
**FOOD STAMP CERTIFICATION
CLAIMS
Inadvertent Household Error (IHE) Claims**

**FS 815 Inadvertent Household Error (IHE) Claims
Change #4-2006
August 1, 2006**

815.01 GENERAL POLICY

- A. A claim must be established if the overissuance occurred in the 12 months prior to the month of discovery.

Discovery means that the agency is aware of sufficient facts to suspect that an overissuance occurred. The primary importance of the date of discovery is that it defines the prior 12-month period.

- B. The county may choose to establish a claim for any months of overissuance which occurred more than 12 months prior to the date of discovery.

Do not include in the claim calculation any amount of the overissuance which occurred in a month more than six years from the date the overissuance was discovered.

- C. Use policy in effect at the time the overissuance occurred.

- D. Regardless of the detection source, all potential food stamp overissuances must be reviewed timely to determine if referral to program integrity staff is required. The referral must be investigated, a claim established, if appropriate, and a suspected Intentional Program Violation pursued within required time frames. If an overissuance is due to an Inadvertent Household Error, establish the claim within 180 days from the date of discovery.

Enter established claims in EPICS before the 180th day or close unsubstantiated referrals in EPICS before the 180th day to prevent an untimely referral. All potential overissuances must be investigated even if the timeliness standards cannot be met.

If the process of investigating and establishing a claim is not completed within the time frames listed in 815.01 D, 1-5, the case is considered overdue. Federal regulations require that time frames be tracked and corrective action implemented when more than 10% of referrals in a county are overdue.

1. Complete a referral and enter the referral into the Enterprise Program Integrity Control System (EPICS) within 30 calendar days of detection of a potential overissuance. The date of detection is also the date of discovery. This establishes a file in EPICS to track the claim.
2. Request all necessary verifications within 30 calendar days of receipt of the referral, if possible.
3. Allow 30 calendar days for the return of the requested verification.
4. The date of receipt of the verification is the substantiation date of the potential overissuance. Determine whether or not there is a suspected Intentional Program Violation within 60 calendar days of the substantiation date of the potential overissuance.
5. Key the IHE claim into EPICS within 90 days of the substantiation date of the overissuance, but no later than 180 days from the date of discovery.

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- E. Establish a claim regardless of the amount if Quality Control discovers the overissuance.

Do not establish a non-QC overissuance claim that is \$125.00 or less unless one debtor is currently participating in the Food Stamp Program. This applies unless your county has a State-approved Claims Management Plan for a different threshold amount.

When a claim is established and there are multiple debtors, enter all debtors in EPICS whether they are currently participating in the Food Stamp Program or not.

815.02 DETERMINING THE FIRST MONTH OF OVERISSUANCE

A. Reporting History

1. The first quarterly report was generated for ongoing households in July 1995 for food stamp units (FSU's) with fluctuating earned or unearned income. For definition of base periods, see Section 268, Budgeting Stable Income; Section 270, Budgeting Fluctuating Income; and Section 273, Special Budgeting Procedures.
2. The last quarterly report was generated for ongoing households at the end of May 2003.
3. The first Semi-Annual Report (SR) was generated at the end of June 2003 for ongoing households with earned or unearned income. Refer to Section 268, Budgeting Stable Income, Section 270 Budgeting Fluctuating Income, and Section 273, Special Budgeting Procedures.

- B. Apply the following rules for applications and recertifications to determine the first month of overissuance. The first month of overissuance cannot be later than two months from the month in which the change in household circumstances occurred unless the FSU is subject to Semi-Annual Reporting requirements.

1. The 10-10-10 rule referred to in this section allows:
 - a. 10 calendar days for a household to report a change in situation; and
 - b. 10 calendar days for the caseworker to react to the change. 10 days are allowed even if the caseworker could have reacted sooner; and,
 - c. 10 work days for Notice of Adverse Action.

NOTE: This does not apply to SR cases, applications or reapplications. See FS Manual Section 450 for SR reporting requirements.

EXAMPLE: (Simplified Case) A recipient begins receiving Social Security benefits May 3. The household does not report the change. The change should have been reported by May 13, acted on by May 23, and NOAA would have expired on June 7. The first month of overissuance is July.

2. Applicant Households (Initial and Reapplications)

- a. The first month of overissuance for information reported incorrectly at the time of the application interview is the first month of the certification period.

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- b. An applicant household has ten calendar days from the date of the Notice of Eligibility to report changes which occur after the date of the interview. To establish the first month of overissuance, apply the 10-10-10 rule from the day after the date on the DSS-8551, Notice of Eligibility.

3. Ongoing Cases except Semi-Annual Reporting

- a. The first month of overissuance is the first month affected had the change been reported timely.
- b. A participant is required to report changes within ten calendar days after the date the change becomes known to them. The date a participant first becomes aware of a change is the date that a change becomes known to them. Add three days mailing time to the date of a change when the notification is mailed to the recipient. Use this date to determine the ten calendar days allowed to report. Day one is the date following the day the change becomes known.
- c. Reportable changes for Simplified and Standard cases include, but are not limited to:
- (1) Monthly increase of earned income of more than \$100.00;
 - (2) Monthly increase of unearned income of more than \$100.00;
 - (3) Changes in household size and composition;
 - (4) Changes in residence;
 - (5) Changes in legal child support obligation; and
 - (6) Increase in reserves that exceed the limits.

NOTE: Not all of the changes listed will result in a claim.

- d. If you are unable to determine the date the participant first became aware of the change, use the date the participant started work or received the first check (for example, SSA, SSI, VA).
- e. Once the date of change is established, allow the household ten calendar days to report.

Allow ten calendar days for the agency to act on the change, even if the county may have acted sooner. Also, allow the ten working days Notice of Adverse Action. Document the 10-10-10 dates on the DSS-1682.

NOTE: When excess reserve is the issue, apply the 10-10-10 rule to determine the first month of overissuance only. Do not apply the 10-10-10 rule to subsequent months in the overissuance period due to fluctuations below and above the reserve limits. Include in the overissuance only the months in which the reserve exceeded the limits on the first day of the month.

4. Ongoing Semi-Annual Reporting Cases

- a. The only change that SR households are required to report is income in excess of 130% of the federal poverty level for the certified household.
- b. The household is required to report this change on or before the 10th calendar day of the month following the month income exceeds 130% of the federal poverty level.

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- c. The caseworker has ten calendar days to react to the change. Allow ten days even if the change could have been made sooner.
- d. Allow ten work days for Notice of Adverse Action.

EXAMPLE: An SR recipient begins a new job May 1. According to the 8550SR, the household is over 130% of the federal poverty level. The client does not report the new income, and certification ends October 31. The new income should have been reported by June 10. The change would have been made on June 20, and 10 work days NOAA would have expired July 7. The first month of overissuance is August. Calculate actual income for each month of the certification period.

5. Timely Recertifications

Timely recertifications are completed by the FSU household by the 15th calendar day of the last month of the current certification period. Simplified and Standard FSU must report changes within 10 calendar days of the date a change becomes known if they recertify prior to the end of the current certification period. This does not apply to Semi-Annual Reporting cases.

- a. If a change is not reported and the ten calendar day period ends before the case is recertified, the first month of overissuance is the first month of the new certification period.

EXAMPLE: Certification period expires April 30. Recertification interview was held April 4. Client was hired for a job on April 11. Recertification was processed on April 25. The ten calendar days for client reporting expired April 21, prior to processing the case. May is the first month of overissuance.

- b. If the ten calendar day period for the client to report ends after the case is recertified, apply the 10-10-10 rule to determine the first month of overissuance. The client has ten calendar days from the date of the Notice of Eligibility to report changes. Document the date the change becomes known on the Report of Erroneous Issue, DSS-1682.

EXAMPLE: Certification period expires April 30. Recertification interview was held April 4. Client was hired for a job on April 11. The case was processed April 18, the notice mailed on April 21, and received by the client on April 24, allowing three mailing days. The ten calendar days for the client to report expired May 1.

Allow ten calendar days to act, or May 11. Allow the ten working day Adverse Action Notice to expire May 25. June is the first month of overissuance.

- c. Semi-Annual Reporting cases are required to report all changes and anticipated changes at the time of recertification. The first month of the new certification period is the first month of overissuance when the recipient does not report changes or anticipated changes at recertification.

EXAMPLE: Certification period expires April 30. Recertification interview was held April 4. Client accepted a job on April 2, and anticipates starting the job April 11. Client did not report this anticipated change at the interview. The first month of overissuance is May.

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6. Untimely Recertifications

- a. A household filing an untimely recertification in the last month of its certification period has ten calendar days to report changes which occur after the interview and before the certification period ends.

If the ten days to report expires prior to the case being certified, the first month of overissuance is the first month of the new certification period.

EXAMPLE: Certification period ends on April 30. A household has an untimely recertification interview on April 24. A change occurs on April 28. The household has ten calendar days to report (May 8). The FSU did not report the change. The case is processed May 12. May is the first month of overissuance.

- b. Apply the 10-10-10 rule beginning the day after the date of a Notice of Eligibility when:

(1) A change occurs after the certification period ends, but before the case is certified or;

(2) The ten days to report expires after the case has been certified.

EXAMPLE: Certification period ends on April 30. A household has an untimely recertification interview on April 24. A change occurs on May 2. The FSU did not report the change. The household has ten calendar days to report (May 12). If case is processed prior to May 12, apply the 10-10-10 rule from the day after the date of the Notice of Eligibility.

- c. If a change occurs after the certification period ends and the ten calendar days to report expires before the case has been certified, the first month of overissuance is the first month of the new certification period.

EXAMPLE: Certification period ends on April 30. A household has an untimely recertification interview on April 24. A change occurs on May 2. The FSU did not report the change. The household has ten calendar days to report (May 12). The case is processed May 12 or later. May is the first month of overissuance.

- d. Semi-Annual Reporting cases are required to report all changes and anticipated changes at the time of recertification. The first month of the new certification period is the first month of overissuance when the recipient does not report changes or anticipated changes at recertification.

EXAMPLE: Certification period expires April 30. Recertification interview was held May 4. Client accepted a job on May 2, and anticipates starting the job May 11. Client did not report this anticipated change at the interview. The first month of overissuance is May.

815.03

DETERMINING THE OVERISSUANCE AMOUNT

- A. Verify participation. Do not include in the claim calculation any months in which the household did not participate.

Check SLII and the Food Stamp Information System (FSIS) Case ID number. The word "authorized" under the Status field appears until the nightly update actually issues the benefit. Once the benefit is issued "Authorized" changes to "Issued" with the Issue Date displayed under the "Benefit Issued" field.

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- B. Use the actual unreported income received by each household member, actual expenses for deductions(except for utility expenses), and other household circumstances for unreported information/changes. Effective March 1, 2003, the use of actual utility expenses ended. Refer to Section 280.09, Utility Expenses, for allowable utility expenses.

Do not reverify reported income unless there is reason to believe the income is not representative. Continue to budget the actual anticipated converted amount that was used in the original budget. Use deductions that were allowed in the original budget. Budget actual verified allowable deductions for all expenses, except utilities. Consider ineligible and disqualified members when determining the appropriate utility and standard deductions. Refer to Section 280.03, Standard Deduction and Section 280.09, Utility Expenses.

EXCEPTION: Do not allow the earned income deduction for that portion of the earned income which was not reported. If the household reports part but not all of earned income, allow the deduction on the part that was reported. Using the SLAW screen, enter the unreported earnings as “unearned” income to disallow the earned income deduction.

Use the FSIS SLAW screen for calculation. The claim amount is the difference between the correct allotment and the allotment the household received.

EXAMPLE: The household reported receipt of ongoing weekly contributions but failed to report wages. Apply the 10-10-10 rule. The overissuance budget should reflect the converted weekly contribution already budgeted and actual earned income for each overissued month. Complete the SLAW budget, entering the earned income as unearned income to disallow the earned income deduction.

- C. For each month of the overissuance, verify each source of unreported income. Use actual income, and do not convert.

Due to approval of the North Carolina Claims Management Plan received from the United States Department of Agriculture (USDA), the county may utilize the ESC wage match for verification when actual wages are not available. Use the gross quarterly income, divided by three months, to obtain the average amount per month. If the employment was less than three months, average the gross amount over the period of time between the start and stop dates of employment. Refer to 815.04, Determining the Overissuance Amount When Verification Cannot Be Obtained.

The initial month of overissuance must be determined through contact with the client or employer to obtain the date of first pay. If the client fails or refuses to provide necessary information or the information cannot be obtained from a third party, refer to Section 815.04, B, Client Failure to Cooperate, for further instructions, because it is possible that the amount of the claim cannot be determined.

- D. Consider any countable income from certain ineligible and all disqualified household members. See Section 260, Whose Income Is Counted?
- E. If unreported wages reveal a dependent care expense, verify and allow the actual expenses each month as a deduction. If unreported information makes a household eligible for a medical deduction, verify and allow actual expenses as a deduction.
- F. Count money from means-tested State and federal assistance (for example WFFA and SSI) payments intended for the overissued month even if mailing cycles result in the receipt of two payments in one month and none the next month. For other income, count income in the month received.

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EXAMPLE: SSI payments are received December 1 and December 31 and none in January due to the January 1 holiday. Count one payment each for December and January.

- G. For payments that are mailed, add three days mailing time to the date of the check to determine the month received.
- H. Count the actual amount of Work First Family Assistance (WFFA), SSI, RSDI, or VA received, even when it represented an erroneous payment
- I. Do not include in the computation any portion of income that was a lump-sum payment unless the lump sum includes the current month's benefit payment.
- J. Count the prorated or annualized income amount for each month of overissuance, even in months when the income was not actually received (Example: Annualized Self-Employment Income).
- K. Do not include in the computation any month in which the FSU received Transitional Food Stamps (TFS) unless there was dual participation by a member of the FSU, or an out-of-state IPV disqualification was not imposed timely.
- L. Count the gross Social Security amount when a federal offset occurs to a Social Security payment. BENDEX will continue to show the gross amount and will not record any information regarding the offset. Use the BENDEX record as verification of the gross amount.
- M. Complete a DSS-1682, Report of Claim Determination.
 - 1. Document the DSS-1682 to substantiate the determination of the first overissuance month. See Section 835, Report of Erroneous Issuance (DSS-1682), for instructions.
 - 2. Attach appropriate verification.
 - 3. Attach the SLAW screen prints.
 - 4. A second party review of the DSS-1682 to ensure its accuracy and completeness is required.
- N. When using actual income and deductions on the DSS-1682, an underissuance may occur. If the amount of the correct allotment (Item 8 j.) is greater than the amount of the allotment received (Item 8 i.) , use "0" in both Items 8 i. and 8 j. for that month. Do not include any month in which this occurs in the total overissuance calculation.
- O. For overissuances which involve both agency and client responsible errors in the same month, establish two claims.
 - 1. First, calculate the agency responsible overissuance. The result from Item 8 j.on the DSS-1682 represents the correct allotment taking into consideration the agency errors only. See Section 810.03, Determining the Overissuance Amount.
 - 2. Complete another DSS-1682 to determine the client responsible overissuance. Use the figures from Item 8j. (Correct Allotment) on the AE claim for the corresponding months in Item 8 i. (Allotment Received) on the IHE claim.
 - 3. Then in Item 8 j. (correct basis of issuance) on the IHE claim, use all corrected information, both agency and client responsible. The result from the second DSS-1682 represents the client responsible portion of the erroneous issuance.

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EXAMPLE: An overissuance was determined for September because the income maintenance caseworker (IMC) failed to react to a Bendex that showed an increase of more than \$100.00 per month of SSA benefits. The household also failed to report a new source of earned income which began in July of the same year. After applying the 10-10-10 rule, the first month of overissuance is September.

Complete the first DSS-1682, using only the correctly budgeted SSA payment. This is the AE claim. Complete the second DSS-1682, using the figures from Item 8 j. (Correct Allotment) on the AE claim as the actual basis of issuance in Item 8 i. on the IHE claim. In Item 8 j. of the IHE claim, use the correctly budgeted SSA payment and unreported earnings. The result of the second DSS-1682 is the client error.

- P. Enter the appropriate portion of the claim information in EPICS as an IHE claim and enter remaining information concerning the claim. The date established is the date the worker determines the overissuance amount and enters the claim into EPICS.
- Q. If the agency is aware of an expungement of benefits occurring within the previous three years, adjust the claim in EPICS. Enter the amount of the expunged benefits as the payment amount and "EX" – Expungement as the method of collection on the payment screen.

815.04 DETERMINING THE OVERISSUANCE AMOUNT WHEN VERIFICATION CANNOT BE OBTAINED

A. Third Party Fails/Refuses to Cooperate

If a third party fails/refuses to provide requested verification, take the following actions:

1. Send a second request if a response is not received from the first request for verification within 30 calendar days.
2. Contact the client if a response to the second request is not received within 15 calendar days. Use the DSS-8231 to request the necessary verification or assistance in obtaining the verification. Do not require the client to come into the office or make threats to obtain cooperation or a response.
3. Calculate the overissuance using wage match or other readily available sources allowed by law if the client is unable to provide the required verification.

NOTE: It is illegal to use DMV to obtain an individuals Social Security Number.

4. It is not possible to establish a claim when verification cannot be obtained from any source. Document and flag the certification record and claims file that there is an outstanding investigation in which a claim cannot be established.
5. Do not terminate a case or deny future participation if the claim cannot be established due to the failure or refusal of a third party to cooperate. Unsubstantiate and close the referral in EPICS. Open a new referral if the verification becomes available later.
6. Document the partially completed DSS-1682 as a suspected overissuance and the reason the claim has not been established. Open a new referral if the verification becomes available later.

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B. Client Failure/Refusal to Cooperate with the Investigator

If the client fails/refuses to provide verification or refuses to authorize a third party to release information, do not consider the household totally ineligible for the months when a suspected overissuance may have occurred. Use the DSS-8231, Request for Information, to obtain the verification. Do not require the client to come into the agency. Take the following actions.

1. Calculate the overissuance using information verified through any readily available source. For example, use wage match for unreported wages. If the client contests the use of wage match and verification is subsequently received, recalculate the claim using the verified information.
2. It is not possible to establish a claim if verification cannot be obtained. Document and flag the certification record and the claims file that there is an outstanding claim which cannot be established.
3. Document the partially completed DSS-1682 as a suspected overissuance and the reason the claim has not been established. Unsubstantiate and close the referral in EPICS. Open a new referral if the verification becomes available later.
4. If the client subsequently cooperates, open a new referral and establish a claim.

815.05 CLIENT INTERVIEWS

- A. Do not require a client under investigation to come into the agency to discuss the amount of the claim or the type of the claim. A client's participation during an investigation is strictly voluntary. Use DSS-8230, Program Integrity Appointment Notice to notify client of the appointment.
- B. Schedule and conduct a home visit with the household, if appropriate. Use DSS-8230, Program Integrity Appointment Notice to schedule and notify client of a home visit.
- C. Continue the investigation if the client does not cooperate with the interview or home visit. Establish a claim without a client interview, if the client does not keep the appointment, and the evidence is clear and convincing to prove the overissuance.

815.06 COLLECTING THE IHE CLAIM

- A. Initiating Collection Action

 1. Collection action is initiated when the claim information is entered into EPICS. Enter each claim, including those where the total amount of the claim is collected through restoration offset. See 815.05, A, 4.
 2. EPICS sends the DSS-8554, Letter of Overissuance, to all debtors entered. The DSS-8554 incorporates a repayment agreement for nonparticipating households. A DSS-8554 is not sent when a change in the category of claim type occurs. A demand letter is sent when a claim type of U or P is changed to be an IHE.—
 3. An individual debtor with multiple claims is not considered delinquent as long as one claim is being paid in accordance with a repayment agreement or through allotment reduction.

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4. Restored benefits are benefits owed to the recipient for prior months. Do not restore benefits for any period more than 12 months old. EPICS and FSIS will not issue restored benefits when the debtor has a claim in EPICS. Calculate the amount of restored benefits owed to the recipient, and post that amount as a payment in EPICS with a payment type code of LR.
5. All household members who were 18 years old or older at the time of the overissuance are debtors on the claim. This includes household members that were not reported to the Agency. Do not include as debtors any household members who were not in the household at the time of the overissuance.

B. Participating Household

1. The DSS-8554, Letter of Overissuance, notifies the participating household that an allotment reduction will be effective the month following the month in which the ten working day notice expires.
2. The household may request a fair hearing if they disagree with the amount of the claim established, the recoupment amount, or the household states the claim has been previously paid in full. Continue benefits on the basis authorized immediately prior to the notice if the household requests a fair hearing within the 90 calendar day period and the household's certification period has not expired. All collection action ceases once a fair hearing is requested. Upon request for a fair hearing, enter "X" in the Food Stamp Appeal Indicator field on the Debtor Detail screen in EPICS. Also, enter "H" in both the NC Debt Setoff Indicator field and the Federal Tax Appeal Indicator field on the Debtor Detail screen. Refer to Sections 845 and 850 for additional information. If a recoupment improperly occurs after a request for an appeal, restore the amount recouped until the appeal is resolved.

Example: An IHE claim is established on September 10. The DSS-8554 is sent to the FSU. The ninety calendar days from the Letter of Overissuance expires on December 9. A recoupment of \$10.00 began on December 1. The debtor requested a fair hearing on December 5. The investigator will place "X" in the Food Stamp Appeal Indicator, so that recoupment will not proceed for January. Place "H" in the NC Debt Setoff Indicator field and in the Federal Tax Indicator field.

No restoration of benefits is due the debtor unless the hearing officer decides there is no overissuance or that the overissuance amount is less than the amount recouped for December.

3. If the household contacts the agency to make **an additional payment**, accept a lump-sum payment, food stamp benefits, or a monthly cash payment. Negotiate a repayment agreement with the client. Key the cash payment in EPICS with a code of "FSC". FSIS will not increase the amount of recoupment beyond the standard 10% or \$10, whichever is greater. A debtor may choose to voluntarily debit their EBT account. See section 815.05 D, 4, a.
4. FSIS will automatically begin an allotment reduction when the last cash payment date is more than 60 days old.
5. Participating households that do not wish to be recouped may choose to negotiate a repayment agreement to make cash payments. The participating households **must** agree to pay more than 10% of the allotment or \$10, whichever is greater. If the participating household agrees to make the cash payments, key the cash payments in EPICS using a payment type of "C" – Cash. This will stop a recoupment from occurring.

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C. Nonparticipating Household

1. The DSS-8554, Letter of Overissuance, notifies the nonparticipating household of the methods of repayment available and the requirement to return the signed notice within ten days. If the notice is not returned by the deadline, the county will initiate further collection action, as appropriate, to include civil court or tax intercept.
2. The household may request a fair hearing if they disagree with the amount of the claim established or that the claim has been previously paid in full. All collection action ceases once a fair hearing is requested. Upon request for a fair hearing, enter "X" in the Food Stamp Appeal Indicator field on the Debtor Detail screen in EPICS. Also, enter "H" in both the NC Debt Setoff Indicator field and the Federal Tax Appeal Indicator field on the Debtor Detail screen. Refer to Sections 845 and 850 for additional information.
3. If the household contacts the agency requesting arrangements for repayment, negotiate a repayment agreement with the client. The repayment agreement should state that the entire debt is due and payable if the terms of the repayment agreement are not met. Those terms include payment amount, due dates, etc.
4. EPICS will automatically begin allotment reduction when a debtor that was not participating becomes active again.

D. Methods Of Payment

1. Lump Sum – If financially able, a household may pay in one lump sum. Do not require the household to use all its resources to make a lump-sum payment.
2. Cash Installments – If a household is unable to pay the claim in one lump sum, negotiate a cash installment repayment.

Once a cash agreement is signed by the household, it is considered binding.
3. Allotment Reduction – The allotment is reduced by 10% or \$10, whichever is greater. FSIS recoups the entire allotment if the allotment is \$10 or less.

NOTE: Do not initiate allotment reduction on initial allotments. This applies to retroactive allotments and months where allotments are prorated.

If multiple claims are outstanding, the recoupment will be posted to the oldest claim first.
4. Voluntary debit to active or reactivated EBT accounts.
 - a. A FSU can choose to make a voluntary payment from its EBT account toward an outstanding food stamp claim, in addition to its allotment reduction. If it is a one-time reduction, the FSU may give oral permission, either in person or via telephone. For verbal one-time reductions, document the reduction on the DSS-8217, Account Debit Request. If it is not a one-time reduction, the FSU must provide written authorization to have the benefits deducted from the EBT account. The DSS-8217, Account Debit Request, must be completed, signed by the head of household and by the caseworker. In addition to the head of household, the head of household's spouse or authorized representative can provide authorization for the EBT debit.

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- b. The FSU may give written permission on the DSS-8217 in advance for EBT debits. This means that the FSU may give permission to do an EBT debit for a particular amount each month for a specific period of time. The FSU may revoke this agreement **at any time**.
 - c. The DSS-8217 must contain the following information:
 - (1) The amount of the payment,
 - (2) The frequency of the payment, i.e., monthly or one-time only,
 - (3) The period of time the agreement covers.
 - d. Once the recipient signs the DSS-8217, the EBT account debit is processed through the Adjustment/Repayment Screen of the eFunds administrative terminal. Procedures for this function are contained in the eFunds Administrative Terminal User's Manual. The debit is on-line and occurs immediately.
 - e. After the recipient's account has been debited, enter the amount and date of the payment in EPICS. Enter the Method of Collection on the Payments Screen as "EB" – Electronic Benefit Transfer.
 - f. Within 10 calendar days of obtaining the FSU's written or oral permission for an EBT debit, give or mail the recipient his copy of the DSS-8217, Account Debit Request, noting the amount and date of the debit and the claim balance.
5. Involuntary and voluntary debits to stale (or dormant) EBT accounts (accounts not accessed for 90 days or more):
- a. Stale EBT benefits may be used to repay an outstanding claim balance when there has been no debit activity on an EBT account for 90 days. Stale benefits appear on the Aged Authorization Detail Report in XPTR.
 - b. Give or mail the FSU written notification of the county's intent to apply the EBT benefits to the outstanding claim. Give the FSU ten days to object to the use of the benefits to pay the claim.
 - c. If the FSU objects to the EBT account debit, do not process the debit.
 - d. If the FSU does not respond or object to the notification that an EBT debit will occur, apply the EBT benefits to the outstanding food stamp claim balance. Process the EBT account debit on the Adjustment/Payment_Screen of the eFunds administrative terminal. After the recipient's account has been debited, enter the amount and date of the payment in EPICS. Enter the Method of Collection on the Payments Screen as "EB" – Electronic Benefit Transfer.
6. Expungement:
- a. If the household's benefits have been expunged within the previous three years, reduce the claim by the amount of the expunged benefits. Check Data Warehouse for expunged benefits prior to beginning collection action.
 - b. To apply the expungement to the claim in EPICS, enter the amount of the expunged benefits as the payment amount and "EX" – Expungement as the method of collection. No retention is received for expungements. Do not apply any amount which exceeds the claim balance.

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EXAMPLE: If the expunged amount is \$100.00 and the claim balance is \$80.00, apply \$80.00 as the payment.

7. Treasury Offset Program (TOP) through the United States Treasury Department
 - a. Delinquent debts are automatically submitted to the US Treasury Department for interception of federal payments. If an appeal is requested, block certification until the appeal is resolved.
 - b. See Section 845 for more information.
8. Department of Revenue (DOR) setoff through the NC Department of Revenue
 - a. Delinquent debts are automatically submitted to the NC Department of Revenue for interception of NC Income Tax Refunds.
 - b. See Section 850 for more information.

E. Unspecified Joint Cash Collections

When an unspecified joint cash collection is received for a combined public assistance/ food stamp recipient claim, each program must receive its prorata share of the amount collected. An unspecified joint cash collection is when payments are received in response to correspondence that contained both the food stamp and other program claim(s) and the debtor does not specify to which claim to apply the collection.

F. Compromising Claims

1. Any claim or any portion of a claim may be compromised (reduced) if the county can reasonably determine that a household's economic circumstances indicate that the claim will not be paid in three (3) years. For example, if the only debtor is in a nursing home, or is elderly or disabled and needs all current income, assets, and food stamps for essential living expenses, compromise the remaining balance of the claim. To compromise a claim in EPICS, go to the Payments screen and key "AJCA" in the Method of Collection field and the amount of the compromise.
2. Restored benefits should be collected and applied to the full amount of the claim, including any claim amount that was compromised. Do not collect against supplemental benefits, which are benefits due for the current month.
3. If a compromised claim subsequently becomes delinquent, the compromised portion of a claim may be re-instated and subject to collection. To un-compromise a claim in EPICS, go to the Payments screen and key "AJUC" in the Method of Collection field and the amount to be reinstated.

G. Termination of Claim

1. Do not terminate a claim against a participating household. To terminate an existing claim in EPICS, the claim must be Collection (CO) status and have a balance. Access the Referral Detail screen and key a "Y" in the CLOSE REFERRAL field, enter the code "TX" in the REASON CLOSED field and press the F9 key. The claim will show "TE" – Terminated status.

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2. Terminate a claim if any of the following conditions exist:
 - a. If the claim:
 - (1) Balance is \$25 or less; and
 - (2) Has been delinquent for 90 days or more; and
 - (3) There are no other claims that exist against the household resulting in an overall claim balance greater than \$25.00.
 - b. The claim is delinquent for three years or more and will not be pursued through the Treasury Offset Program (TOP);
 - c. The household cannot be located, regardless of the balance.
 - d. The claim has been submitted for at least one year for TOP and State tax intercept and demand letters have been sent at least once every six months and you have sent at a minimum of:
 - (1) One follow-up demand letter for claims less than \$100.00;
 - (2) Two follow-up demand letters for claims of \$100 or more through \$400;
 - (3) Three follow-up demand letters for claims of more than \$400 and the cost of further collection action is likely to exceed the amount that can be recovered.
3. Terminated claims may be reactivated if a new collection method or a specific event (such as winning the lottery or the household begins participating in the program again) increases the likelihood of collecting the claim. To reactivate a terminated claim in EPICS, access the Claim Detail screen and key the Referral ID and press the F11 key. The claim will show "CO" - Collection status.
4. EPICS automatically reactivates a claim when an intercept from the Treasury Offset Program (TOP) or North Carolina Debt Setoff is posted.

NOTE: Terminated claims are submitted for TOP and DOR interception.

815.07

OVERCOLLECTION OF CLAIMS

- A. Overcollections appear in EPICS in the overcollection column:
 1. On the Payment History by Referral Screen;
 2. On the Payment History by Individual Screen; and
 3. On the Payment Screen.
- B. Refund any overcollection to the household from recoupments. Use the DSS-8593 to restore benefits.
- C. Refund cash overcollections in cash or county checks.
- D. When a claim is overcollected through tax intercept, the State Controller's office will issue the refund.

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815.08 DELETION AND CLOSURE OF CLAIM

- A. Submit a written request for deletion to Food Assistance and Energy Programs Branch on county letterhead when:
1. A claim is found to be invalid in an ADH or State Level Hearing, or
 2. A claim is found to be invalid by the courts, or
 3. A claim is entered in EPICS in error.
 4. Due to system audit requirements, the following cannot be deleted, but may be adjusted and closed.
 - a. A claim with payment history.
 - b. A claim with a disqualification.
 - c. A claim with a debtor certified for TOP.
- B. Request an adjustment closure of claim when:
1. All debtors are deceased and the county does not intend to pursue their estates:
 2. All debtors filed bankruptcy, and the bankruptcy court has discharged the debt:
 3. All debtors are in a nursing home, and it is unlikely they will ever pay on the debt.
- C. The request for deletion or closure must include:
1. Claim Name
 2. FSIS Number
 3. EPICS Referral ID Number
 4. Individual ID Number
 5. Category of Claim
 6. Date Established
 7. Reason for deletion
 8. Name and Title of individual submitting claim for deletion
 9. Telephone Number of individual submitting claim for deletion
 10. Investigator's signature
 11. Program Integrity Supervisor's signature

Mail or fax the request to:

North Carolina Division of Social Services
Food Assistance and Energy Programs Branch/Program Integrity
325 N. Salisbury St.
2420 Mail Service Center
Raleigh, NC 27699-2420
Fax: (919) 733-0645