

63-454 Recoupment of Claims

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63-454.1 Non-Fraud Error Claim Recoupment Notices

Send the following notices to initiate a claim:

If the claim is ...	Then send the following notices:
AE	Overissuance Notice DFA 377.7D3, and Repayment Agreement DFA 377.7E1 notice, and Budget computation NA 1263 notice.
IHE	Overissuance Notice DFA 377.7B, Repayment Agreement DFA 377.7C notice, and Budget computation NA 1263 notice.

- Both, overissuance notices [DFA 377.7D3](#) and [DFA 377.7B](#) will clearly explain:
 - The amount of benefits the household actually received;

- The amount of benefits the household should have received;
 - The time period of the claim;
 - The specific cause of the overissuance;
 - The amount required to be repaid;
 - How the household (or its sponsor) may pay the claim;
 - The household's or the sponsor's right to a state hearing. If the household or the sponsor disagrees with the amount of the claim, the household has ninety (90) days to request a fair hearing.
- Both repayment agreement notices [DFA 377.7E1](#) and [DFA 377.7C](#) provide the household the option to pay the claim by:
 - **Lump Sum Payment** either by cash or by paying from the EBT account; or
 - **Benefit Reduction** (allotment reduction); or
 - **Installments** either paying monthly cash payments or by paying from the EBT account.
 - The [NA 1263](#) budget notice will provide enough information to make an informed decision about the accuracy of the overissuance. The budget notice will include the amount of earned and/or unearned income used, household size, and the deductions allowed.

NOTE: If requested, the household will have the opportunity to inspect and copy any records related to the claim (MPP 63-801.431(g)).

63-454.2
Non-Fraud Error
Claims
Recoupment
Procedures for
Active Cases

Households currently receiving CalFresh may choose to repay AE or IHE claims by allotment reduction, lump sum payment or in installments.

Households choosing to repay:

- By a **lump sum payment**, may request to pay by cash (check or money order) or by a deduction from their CalFresh benefits (EBT account).
- In **installments**, may request to pay by monthly cash (check or money order) payments or by recoupment from their monthly CalFresh benefits allotment.
- By **benefit reduction** (allotment reduction), will have their

benefits reduced at the following rate:

- 5% or \$10 whichever is greater for AE claims
- 10% or \$10 whichever is greater for IHE claims

NOTE: Households that fail to send back the repayment agreement notices [DFA 377.7E1](#) or [DFA 377.7C](#) within 30 days will have their claims reduced by allotment reduction.

Refer to the Recoupment Procedures for Active Cases AE and IHE Claims section of the [CalFresh Processing Guide # 450.01](#)

63-454.3
Intentional
Program
Violation (IPV)
Recoupment
Procedures for
Active Cases

Recoupment by allotment reduction will be made at a rate of 20% or \$20 whichever is greater. Refer to the Recoupment Procedures for Active Cases with IPV Claims section of the [CalFresh Processing Guide # 450-01](#).

NOTE: Households can repay a claim by deducting CalFresh benefits from the EBT account at any time even if the claim is currently being recouped or the case has been discontinued. To begin recoupment from the EBT account, staff will have the responsible household member complete and sign the [16-102 HHS](#) form, Authorization for Benefit Collection from EBT Account. Refer to [63-455.1](#).

Timely notice is not required to reduce the household's allotment due to an IPV disqualification. Refer to [63-303.13](#).

63-454.4
Recoupment
Regulations

For Semi-Annual Reporting (SAR) households, an AE or IHE overissuance recoupment can only be initiated at the beginning of a payment period with timely notice.

- The recoupment can stop mid-period when the overissuance has been completely recouped.
- When a recoupment of one overissuance is completed, recoupment of the next overissuance can begin mid-period as long as the recoupment does not result in a decrease in benefits ([63-285.1](#)). Refer to [63-285.4](#) and [63-287.10](#).

For Change Reporting (CR) households, an AE or IHE overissuance recoupment can only be initiated 30 days after notifying the household of the overissuance. This allows time for the household to return the repayment agreement. If it is not returned, begin the

allotment reduction with timely notice.

Timely notice is not required to reduce the household's allotment due to an IPV disqualification.

Reminder: For exemptions to establishing claims refer to [63-451.4](#)

63-454.5
Recoupment of
Multiple Claims
by Allotment
Reduction

Staff will only collect on one active claim at a time. Other pending claims will remain in "Open" status until the active claim is recouped in full.

Administrative error (AE) claims established under Lomeli will not be collected with any other type of claims at the same time through allotment reduction. ACIN I-124-00

If a claim is being recouped and a new AE claim is established, the new AE claim cannot be collected until the recoupment of the other claim is completed. The 36-month limit for the new AE claim would begin with the first month of allotment reduction. ACL 00-87

63-454.6
Recoupment of
Claims from
Separate
Households

Staff will start recoupment action against any or all adult members of the household that received more benefits than it was entitled to receive as stated in [63-451.2](#).

A claim **may** be recouped from any household which contains an adult member who was an adult member of another household that received an overissuance. The worker may also offset the amount of an IHE or IPV claim against an underissuance.

Staff **may** also recoup from separate households at the same time for the same claim from multiple adult members that received an overissuance as one household, but moved to separate CalFresh households, as long as each household includes an adult member of the household that received the overissuance. However the amount recouped from all households may not exceed the total overissuance. (ACIN I-58-08)

The County (ORR) cannot request a tax intercept to pay a claim at the same time that the claim is being recouped by allotment reduction in an active CalFresh case.

EXAMPLE

A CalFresh case includes a mother and adult son; the mother was the head of household. An overissuance occurred as a result of the mother failing to report the son's earnings. The son left the household and the claim is being recouped by allotment reduction.

QUESTION:

Can the County intercept the son's taxes at the same time that an allotment reduction is being made to the mother's CalFresh case?

ANSWER:

Although all adult household members are jointly and individually liable for the value of any overissuance, the County cannot request a tax intercept at the same time when an allotment reduction is currently being used to collect the overissuance amount. (ACIN I-16-05)

63-454.7
Benefit Offset

Offset the amount of IHE and IPV claims against any underissuance amount that has not been restored.

An underissuance cannot be offset against an AE overissuance.

The California Department of Social Services and California counties are permanently enjoined by court order in Lopez v. Glickman from applying the offset of AE error claims.

63-454.8
Installments and
Lump Sum
Payments
Regulations

If the household chooses to pay the overissuance by:

- **Lump sum** (check or money order), the household will not be required to liquidate all of its resources to make one lump sum payment. The household can make partial payments on the claim.
- Cash (check or money order) in **monthly installments**, the worker must ensure that the installments the household agrees to repay are not less than the amount which could be recovered through allotment reduction. This amount will remain unchanged regardless of subsequent changes in the household's monthly allotment.
- **For closed cases**, if the household or sponsor fails to make the payments, ORR shall notify the household or sponsor that no payment was received and to contact the ORR to discuss renegotiation of the payment schedule.

If the household:

- Contacts ORR and they wish to continue with the current payment schedule, they may continue to do so.
- Requests renegotiation of the payment schedule and the

circumstances of the household have changed enough to warrant renegotiation, the payment schedule may be renegotiated.

63-454.9
Postponement of
IHE Recoupment

The County may postpone recoupment action of IHE claims in cases where an overissuance is being referred for possible legal prosecution or for administrative disqualification, and the County determines that recoupment action will prejudice the case.

63-454.10
IHE and AE
Recoupment
Procedures for
Noncitizen
Households with
Sponsors

Any noncitizen's sponsor and the sponsored noncitizen will be held jointly and individually liable for repayment of any overissuance of CalFresh benefits that results from incorrect information provided by the sponsor.

Prior to initiating recoupment action against the sponsored noncitizen household, determine whether the incorrect information was provided due to inadvertent error on the part of the noncitizen or the noncitizen's sponsor.

Establish a claim against the sponsor or the sponsored noncitizen's household, both parties at the same time, or establish the claim against the party most likely to repay first.

If a claim is established against the sponsor first, ensure that a claim is established against the household when the sponsor fails to respond within 30 days of receipt to the notice of action requesting repayment.

The County will hold the noncitizen's household solely liable for repayment of an overissuance when determining that the sponsor had good cause or was not at fault for providing the incorrect information that resulted in the overissuance.

A sponsor will be without fault or have good cause for not providing correct information only when meeting all of his/her reporting responsibilities, but when the noncitizen has failed to do so.

Initiate recoupment against the noncitizen household and the sponsor for all IHE claims, unless one of the following conditions apply:

- The sponsor did not have good cause or was at fault as specified above, and
- The household or the sponsor cannot be located. Refer to [63-451.4](#).

A sponsor will not be held at fault for an AE claim.

NOTE: The County will return to the sponsor and/or the household any amounts repaid in excess of the total amount of the claim.

63-454.11
Collection
Procedures for
Closed Cases

When a CalFresh case is discontinued with an outstanding claim balance, a transaction is sent to ORR's Revenue Plus Collection System (RPCS) via the CalWIN interface. ORR staff will establish an account and will initiate collection activities on all outstanding overissuances more than \$125.

In order for the Agency to be able to continue or begin collecting an overissuance after a CalFresh case is discontinued, the household will have been notified of the overissuance (as explained in [63-454.1, 2](#) and [63-454.3](#) above) and have had an opportunity to choose how to pay the overissuance.

All closed CalFresh cases must be thoroughly reviewed before being assigned to the closed case bank to ensure:

- Repayment notices and budget worksheets have been sent to the household for each claim;
- Repayment agreements have been sent to the household and have been imaged (if the household has returned the agreement);
- Accurate manual computation ([CF 286 SAR](#) or Scratch Budget and [09-43 HHSA](#)) for Non-System Determined Claims has been imaged (Refer to [63-454.1](#)); and
- A complete and clear explanation of the reason for the overissuance and action taken has been entered in Case Comments.

All overissuance notices and/or repayment agreements will be sent to the household before a CalFresh case is assigned to the closed case bank. Refer to [63-454.2](#) and [63-454.3](#) above for recoupment procedures.

63-454.12
Cases Reopened
with Outstanding
Claim Balances

Review the Display Claims Summary window in CalWIN's Benefit Recovery Sub-System when processing new applications for CalFresh claims with outstanding balances.

- If the case has an overissuance with an outstanding balance,

CalWIN will send a transaction to RCPS via the CalWIN interface.

- ORR will close the account in RCPS and CalWIN will automatically start the recoupment of the claims in the following order: IPV first, then IHE and AE claims last.
- Fiscal will adjust the balances accordingly (in case the household has made payments on the claims while the case was in close status).

Review to determine if proper overissuance notices, repayment agreements and budgets has been sent to the household for each “active” and “open” claim:

If the overissuance notice ...	Then...
Has been sent to the household, and the case contains a repayment agreement requesting allotment reduction (recoupment) signed by the current head of household,	Make sure the Repayment Agreement was recorded in CalWIN. If it has, CalWIN will start recoupment by allotment reduction.
Has been sent to the household, but the case does not contain a repayment agreement,	Send the corresponding repayment agreement notice to the household and the overissuance notice as explained in 63-454.1, 2 and 63-454.3 .
And repayment agreement was not sent to the household,	Send the corresponding overissuance and repayment agreement notice to the household as explained in 63-454.1, 2 and 63-454.3 .
Has not been sent,	Send the corresponding overissuance and repayment agreement notice even if the repayment agreement was previously sent to the household. Refer to 63-454.1, 2 and 63-454.3 .