reason why the household thinks the amount they owe should be reduced.

The Department will review the household's request and make a decision to reduce or eliminate the claim or deny the request for a settlement.

### **Methods of Collecting Payments**

**Legal reference:** 7 CFR 273.18(g) and 441 IAC 11.5(234)

If a person has been referred to DIA for prosecution through the court system, contact DIA before accepting any full or partial payment on that claim. DIA will decide if the payment should be accepted. Document your contact and DIA's decision.

There are several methods by which payments on claims are collected. These are:

- ◆ **Lump-sum payments.** Acceptable methods of lump-sum payments are:
  - A lump-sum cash payment, if the household is financially able to pay the claim at one time. (The household cannot be required to liquidate all of its resources to make this repayment.)
  - A lump-sum cash payment as partial payment of the claim, if the household is financially unable to pay the entire amount of the claim at one time.
  - A lump-sum payment of Food Assistance as full or partial payment of the claim.
- ◆ **Installments.** If the household cannot pay the claim in one lump sum, DIA negotiates a payment schedule with the household. Payments are accepted in regular installments. Once negotiated, the amount to be repaid each month through installment payments remains unchanged, regardless of changes in the household's monthly allotment.

When the household is currently getting benefits, monthly installment payments must be at least the amount that can be recovered through allotment reduction. The household may use Food Assistance as full or partial payment of any installment.

Either DIA or the household can initiate renegotiation of the payment schedule if the household's economic circumstances have changed enough to warrant it.

If the household fails to make the full payment, DIA sends the household a notice to inform the household that:

- It may contact DIA to discuss renegotiation of the payment schedule, and
  - If it does not either make the overdue payment or contact DIA to renegotiate the payment schedule, its allotment may be reduced.
- ◆ **Allotment reductions.** If the household does not repay the full amount of the claim with a lump sum or negotiate a payment schedule, collection is made through reduction of the household's Food Assistance. Allotment reduction could reduce the amount of benefits that a one- or two-member household receives to zero.
    - For inadvertent household error claims and administrative error claims, the monthly allotment is reduced by ten percent, or \$10.00 per month, whichever is more.

- For intentional program violation claims, the potential monthly allotment is reduced by 20 percent or \$20.00 per month, whichever is more. (The potential allotment is the amount the household would have received if the disqualified person had not been removed from the household.) This amount is then deducted from the amount of benefits the household will actually receive.

- ◆ Federal and state income tax refund offset.
- ◆ Federal and state payments withholding.
- ◆ Any other means available to DIA.

### **Suspending or Terminating Collections**

**Legal reference:** 7 CFR 273.18(e), (j), 498 IAC 65.21(3) and (4)

After collection action has been initiated, DIA may decide to suspend collection action if:

- ◆ The household cannot be located, or
- ◆ The cost of further collection action is likely to exceed the amount that can be recovered.

After a claim has been in suspension for three years, DIA may determine a claim uncollectible.

Collection action is also affected by a bankruptcy. Notify DIA of any bankruptcy action by a household owing a Food Assistance claim. The Department acts through DIA on behalf of the Food and Nutrition Service in any bankruptcy proceeding against households owing Food Assistance claims. Once court action has been taken and a judgment has been obtained, collection action beyond that ordered by the court is prohibited.

### **Effect of Changes in Household Composition**

**Legal reference:** 7 CFR 273.18(f)

Collection action is initiated against any or all of the adult members of a household at the time an overissuance occurred. If a change in household composition occurs, collection action may be pursued against any household that has a member who was an adult member of the household that received the overissuance.

**Note:** For inadvertent household or administrative error claims established before June 20, 1986, collection action is taken against the household containing a majority of the people who were household members when the error occurred.

If the household with the majority of household members cannot be determined or located, collection action is taken against the household containing the person who was the head of the household at the time of the overissuance.

For households with IPV claims established before June 20, 1986, collection action is initiated against the household containing a majority of the people who were household members when the IPV occurred. DIA also has the option to initiate collection action against the household currently containing the person who committed the IPV.

If DIA cannot determine or locate the household with the majority of household members and chooses not to initiate action against the person who committed the IPV, collection action is taken against the household containing the person who was the head of the household at the time of the overissuance.

### **Overpaid Claims**

**Legal reference:** 7 CFR 273.18(i)(4)

If a household has overpaid a claim, the household must be repaid the amount of the overpayment as soon as possible after the overpayment becomes known. Department of Inspections and Appeals determines the method of repayment based on the household's circumstances. Contact the DIA before initiating any action to repay the client for an overpayment.

### **Interstate Claims Collection**

**Legal reference:** 7 CFR 273.18(1)

When a household moves out of a state in which an overissuance occurs, the state agency that overissued the benefits has the first opportunity to collect the overissuance. If that state agency does not take prompt action to collect, the state to which the household moves should initiation action to collect the overissuance. Any allotment reduction on these claims is retained by the state that issues the reduced allotment.

Contact DIA if you become aware that another state wants to collect on a claim established in Iowa or that another state wants to give Iowa the opportunity to collect on a claim established in that state. Also contact DIA if you become aware that a client who now lives in Iowa owes a claim in another state, and no payments are being made.

### **REQUEST FOR REPLACEMENT OF FOOD ASSISTANCE**

**Legal reference:** 7 CFR 274.6

A household may claim that benefits were used from their Food Assistance electronic benefit transfer (EBT) account after the household made a report of a lost or stolen EBT card. No replacement is possible for benefits used before the report of the lost or stolen card.

#### **Replacement of Food Destroyed in a Household Misfortune**

**Legal reference:** 7 CFR 274.6

A household misfortune may cause a household's food to be destroyed. Examples of household misfortunes are fire, flood, tornado, power outage, accident, or other similar events. The disaster could affect only that household or any number of households.

When the client reports that food purchased with Food Assistance was destroyed in a household misfortune, issue a replacement unless:

- ◆ The client failed to report the loss within ten days of the food being destroyed, or
- ◆ The client was issued an allotment under special FNS-approved disaster-issuance procedures in the same month as the replacement request.

There is no limit on the number of replacements for destroyed food.

Households must report the loss of food within ten days of the event, and verify the loss. After reporting the loss, a member of the household or the household's authorized representative has ten days to sign and return form 470-2920, *Request for Replacement of Spoiled Food*. When the tenth day falls on a weekend or holiday, the signed form must be received by the next working day.

The food that was destroyed did not have to have been purchased out of the current month's Food Assistance to be eligible for a replacement. The amount replaced cannot exceed the household's monthly allotment at the time the misfortune occurred, plus any lost benefits issued to the household during that month.

When a household reports that food was destroyed in a household misfortune:

1. Complete form 470-2920, *Request for Replacement of Spoiled Food*. Document the nature of the misfortune and the source by which it was verified. Verification may include a home visit, collateral contact, or documentation from a community agency, such as the fire department or the Red Cross.
2. Check ISSV to verify the amount of Food Assistance issued for the month in which the loss occurred.
3. Determine whether the client reported the loss within ten calendar days of the misfortune. (The household has until the next workday when the tenth day falls on a weekend or legal holiday.) Deny the replacement if the report was not made within ten calendar days.
4. If a replacement issuance is approved, enter an authorization on the Automated Benefit Calculation (ABC) system to replace the appropriate amount of Food Assistance.

## **Food Assistance Benefits Returned to DHS**

**Legal reference:** 7CFR 274.7(f) and 274.7(g)

Unused benefits in the Food Assistance EBT account may be returned for reasons such as:

- ◆ The household no longer wants them.
- ◆ The household is a one-person household, and the person is deceased.
- ◆ The owner or the whereabouts of the owner is unknown.
- ◆ The household is using them to repay a claim.

If the benefits are being returned because the household no longer wants them or because of a death, check first to see if a claim exists against the household to which the benefits can be applied. Process the return as a claim repayment. Benefits returned in excess of the claim amount should be processed as returned benefits.

Fill out form 470-2574, *EBT Adjustment Request*, to document the return. See 6-Appendix for instructions.

For benefits returned for reasons other than repayment of a claim, make an entry to the ABC system as instructed in 14-B(5), [Recording Returned Food Assistance](#), and [14-B-Appendix](#). Do **not** make an entry for a claim repayment.

When accepting benefits returned as payment on a claim, fill out form 470-0010, *Adjustment to Overpayment Balance*. Send forms 470-0010 and 470-2574 (original) to the DHS Bureau of Purchasing, Payments, and Receipts, Recoupment Clerk, first floor, 1305 E Walnut Street, Des Moines, IA 50319-0114.



TERRY E. BRANSTAD, GOVERNOR

DEPARTMENT OF HUMAN SERVICES

CHARLES M. PALMER, DIRECTOR

August 29, 1995

## **GENERAL LETTER NO. 4-H-1**

**ISSUED BY:** Bureau of Family Investment Program  
Division of Economic Assistance

**SUBJECT:** Employees' Manual, Title 4, Chapter H, *Payments and Adjustments*, Title page, new; Contents (page 1), new; and pages 1 through 25, new.

### **Summary**

This general letter transmits the new Employees' Manual 4-H which contains policies relating to overpayments, underpayments, and warrants. The chapter is a composite of policies from IV-C(2), *Payment*, and IV-C(3), *Overpayment Recovery*, that have been rewritten and reorganized to incorporate the Department's new writing format. There are no policy changes included in this chapter.

A comparison chart is not provided, because 4-H does not replace an existing chapter.

### **Effective Date**

September 1, 1995

### **Material Superseded**

None

### **Additional Information**

Contact your regional benefit payment administrator if you need additional information.



TERRY E. BRANSTAD, GOVERNOR

DEPARTMENT OF HUMAN SERVICES

CHARLES M. PALMER, DIRECTOR

February 17, 1998

**GENERAL LETTER NO. 4-H-2**

ISSUED BY: Bureau of Family Investment Program  
Division of Economic Assistance

SUBJECT: Employees' Manual, Title 4, Chapter H, *Payments and Adjustments*, Title page, revised; Contents (page 1), revised; pages 1 through 23, revised.

**Summary**

The chapter is revised to correspond to recent policy changes incorporated into other Title 4 chapters. Also, references to "regular" FIP are deleted, and legal references are updated.

**Effective Date**

Upon receipt.

**Material Superseded**

Remove the entire Employees' Manual, Title 4, Chapter H, and destroy it. This includes Title page, Contents (page 1) and pages 1-25, all dated August 29, 1995.

**Additional Information**

Refer questions about this general letter to your regional benefit payment administrator.



THOMAS J. VILSACK, GOVERNOR  
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
JESSIE K. RASMUSSEN, DIRECTOR

December 21, 1999

### **GENERAL LETTER NO. 4-H-3**

ISSUED BY: Bureau of Family Investment, Division of Economic Assistance

SUBJECT: Employees' Manual, Title 4, Chapter H, *Payments and Adjustments*, Title page revised; Contents (page 1), revised; Contents (page 2), new; pages 1 through 23, revised, and pages 24, 25, and 26, new.

#### **Summary**

The entire chapter is revised to reflect recent policy changes and to clarify existing language. Also, new information is added on:

- ◆ Overpayments resulting from the former nine-month real property exemption.
- ◆ Overpayments in needy relative cases.
- ◆ Failure to provide requested overpayment information.
- ◆ Impact of support collections on overpayments.
- ◆ Calculating the amount of a subsequent FIP overpayment for cases with a grant reduction for a prior overpayment.
- ◆ Voluntary FIP refunds.

Finally, the section on child support rebate errors is deleted. Rebates started to be phased out beginning July 1, 1997, and were completely eliminated effective July 1, 1998. The likelihood of circumstances that require issuance of a belated rebate or correcting a rebate error is extremely remote, thereby eliminating the need to retain this information in the current Employees' Manual.

#### **Effective Date**

Upon receipt.

#### **Material Superseded**

Remove the entire Chapter H from Employees' Manual, Title 4, and destroy it. This includes the Title page, Contents (page 1), and pages 1-23, all dated February 17, 1998.

#### **Additional Information**

Refer questions about this general letter to your regional benefit payment administrator.



# STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR  
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
KEVIN W. CONCANNON, DIRECTOR

December 16, 2003

## GENERAL LETTER NO. 4-H-4

ISSUED BY: Bureau of Financial Support Programs,  
Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 4, Chapter H, *PAYMENTS AND ADJUSTMENTS*,  
Contents (page 1), revised; pages 1, 2, 3, 4, 7, 8, 14, 19 through 23, and 26,  
revised; and pages 2a and 2b, new.

### Summary

This chapter is revised to:

- ◆ Include information on direct deposit of FIP benefits.
- ◆ Update an obsolete manual reference.

### Effective Date

Upon receipt.

### Material Superseded

Remove the following pages from Employees' Manual, Title 4, Chapter H, and destroy them:

<u>Page</u>	<u>Date</u>
Contents (page 1)	December 21, 1999
1-4, 7, 8, 14, 19-23, 26	December 21, 1999

### Additional Information

Refer questions about this general letter to your area income maintenance supervisor 2.



# STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR  
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
KEVIN W. CONCANNON, DIRECTOR

October 22, 2004

## GENERAL LETTER NO. 4-H-5

ISSUED BY: Bureau of Financial Support Programs  
Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 4, Chapter H, *PAYMENTS AND ADJUSTMENTS*,  
pages 4 and 17 through 24, revised.

### Summary

Revisions to this chapter correspond to changes in other Title 4 chapters that implement a new nonfinancial eligibility requirement. FIP applicants must now meet with PROMISE JOBS to write and sign a family investment agreement before FIP can be approved.

An overpayment issued due to FIP approval before a family investment agreement is signed is subject to recovery only if the person fails to sign a family investment agreement after the error is discovered.

This chapter is also revised to correct headings.

### Effective Date

November 1, 2004

### Material Superseded

Remove the following pages from Employees' Manual, Title 4, Chapter H, and destroy them:

<u>Page</u>	<u>Date</u>
4	December 16, 2003
17, 18	December 21, 1999
19-23	December 16, 2003
24	December 21, 1999

### Additional Information

Refer questions about this general letter to your area income maintenance supervisor 2.



February 9, 2007

**GENERAL LETTER NO. 4-H-6**

ISSUED BY: Bureau of Financial and Work Supports,  
Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 4, Chapter H, *PAYMENTS AND ADJUSTMENTS*,  
Title page, revised; Contents (pages 1 and 2), revised; pages  
1 through 26 revised, and pages 27 through 34, new.

**Summary**

This chapter is revised to:

- ◆ Add language to clarify when FIP checks that are direct deposited are available to the client.
- ◆ Add references to the *Combined PAER/FAIR*.
- ◆ Remove some references to monthly reporting.
- ◆ Add language to clarify determining the months of overpayment.
- ◆ Add language on retrospectively budgeted claims.
- ◆ Clarify what is a client error.

**Effective Date**

January 1, 2007

**Material Superseded**

Remove the entire Chapter H from Employees' Manual, Title 4, and destroy it. This includes the following pages:

<u>Page</u>	<u>Date</u>
Title Page	December 21, 1999
Contents (p. 1)	December 16, 2003
Contents (p. 2)	December 21, 1999
1, 2, 2a, 2b, 3	December 16, 2003
4	October 22, 2004
5, 6	December 21, 1999
7, 8	December 16, 2003

9-13	December 21, 1999
14	December 16, 2003
15, 16	December 21, 1999
17-24	October 22, 2004
25	December 21, 1999
26	December 16, 2003

**Additional Information**

Refer questions about this general letter to your area income maintenance administrator.



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
KEVIN W. CONCANNON, DIRECTOR

August 10, 2007

## GENERAL LETTER NO. 4-H-7

ISSUED BY: Bureau of Financial and Work Supports,  
Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 4, Chapter H, **PAYMENTS AND  
ADJUSTMENTS**, pages 3, 10, and 15, revised.

### Summary

This chapter is revised to:

- ◆ Update text to reflect an increase in the work incentive deduction from 50% to 58%.
- ◆ Remove an obsolete reference to protective payees.
- ◆ Remove a reference to the *FIP Earned Income Record*, form 470-0476. This form is obsolete.

### Effective Date

August 1, 2007

### Material Superseded

Remove the following pages from Employees' Manual, Title 4, Chapter H, and destroy them:

<u>Page</u>	<u>Date</u>
3, 10, 15	February 9, 2007

### Additional Information

Refer questions about this general letter to your area income maintenance administrator.



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
CHARLES J. KROGMEIER, DIRECTOR

August 21, 2009

## GENERAL LETTER NO. 7-H-28

ISSUED BY: Bureau of Financial and Work Supports,  
Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 7, Chapter H, **ADJUSTMENTS**, Contents (page 1),  
revised; pages 11, 13 through 17, 21, 22, and 23, revised.

### Summary

This chapter is revised to:

- ◆ Change the period for which an agency error claim may be collected.
- ◆ Remove references to workers completing forms 470-0465, *Overpayment Recovery Supplemental Information*, and 470-0464, *Overpayment Recovery Information Input*, for claims. Effective August 3, 2009, new claims are now to be filed electronically using the automated system.
- ◆ Remove some language under the section, "REQUEST FOR REPLACEMENT OF FOOD ASSISTANCE."
- ◆ Remove the section regarding exchanging coupons to electronic benefit transfer (EBT) and other references to food coupons. Effective June 18, 2009, coupons are no longer accepted.
- ◆ Change form names to reflect current versions and remove some cross-references that were no longer appropriate.

### Effective Date

September 1, 2009

### Material Superseded

Remove the following pages from Employees' Manual, Title 7, Chapter H, and destroy them:

<u>Page</u>	<u>Date</u>
Contents (page 1)	June 29, 2004
11	February 2, 2007
13-17, 21-25	June 29, 2004

### Additional Information

Refer questions about this general letter to your area income maintenance administrator.