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63-452.1
Establishment of
Inadvertent
Household Error
(IHE) Claims**INITIAL IHE OVERISSUANCE MONTH**

For Inadvertent Household Error (IHE) claims, the initial month of overissuance will be the first month that the household received more benefits than it was entitled to, unless the overissuance was caused by failure to report a change.

In cases involving untimely reported changes (e. g., the household failed to report a change in its circumstances within the time frames required in [63-261.3](#) and [63-274](#), the first month affected by the household's failure to report shall be the first month in which the change would have been effective had it been reported timely. Refer to [63-451.1](#).

DETERMINATION OF IHE CLAIMS

When determining the amount of benefits the household should have received, the worker will not apply the twenty (20) percent earned income deduction to the portion of earned income the household failed to report.

When a household incurs an overissuance in the same month that a claim is being collected, calculate the amount of the new overissuance by subtracting the benefits the household is eligible to receive, from the amount the household actually received not including the amount that is being collected from the prior claim.
(ACIN I-28-14)

Refer to [63-451.5](#) for a definition of the three-year time frame requirement to establish an IHE claim.

- **For Semi-Annual Reporting (SAR) households**, an IHE claim shall be established when the household:
 - Fails to report accurately and/or timely information that is required to be reported at intake, mid-period, at the SAR 7, or recertification ([63-287.2](#)).
 - Fails to report a change on the SAR 7 for the appropriate Data Month and the SAR Payment period was incorrectly computed based on the failure of the recipient to report a change or not submitting a timely SAR 7.
 - Submits the [SAR 7 late](#) and benefits cannot be decreased due to ten-day notice requirements as explained in [63-274.5](#) and [63-287.4](#).
- **For Change Reporting (CR) households**, a claim will be established if the household fails to report a change within 10 days of the date the change became known. The first overissuance month will be the first month in which the change would have been effective had it been reported timely. Refer to [63-261.2 and 3](#).

An overissuance shall not be assessed if the household reports the change timely, (within 10 days of the date the change occurred) and the worker is unable to decrease benefits solely because of the ten-day notice requirement.

After calculating the amount of the IHE claim, the worker shall offset the amount of the claim against any amounts which have not yet been restored (underissuance) that were calculated for the same month of the new claim.

- If the underissuance exceeds the amount of the established claim, the claim balance will be regrouped to zero. The balance of the underissuance after the claim is regrouped will be issued to the household as a restoration of lost benefits in accordance with [63-456](#).
- If the established claim amount exceeds the amount of the underissuance for the same benefit month, the claim balance will be offset and regrouped to a lower balance. The worker shall then initiate collection for the remaining balance of the claim.

63-452.2
Establishment of
Administrative
Error (AE) Claims

INITIAL AE OVERISSUANCE MONTH

For Administrative Error (AE) claims, for both Semi-Annual Reporting & Change Reporting households, the initial month of overissuance will be the first month the household receives more benefits than it was entitled to because of an error caused by a worker.

When the AE overissuance involves failure of the worker to act timely on a reported change, the initial month is determined as follows:

- **For Semi-Annual Reporting (SAR) households**, the first overissuance month will be the first month of the SAR payment period for which the worker would have made the change subject to timely notice.
- **For Change Reporting (CR) households**, if the worker failed to act timely, the first overissuance month will be the first month for which the worker would have made the change subject to timely notice.

DETERMINATION OF AE CLAIMS

The amount of a claim for an overissuance shall be equal to the difference between the allotment the household received and the allotment the household should have received for each month of the overissuance.

When a household incurs an overissuance in the same month that a claim is being collected, calculate the amount of the new overissuance by subtracting the benefits the household is eligible to receive, from the amount the household actually received not including the amount that is being collected from the prior claim.
(ACIN I-28-14)

Please, refer to [63-451.5](#) for a definition of the three-year time frame requirement to establish an AE claim.

Staff will not offset the amount of an **AE** claim against any amount of lost benefits (underissuance), which have not yet been restored to the household. Refer to [63-454.7](#)

63-452.3
Determining

For [Categorically Eligible \(CE\)](#) households, a claim will be determined only when the amount of the overissuance can be calculated on the

Categorically
Eligible
Household
Claims

basis of the household's net income and/or household size.

Example: A household did not report a bank account when applying for CalWORKs and CalFresh six months ago. The worker determines the assistance unit is ineligible for CalWORKs for the last six months. Therefore, a claim is established for CalWORKs. However, since the household would still have been modified categorically eligible, and therefore resources would not have been considered for eligibility, an overissuance will not be established as the discrepancy is based on excess resources; not on the household's net income and/or size.

63-452.4
Determining
Non-Fraud Claim
Months

The worker shall calculate the amount of the non-fraud overissuance that occurred during the 6 years preceding the date the overissuance was discovered as long as the overissuance was established timely (within the 3-year time frame). If the overissuance is not established timely, the overissuance cannot be recouped. Refer to [63-451.5](#) for definitions and example of the 3-year time frame to establish a claim.

Refer to [63-454](#) for recoupment regulations and procedures.

Date of Discovery

The date that the budget is computed showing that the overissuance actually occurred.

Date Claim Established

The date the claim is established is the date adequate notice (demand letter, budget and repayment agreement) is issued to the household. Claims are established by documenting the amount and reason for the overissuance and issuance of the demand letter. Computing the amount of an overissuance does not constitute the establishment of a claim. The worker shall compute the amount of the overissuance and issue the demand letter within the three-year timeframe. If the worker does not compute the overissuance until after the end of the three year period, a claim cannot be considered established against the household.

Refer to [63-451](#) for additional information on establishing claims.

63-452.5
Lomeli v. Saenz
Court Settlement

The Lomeli v. Saenz court settlement established that all new Administrative Error (AE) overissuances established on **March 1, 2000** and ongoing are to be recouped at a rate of five percent (5%) or \$10 whichever is greater.

The allotment reduction will be set up for a period of 36 consecutive calendar months starting with the month the actual collection begins. After the 36-month period, the collection will be suspended and the

remaining balance will be forgiven or compromised.

Lomeli v. Saenz claims can still be collected after the case is discontinued; the months would continue to count towards the 36-month limit. When the 36-month limit expires, the claim shall be compromised.

When the 36-month period of recoupment (collection) expires, CalWIN shall automatically compromise the claim reducing the remaining balance to zero (\$0.00).

63-452.6
Determination of
an Overissuance
in CalWIN

CalWIN determines an overissuance and initiates the Benefit Recovery process when the worker makes a change in "Data Collection" for a prior month, current month, or future month for which 10-day notice is already past and benefits have been authorized.

The worker will be responsible for:

Step	Action
1	Requesting and gathering accurate household information to determine eligibility and the correct allotment for each month of the certification period;
2	Update the information in Data Collection and enter the correct Effective Begin Date;
3	Set the (UEM) accordingly and run EDBC;
4	Choose the impacted months to evaluate in the Capture Discrepancy Information window and identify the error type;
5	Review and select active liable individuals in the Display Benefit Discrepancy window and select the appropriate reason(s) for the overissuance;
6	Document in the Maintain Case Comments window;
7	Review client correspondence in Search/View Client Correspondence in Print Queue for accuracy: <ul style="list-style-type: none">○ The Overissuance Recoupment Notice of Action (NOA) (demand letter);○ The Overissuance Budget Worksheet, NA 1263;○ Repayment Agreement;○ Complete manual variables when necessary; and○ Release the NOAs from the print queue for mailing and timely notification to the assigned Liable Individuals;

8	Resolve Alerts;
9	Make a discrepancy referral if fraud is suspected; and
10	Record the repayment agreement in the Record Repayment Agreement window.

63-452.7
Non-System
Determined
Claims (NSDC)

When an overissuance is not computed by CalWIN, the worker shall:

Step	Action
1	Complete a manual budget to determine the amount of the overissuance using the DFA 285-B , or DFA 285-D or the Scratch Budget; and
2	Complete the 09-43 HHSA ;
3	Clearly explain the reason for the overissuance on the 09-43 HHSA and CalWIN Case Comments;
4	Image the manual budget form and 09-43 HHSA ; and
5	Enter the claim in the Non-System Determined Claim (NSDC) window in CalWIN.

When a claim is created manually as a (NSDC), the worker must complete the overissuance budget worksheet [NA 1263](#) notice manually and mail it to the household along with the overissuance and repayment agreement notices.