

**NORTH CAROLINA DIVISION OF SERVICES FOR THE BLIND
PROGRAMS AND FACILITIES SECTION
SPECIAL ASSISTANCE FOR THE BLIND PROGRAM**

Section:	Chapter 8
Title:	Administration of Checks and Payments
Revision History:	Revised 08/02

Administration of Checks and Payments

The SAB Eligibility Specialist is responsible for determining initial and continuing eligibility and ensuring that payments are correct according to procedures and regulations of the SAB Program.

I. ESTABLISHING A PAYEE

A. Recipient is Payee

The recipient is payee for his/her own SAB check unless he/she is unwilling or unable to manage his/her assistance (e.g., he refuses to pay the adult care home).

B. Payees Other Than Recipients

Special Assistance for the Blind payments will be made to eligible individuals except as follows:

1. When a recipient, age 18 or over, has a legal guardian or a personal representative, the payee will be the guardian or personal representative.
2. When a recipient is under age 18, payment should be made to him/her if he/she is emancipated. See letter dated 8-13-48 from the Attorney General concerning emancipation of minors (Appendix B).
3. When a recipient is under age 18 and is not emancipated, payment should be made to the parent, relative, or other person acting "in loco parentis", or to his/her legal guardian or personal representative. Payment to an eligible applicant will not be delayed pending appointment of a personal representative. The eligible individual will be the payee until appointment procedures are completed.

C. Substitute Payee

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If the recipient is unwilling or unable to manage his/her assistance, a substitute payee must be established. Substitute payees are responsible for receiving and disbursing checks to meet the recipient's needs.

1. A substitute payee may be:

- a. Representative chosen by the a/r,
- b. Trustee,
- c. Power of attorney,
- d. Legally appointed general guardian or guardian of the estate, or
- e. County DSS

It is recommended that a copy of legal documents such as the POA or guardianship appointment be filed in the record.

2. The following persons are ineligible to serve as payee:

- a. Member of the board of county commissioners, or
- b. Member of the county board of social services.
- c. Social Worker for the Blind

II. MAILING AND DELIVERING CHECKS

A. Check Preparation

Checks are issued by the State according to authorization from the SAB Eligibility Specialist. The county DSS does not initiate SAB checks.

B. Check Issuance/Mailing

1. Every Special Assistance for the Blind recipient is entitled to his check in advance monthly until found to be ineligible and the payment is terminated by appropriate action. Payment procedures are adapted to this principle.
 - a. Regular monthly Special Assistance for the Blind checks, due on the first day of the month, are mailed either to the County Department of Social Services for forwarding to the recipient or directly to the recipient, according to the plan chosen by the respective county. When mailed in bulk to the County Department of Social Services, they are mailed from the Department of Health and Human Services, Office of the Controller, on the last work day of the preceding month. When mailed directly to the recipient, they are also mailed by the DHHS Office of the Controller on the last day of the month.

b. The following procedures will be used to implement direct mailing of checks to recipients. They apply to only those counties which have chosen this plan.

- (1) Checks will be directed to recipients at the last addresses submitted to the State Office by the 16th day of the month. These include the new addresses of recipients who are in the process of transfer to another county.
- (2) The checks will be mailed from the Controller's Office on the last day of each month.
- (3) Checks which should not be mailed to recipients can be pulled in the DHHS Controller's Office up to 12 noon on the last work day before the end of the month. Authorization to pull a check may be made by telephoning the Eligibility Specialist for SAB. Telephone authorizations must be followed by a letter.
- (4) Checks that cannot be delivered because of an incorrect address of other reason will be returned to the Controller's Office by the Post Office. These are held until the Controller's Office receives information on the person or correct address. A check will not be mailed if the recipient has entered a public institution before the last day of the month, if he/she cannot be located, or if the recipient requests termination.

c. In cases of medical equipment, the check will be jointly written, upon the recommendation of the Director of Services for the Blind, to the recipient and provider if this procedure is required to insure that the check is used for the purposes intended.

2. Copies of SAB check registers for the monthly check run will be mailed to each County Department of Social Services.

III. RECEIPT OF PAYMENT

A. Endorsement of Check

1. The a/r or substitute payee must endorse the check exactly as the name appears on the face of the check. It is illegal for anyone else to endorse the check.
2. If the payee is unable to endorse the check, the payee must make his/her mark (X) in the presence of two witnesses. One of the witnesses must write the recipient's name and the words "His/Her Mark" on the back of the check. Both witnesses must write their names and addresses below the endorsement. See example below.

EXAMPLE: His
Henry (X) T. Wilson
Mark
Witnesses: Harry Smith
Route 3
Gloverdale, NC

Julia Harrington
201 Dixie Street
Any City, NC

3. Advise the payee to not endorse the check until ready to cash it.
4. SWB's and the SAB Eligibility Specialist must not endorse or cash checks, or witness signatures.

- B. The check is to be applied to cost of care and personal needs if the recipient is in an ACH or a specialized residential community center.**
- C. The check is to be applied to the recipient's personal and home management needs if he/she resides in own home.**

IV. LOST OR STOLEN CHECKS AND SUSPECTED FORGERIES

A. Reporting to SAB Eligibility Specialist

When the SWB or the County DSS is notified that a recipient has lost or for some reason has not received his/her SAB check, the SAB Eligibility Specialist shall be called immediately (919) 733-9744. The SAB recipient will be encouraged to check with the Post Office, rural mail carrier, and/or neighbors to determine if check could have been delivered to someone in error. If these efforts are not productive and if there appears to have been enough time for the check to have been delivered, the DSB Claims Processing (919) 715-9590 in the DHHS Controller's Office should be notified and an "Affidavit and Indemnity Bond" will be mailed to the recipient.

1. The completed "Affidavit and Indemnity Bond" should be returned to:

Division of Services for the Blind
DHHS Controller's Office
2023 Mail Service Center
Raleigh, NC 27699-2023

2. A stop payment request will be sent to the State Treasurer's Office.

3. A duplicate check will be issued after the “Affidavit and Indemnity Bond” has been completed and returned if the check has not been paid by the State Treasurer.

B. Paid and Unpaid Checks

If the check has been paid by the State Treasurer, a photocopy of the check will be sent from the Office of the Controller to the SAB Eligibility Specialist and the SWB. The signature on the back of the check should be compared to verify if it is the signature of the payee.

1. If the payee endorsed the check, and the check was subsequently lost or stolen:
 - a. Encourage the recipient to file a theft report with the police.
 - b. Submit a request for replacement check to the Controller’s Office and note that the check was endorsed.
 - (1) If the check has not been paid by the State Treasurer, it is returned through banking channels to the original cashier who is financially responsible. The Controller’s Office then issues a replacement check.
 - (2) If the check has been paid by the State Treasurer, a replacement check is not issued. It is the responsibility of the recipient to take legal action if he/she wishes. Upon request, the Controller’s Office will furnish copies of the paid check to local law enforcement agencies.
 - c. Notify the Chief of Independent Living Services at DSB (919-733-9744). A decision will be made regarding further action to protect the SAB recipient and/or assist with contact with the legal authorities.
2. If it is suspected that the payee endorsed and cashed the check:
 - a. Notify the Controller’s Office and the “Affidavit and Indemnity Bond” will be voided. A replacement check is not issued.
 - b. Notify the recipient that he/she will not receive a replacement check and why this decision was made.
 - c. Notify the Chief of Independent Living Services at DSB (919-733-9744). Consideration will be given as to whether the recipient needs an alternate payee and whether other action needs to be taken.
3. If forgery is suspected:

- a. Encourage the recipient to file a theft report with the police department.
- b. Request a "Affidavit and Indemnity Bond" from the Office of the Controller and have the completed form returned to that Office. A replacement check will be issued.
- c. Notify the Chief of Independent Living Services at DSB. Action to protect the recipient may be considered. Also, a decision about further investigation of the matter will be made.

C. The North Carolina Special Statute Pertaining to Fraud:

Fraudulent Acts Made Misdemeanor

"Misrepresentation or fraud in obtaining assistance: Any person who shall obtain, or attempt to obtain, by means of a willful, false statement, or representation, or impersonation, or other fraudulent devices, assistance to which he is not entitled shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than five hundred (\$500.00) dollars, or by imprisonment in the county jail for not more than three months or by both such fine and imprisonment. The superior court and the recorders' courts shall have concurrent jurisdiction in all prosecutions arising under this article." General Statutes Section 111-23.

V. PAYMENTS TO DECEASED RECIPIENTS

If a recipient is alive on the first day of the month but dies without having endorsed checks to which he/she was entitled, the checks must be delivered to the Clerk of Superior Court who administers the funds in accordance with North Carolina Law. Checks issued to recipient for any month subsequent to his/her death must be returned to the SAB Eligibility Specialist.

VI. UNDERPAYMENTS FOR ONGOING RECIPIENTS

A. An underpayment occurs when the recipient receives a payment less than he/she is eligible to receive due to:

1. Error in applying program regulations, or
2. Error in computing the payment, or
3. Error in processing, or
4. Recipient fails to report a change in situation timely.

B. Promptly reimburse the recipient for all SAB underpayments when:

1. The case continues to be active; or

2. The recipient reapplies for assistance and is found to be eligible; or
3. The case would have been active if the error had not occurred.

NOTE: Do not authorize assistance or adjust payments for more than 12 months prior to the month the underpayment is discovered.

C. Computing an Underpayment

1. Verify all changes according to Chapter 9, Changes in Situation. Also, see example DSB-7207's after page 170.
2. Determine incorrect payment period. The overpayment/underpayment period includes the month when a change should have been made effective until the month the change is made effective.
3. Determine eligibility for the error period as it would have been done had the error not occurred.
4. Compute income as instructed in Chapter 6, Income. Follow all regulations, including notice requirements.
5. Calculate net overpayment and net underpayment when overpayments and underpayments occur during the same period.
6. Determine the difference between net overpayment and net underpayment.
 - a. If the difference results in an underpayment, refer to VI.D. below.
 - b. If the difference results in an overpayment, refer to VII.C., page 186.

Note: Do not count the adjustment payment as income or as a resource.

EXAMPLE OF UNDERPAYMENT:

Mr. Jones is an ACH resident. His only monthly income is RSDI and SA. Social Security realizes that they have overpaid Mr. Jones \$500.00 RSDI in the past. To recoup overpayments, SSA reduced his ongoing RSDI check by \$25.00/month effective April and continuing until the \$500.00 is recouped. Mr. Jones reported to the SAB Eligibility Specialist on May 5 that he was not receiving enough money each month for his personal needs. The SAB Eligibility Specialist verifies with Social Security that RSDI payments were reduced effective April. The IMC issues a \$25.00 supplement for April and a \$25.00 supplement for May to the June check since SAB checks can only be written one time per recipient per month. The ongoing case is corrected effective June to reflect decreased RSDI and increased SAB payment.

D. Issuing a supplemental SAB payment

1. To correct an underpayment, complete a DSB-7207 and DSB-7209 according to the procedures in Chapter 9, Changes in Situation.

VII. OVERPAYMENTS FOR ONGOING RECIPIENTS

Overpayments can only be determined for ongoing SAB recipients. (For changes during the application process and prior to disposition of the application, refer to Chapter 2, Application Process, and Chapter 7, Budgeting Principles).

A. An Overpayment Occurs When the Recipient Received a Payment for Which He/She is Not Eligible Due to:

1. Error in applying program regulations, or
2. A/R fails to report a change in situation timely, or
3. A/R provides false or incorrect information, or
4. A/R fails to report the receipt of an assistance payment greater than the authorized payment, or

B. Computing an Overpayment

1. Verify all changes according to Chapter 9, Changes in Situation.
2. Determine and document the date the change occurred.
3. For changes involving an unreported move to a private living situation:
 - a. Using a calendar, count 15 calendar days beginning the day following the date the change occurred.
 - b. Subtract the date established in VII.B.3.a. above from the number of days in the month of overpayment. This determines the number of days which the overpayment was made.
 - c. Divide the recipient's monthly SAB payment by the number of days in the month to determine the per diem rate for that month.
 - d. Multiply the number of days of overpayment in VII.B.3.b., page 181, times the per diem rate to determine the amount of overpayment for the month.
 - e. If the recipient was not eligible for SAB payment for any month, the overpayment is the full amount. Refer to Example 1, page 183.
4. For changes involving unreported income:
 - a. Verify date new income was received.
 - b. Using a calendar, count 15 calendar days beginning the day following the date the change occurred.
 - (1) If the 15 calendar day rule ends in the same month in which change occurred, there is no overpayment because the

recipient was eligible for the full amount on the first day of the month.

- (2) If the 15 day rule ends in the next month after the change occurred, recoup overpayment beginning the day following end of notice period and through the last day of the month.

To calculate overpayment for partial month:

- (a) Verify new income amount.
- (b) Subtract old income amount from new income amount.
- (c) Divide difference by number of days in the month to determine daily income (per diem).
- (d) Multiple new daily income amount times number of days of recoupment.
- (e) If recipient was not eligible for SAB payment(s) for any given month(s), the overpayment is the full amount.

5. For unreported changes resulting in excess resources:

- a. Determine number of months recipient was over the resource limit on first moment of the first day of the month.
- b. The overpayment period begins the second month following month of receipt of excess resources.

NOTE: The month following the receipt of resource is not included in the overpayment period due to the notice requirement.

- c. Recoup full SAB payment for any subsequent months.

6. For unreported death of recipient:

- a. Recoup the full SAB payment for any month following the month in which death of recipient occurred.

EXAMPLE 1 OVERPAYMENT: Recipient doesn't report moving from an ACH to a Private Living Arrangement.

Ms. Smith was a resident of an ACH. Ms. Smith signed a contract with the ACH stating she would give a 14-day notice before leaving. She moved to a private living situation on March 25 without prior notice to the facility. Ms. Smith is entitled to a SAB payment for 15 calendar days after the day she left. Ms. Smith is eligible for a SAB payment through April 13. She is responsible for making the payment to the ACH to cover the 14-day notice.

The change of living arrangement was not reported to the SAB Eligibility Specialist until July 7. The remainder of April's SAB check (April 14 through 30) must be returned to the SAB

Eligibility Specialist. The full amount of May and June SAB checks must be returned to DSB. The address is Division of Services for the Blind, 2601 Mail Service Center, Raleigh, NC 27699-2601.

Outcome:

Ms. Smith has no disregarded income or excess resources. She signs a statement agreeing to pay back the overpayment should she acquire any extra money in the future. If repayment is not voluntarily submitted, contact the Chief of Independent Living Services at (919) 733-9744 for a determination.

EXAMPLE 2 OVERPAYMENT: Additional unearned income, unreported:

Mr. Jones receives RSDI in the amount of \$627 per month. When he was approved for SAB on February 14, that was his only income. His SAB payment was determined to be \$520 per month, based on current SAB rate of \$1173 and personal needs of \$46. He was in the facility on the first day of February so he was authorized for the entire month.

Mr. Jones began working and received his first paycheck on March 20. Considering the 15 calendar day notice rule, the over payment period begins April 5.

Mr. Jones' gross earned income was determined as \$200 per month. $\$200 - \$85 = \$115 \div 2 = \57.50 (Net Countable Income). It should be noted that if Mr. Jones had any deductions such as FICA, State or Federal taxes, these would be deducted from the \$200 before the disregards were applied.

Counting \$57.50 net countable earned income and \$627 unearned income minus the \$20 income disregard results in SAB payment of \$463 per month for April and May.

Calculating the overpayment:

\$520.00	Old SAB payment
<u>- 463.00</u>	New SAB payment
\$ 57.00	Overpayment for May

\$57.00	Full month overpayment
÷ 30	Number of days in month
\$ 1.90	Daily overpayment amount
x 26	Number of days of recoupment
49.40	Overpayment for April

57.00	Overpayment for May (full amount)
+ 49.40	Overpayment for April (partial month)
\$106.00	Total Overpayment (rounded)

Mr. Jones notified county SAB Eligibility Specialist on May 5 that he received his first paycheck March 20. A letter was written to Mr. Jones notifying him of the reduction of his SAB payment effective June. It explained that the \$106.00 overpayment must be paid to the Division of Services for the Blind.

Outcome A: Mr. Jones has \$200.00 in his checking account as reserve. He voluntarily repays \$53 for April and \$53 for May.

Outcome B: If Mr. Jones does not return the \$106 (\$53 overpayment for May and \$53 overpayment for April), then his future checks must be adjusted. Mr. Jones has disregarded income.

Therefore, the SAB payment may be reduced up to 10% of payment amount. His new payment is \$463 and 10% of that is \$46.30 (\$46). Assuming no other changes, Mr. Jones should receive \$417 (\$463 - \$46) for June and July and \$449 (\$463 -\$14) for August. Beginning in September, his continuing payment would be \$463 monthly.

EXAMPLE 3 OVERPAYMENT: Exceeding the Resource Limit

Mr. Brown is a recipient of SAB and resides in an ACH. Mr. Brown receives his full SAB payment on March 1. On March 6, he received an inheritance check and did not report this to the SAB Eligibility Specialist. On June 15, the SAB Eligibility Specialist discovered a receipt of inheritance and verified he still had it on hand the first day of April, May and June. Issue a letter informing him of action planned for April 1. Recoup full SAB payment for April, May, and June.

C. Collecting an Overpayment

1. Recipient Responsible Overpayments

The collection of recipient responsible overpayments for SAB cases remains the responsibility of DSB.

2. Refunding Overpayments

a. SAB Checks that have been Cashed

- (1) A letter should accompany a refund of an overpayment made either by cash or personal check. It should state the SAB recipient's name and circumstances of the refund.
- (2) DSB staff will forward the refund with a copy of the letter to the Office of the Controller.

b. SAB Checks that have not been cashed

- (1) To return the SAB check:
 - (a) Mark "VOID" on signature of returned check. Do not mark over printed information on the check.
 - (b) Send voided check to Controller's Office for cancellation and financial adjustment.

DSB
DHHS Controller's Office
2023 Mail Service Center
Raleigh, NC 27699-2023