

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

December 6, 1985

ALL-COUNTY LETTER NO. 85-120

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: TECHNICAL OVERPAYMENT REGULATIONS (ORD #0485-23)

REFERENCE: ACIN I-113-84 - LETTER TO ALL COUNTY WELFARE DIRECTORS
(September 11, 1985)

The purpose of this letter is to provide information to you which will help you in implementing the recently adopted technical overpayment provisions of MPP Section 44-350.131.

These regulations, which were necessitated by SB 1579 (Chapter 1441, Statutes of 1984), provide that no assessment of an overpayment will be made against an applicant or recipient of AFDC FG/U, EA-UP, RCA/ECA, or RDP because he/she fails to take an action constituting a condition of eligibility when the failure is the result of an error caused by a state agency or a county welfare department, and the amount of the grant would not have been different had the condition been met. The conditions of eligibility affected by this law include, but are not limited to: WIN Demo/Job Search registration, Social Security number procurement and cooperation with the district attorney. The Department is looking into the possible impact of these provisions on other public assistance programs.

The regulations define "an error caused by a state agency or the county welfare department" as either: (1) the failure of a state agency to notify the county that the recipient no longer meets the specified eligibility requirement, or (2) the county's failure to inform the applicant or recipient either verbally or in writing that he/she must perform the act constituting a condition of eligibility.

In addition, the regulations provide that an "applicant or recipient error" occurs only when the case record specifically documents that the applicant or recipient was notified, either verbally or in writing, of the need to perform an act which constitutes a condition of eligibility and he or she did not perform the act as required.

EFFECTIVE DATE

These regulations affect overpayments from January 1, 1985. This means counties must do three things for cases which qualify under MPP 44-350.131(a), (b), and (c):

- 1) Counties must not assess an overpayment in such cases which are discovered on or after January 1, 1985;
- 2) Counties must stop recouping overpayments in all such cases no matter when they were discovered;
- 3) Counties must refund any amount recouped since January 1, 1985 in all such cases. Such refunds are to be completed as early as possible and, in any event, no later than March 31, 1986.

In addition, there are fiscal claiming implications. Because the regulations deal only with recoupment of overpayments, there are no quality control (QC) or error rate implications. Both subjects are discussed below.

Fiscal Claiming for AFDC-FG/U

Upon discovery that an error has occurred, the persons counts as originally claimed, must be adjusted from federal to nonfederal status for each month in which there was a technical overpayment. This includes all cases where such overpayments were being recouped as of January 1, 1985 and those cases in which errors were discovered subsequent to that date. For cases which were being recouped as of January 1, 1985 only those months in which there was an unrecovered overpayment must be adjusted from federal to nonfederal status. If the technical overpayment is incurred by only one person in the assistance unit (AU) only the persons count for that person is adjusted from federal to nonfederal. When the error which caused the technical overpayment is such that the entire AU is federally ineligible, persons counts for the entire AU must be adjusted from federal to nonfederal.

For active or closed cases, if recoupment of a technical overpayment occurred in January 1985 or subsequently by grant adjustment or cash collection, such recoupment must be refunded to the AU by issuing a supplemental warrant. The warrant will be claimed as a prior month supplemental warrant on Line 5 of the Form CA 800. If it is necessary to refund recoupment for more than one month, one or more warrants may be written but the case record and the claim must reflect the appropriate amount per month. The supplement will be issued as an FG or a U supplement depending upon the aid type of the case when the technical overpayment was erroneously recouped. For administrative ease the refund of an amount previously reported by the county as a repayment may be claimed as a prior month supplemental instead of as an offset to the Repayment Contra Roll as required in MPP Handbook Section 25-740.10.

It is unnecessary to establish an Accounts Receivable for these cases because by adjusting persons counts to nonfederal status, the case becomes state/county funded and in accordance with state regulations, no overpayment exists. For active and closed cases, any existing accounts receivable which were caused by a technical overpayment must be written off.

Since there is no Office of Refugee Resettlement (ORR) funding available when a federal condition of eligibility is not met, further adjustments may be necessary if there is at least one time-eligible refugee/entrant in the AFDC-FG/U case which incurs a technical overpayment. If the technical overpayment was applicable to the entire AU or to the only time-eligible person(s) in the AU, then no persons counts and no grant amount can be carried forward to the Form DFA 844, Additional Federal Funds Claimable Based on the Nonfederal Share of Expenditures for Refugee and Entrant Recipients in Receipt of AFDC. In those instances where it is necessary to retroactively adjust prior claiming on the CA 800, the persons counts and the grant payment must be reflected as minus items on the accompanying DFA 844. If the technical overpayment affected only one time-eligible person in the AU and at least one time-eligible person was left in the unaffected portion of the AU, the persons count for the time-eligible refugee entrant who incurred the technical overpayment and that portion of the grant applicable to that person must be shown as minus items on the accompanying DFA 844. The portion of the grant for the affected time-eligible refugee/entrant is computed by subtracting the grant for the AU excluding that person from the grant for the AU including that person.

Fiscal Claiming for EA-UP

Adjustments for cases in which a technical overpayment occurred in an EA-UP case must be made in the same instances as discussed in the claiming instructions for AFDC FG/U. The affected persons counts and money payments (grants or portions of grants) must be deleted as a minus item on Line 9, Schedule of Adjustments of the Form SOC 801, Summary Report of Assistance Expenditures, Emergency Assistance-Unemployed Parent. The persons counts and money amounts will be reclaimed on Line 9, Schedule of Adjustments, Aid to Families with Dependent Children. The persons counts will be reclaimed as nonfederal persons counts; i.e., as AFDC State-only AFDC-U recipients.

The instructions provided for adjustments to affected AU's on AFDC-FG/U which include one or more time-eligible refugee/entrants are to be followed in making adjustments to EA-UP cases in which there is one or more time-eligible refugee/entrants. Any necessary adjustments will be reflected on the Form DFA 863, Additional Federal Funds Claimable Based on the Nonfederal Share of Expenditures for Refugee Resettlement and Cuban/Haitian Entrant Recipients in Receipt of Emergency Assistance - Unemployed Parent.

Fiscal Claiming for RCA/ECA

Adjustments for cases in which a technical overpayment occurred in a RCA/ECA case must be made in the same instances as discussed in the claiming instructions for AFDC-FG and U. The adjustments on the RCA/ECA claim will be made by deleting the persons count(s) and money payment (the grant or the applicable part of the grant) from Line 9, Schedule of Adjustments, on Form DFA 846, Summary Report of Assistance Expenditures for the Refugee Cash Assistance Program (RCA) Includes Entrants.

There is no provision for claiming state-only payments on the current Form DFA 846. Because of the necessity for making the retroactive adjustments as soon as possible and of adjusting currently discovered errors on a timely basis, the following procedures will apply until a revised form is available. The dollar amount, if any, which is deleted from Line 9 will be shared between state and county in the AFDC-FG/U sharing ratio of 89.2 percent state, 10.8 percent county. On the Form DFA 846 under Columns A and B, Line (C), please type the words STATE-COUNTY. Under Line (C) type the word TOTAL. Enter the state and county shares as computed above and enter the total amount. A listing of case number, case name, persons counts and net expenditure amount must be submitted to substantiate the amount claimed for reimbursement in this line. Such listing must be entitled "Technical Overpayment Cases" to differentiate these costs from future costs which may also be claimed in this line. State general fund payment for claimed amounts in the Federal RCA program may be delayed until appropriate state level approvals are received.

Fiscal Claiming for RDP

Follow the instructions for AFDC-FG/U.

QUALITY CONTROL

Adoption of MPP Section 44-350.131 has caused some confusion for county welfare departments concerning possible effects on eligibility determinations and error rates. In simple terms, there is no effect on either. A full reading of Welfare and Institutions Code Section 11004(d), as added by SB 1579, the basis for MPP 44-350.131 makes it clear that the issue they are addressing is the fiscal liability of aid recipients for agency caused technical errors. The existence of eligibility determination errors within the case is a separate issue not addressed by either SB 1579 or the W&I Code. For this reason, the QC procedures for reviewing cases remain unchanged. QC reviewers, in accordance with established review procedures, will continue to identify cases subject to the provisions of SB 1579 as error cases.

If you have any questions related to the fiscal claiming aspects of this letter, please contact Willa Wallen of the Fiscal Policy and Procedures Bureau at (916) 322-9288.

For quality control questions, contact Joyce Lewis at (916) 322-9802.

For questions relating to the regulations, contact Jim Duneheew of the AFDC Policy Implementation Bureau at (916) 322-5330.



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