



CDSS

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Regulation Package # 0309-03

CDSS MANUAL LETTER NO. EAS 09-03

TO: HOLDERS OF THE ELIGIBILITY AND ASSISTANCE STANDARDS MANUAL

Regulation Package # 0309-03

Effective 7/1/09

Sections 45-302, 45-303, 45-304, 45-305, and 45-306

This manual letter has been posted on the Office of Regulations Development website at <http://www.dss.cahwnet.gov/ord/PG1943.htm>

In June 2006, the CDSS was informed that the State was not in compliance with Aid to Families with Dependent Children-Foster Care (AFDC-FC) overpayment recoupment that requires the federal share of overpayments identified through state program audits, county compliance audits, and county overpayment errors be returned immediately once the overpayment has been identified. The past practice at CDSS, based on a federal financial management cost principal of Office of Management and Budget (OMB) Circular A-87, had been to repay the federal share of overpayments upon recoupment from foster care providers. However, the Department of Health and Human Services (DHHS) Region IX advised CDSS that it was out of compliance with the federal Improper Payments Information Act (IPIA) and that it had misinterpreted the federal law. Moreover, DHHS Region IX advised CDSS that it is responsible for crediting the federal government the full amount of the federal share of Title IV-E funds upon identification following the completion of due process, regardless of whether the state or county collects or has the ability to collect overpayments. Therefore, CDSS informed the DHHS Region IX that it would take immediate steps to comply with identifying, tracking, and reporting overpayments and remitting the federal share as required.

In October 2006, CDSS began a series of workgroup meetings with the County Welfare Director's Association (CWDA) and county representatives to address statewide concerns with identifying, tracking, and reporting overpayments, and identify current and potential best practices to prevent and reduce overpayments. Counties were advised to begin tracking identified overpayments regardless of the ability to collect.

Senate Bill (SB) 84 (Chapter 177, Statutes of 2007) contains legislative language that statutorily requires CDSS to collaborate with CWDA to develop and implement processes, procedures, and develop regulations that will ameliorate systemic problems with identifying, tracking, reporting, collecting, and remitting the federal share of

Title IV-E foster care and AAP overpayments. The workgroup identified current issues with state statute and regulations that preclude counties from notifying and recovering overpayments; identified possible best practices to reduce or eliminate overpayments; identified issues with due process and appeal rights of providers; identified problems associated with Adoption Assistance Program (AAP) payments, that may occur only every two years when AAP agreements are renegotiated and may affect the timely discovery of an overpayment; defined "uncollectible debt;" and identified the appropriate roles of both counties and the state in recouping overpayments including those identified through state program audits.

Pursuant to SB 84, CDSS is required to repay the federal share of all overpayments identified by counties until such time as CDSS promulgates regulations, or by December 31, 2008, thus, relieving counties of the responsibility to pay back overpayments.

FILING INSTRUCTIONS

Revisions to all manuals are indicated by a vertical line in the left margin. The attached pages are to be entered in your copy of the Manual of Policies and Procedures. The latest prior manual letter containing Eligibility and Assistance Standards Manual changes was EAS-09-02.

Page(s)

Replace(s)

568
571 through 574.7

Page 568
Pages 571 through 574.16

Attachment

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- .22 AFDC-FC payments shall not be made for any days an otherwise eligible child resides in an unlicensed group home or in an unlicensed or unapproved family home.

- .23 Child Temporarily Absent
 - .231 When an AFDC-FC eligible child is temporarily absent from an eligible facility such as for school, work or training program, hospitalization, visiting, vacationing, emergency circumstances, the county shall have the option of making payment to the eligible facility from which the child is absent in order to meet the child's needs. The payment shall be made to one of the payees listed in Section 45-301.1 or 45-301.2.
 - (a) A child is determined to be temporarily absent when he/she is absent for no more than 14 days in a calendar month.

 - (b) A child who is in a public hospital, as defined in Section 80-301(p)(3), shall be considered temporarily absent from an eligible facility when, on the first of the month for which the AFDC-FC payment is due, the child has not been in the public hospital for two full calendar months, irrespective of the day on which he or she entered that facility.

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Section 8.3B, Question #7, Child Welfare Policy Manual limits temporary absences to a period not to exceed 14 days:

"The State may provide a full month's title IV-E foster care maintenance payment to the licensed provider if the brief absence does not exceed 14 days and the child's placement continues with the same provider. Otherwise, the State must prorate its claims if the child is absent from the placement for more than a reasonable brief period."

The Administration for Children and Families, Region IX, has determined that a reasonable brief period is no more than 14 days in a calendar month. Below are some examples provided by Region IX that speaks to the issue of temporary absence.

EXAMPLE #1: The youth is in a foster home placement and unexpectedly runs away from the placement on January 24th. The child returns to the same home **14** days later on February 7th. Could the county provide two full months of a foster care payment to the provider?

HANDBOOK CONTINUES

HANDBOOK CONTINUES

Because the child was not absent in January for more than 14 days and was not absent in February for more than 14 days the county could provide two full months of foster care payments to the provider.

EXAMPLE #2: The youth is in a foster home placement and unexpectedly runs away from the placement on January 24th and returns to the same home 18 days later on February 11th. In this scenario could the county pay the provider a full month of IV-E maintenance payment for January?

The county could pay the full months of January AND February since the child was not absent more than 14 days in each month.

EXAMPLE #3: The youth is in a foster home placement and runs away from placement (or is hospitalized) from January 2nd to the 14th and then again from January 20th through 27th. In this scenario could the county pay the provider a full month of IV-E maintenance payment for January?

Because the youth was absent from placement for more than 14 days in the calendar month, the county would have to prorate the maintenance payment to reduce the payment by the number of days exceeding 14 days in the calendar month.

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.24 Child Living with Nonrelated Legal Guardian

.241 When the child resides in the home of a nonrelated legal guardian who is not cooperating with the county welfare department in its provision of social services, as required in Section 45-203.611(c), AFDC-FC shall not be paid.

.25 Child Placed in Out-of-State Group Home

.251 No public funds shall be expended on behalf of a child placed in an out-of-state group home unless all of the following conditions are met:

- (a) There has been a finding by the court that:
 - (1) The group home is licensed or certified for the placement of minors by an agency in the state in which the minor will be placed; and
 - (2) All the requirements specified in Family Code Section 7911.1 have been met.

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- (b) The court reviews the out-of-state group home placement every six months to ensure that the requirements specified in MPP Sections 45-302.251(a)(1) and (2) continue to be met.
- (c) The court reviews the out-of-state group home placement at each periodic review and permanent placement hearing to ensure that the out-of-state placement continues to be the most appropriate placement for the child and continues to be in the best interests of the child.
- (d) The assessment and placement recommendation as specified in MPP Section 45-201.44 have been met.
- (e) The monthly visit requirements as specified in MPP Section 45-201.414(a) have been met.
- (f) The child is placed in an eligible facility as specified in MPP Section 45-202.517 or MPP Section 45-203.417, as appropriate.
- (g) There has been an additional finding by the court that in-state facilities or programs have been determined to be unavailable or inadequate to meet the needs of the child.
- (h) The court reviews the out-of-state group home placement every six months to ensure that the requirements specified in MPP Section 45-302.251(g) continue to be met.

.3 Beginning Date of Aid

- .31** If the child is determined to be eligible, the beginning date of aid for AFDC-FC shall be the date of application if the child meets all eligibility conditions on that date, or the date on which the child meets all eligibility conditions, whichever is later.
- .32** For purposes of .31 above:

 - .321** "The date of application" means the date on which an authorized county employee completes, signs and dates an application on behalf of a child, or the date on which the county receives a signed and dated application from the child's parent or a person other than a county employee.
 - .322** "The date on which the child meets all eligibility conditions" means the date that the following conditions exist, even though verification or documentation of the condition is received at a later date:

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- (a) All linking and nonlinking factors of eligibility are met, including deprivation of parental support or care, age, citizenship or alienage status, residence, property and income eligibility requirements; and
 - (b) All other applicable conditions of eligibility are met including, but not limited to, technical conditions of eligibility, authority for placement and eligible facility requirements, as specified in MPP 45-201, 45-202 or 45-203, and 45-300. Technical conditions of eligibility as specified in MPP 45-302.322(c) are considered to be met on the date of application as long as the conditions are completed by the date of authorization.
 - (c) For purposes of determining the beginning date of aid for AFDC-FC, the technical conditions of eligibility are limited to social security enumeration, application for unconditionally available income and child support requirements.
- .33 Other provisions pertaining to restoration of aid, intraprogram status changes and intercounty transfers are found in MPP 44-317.
- 4 AFDC-FC Budgeting Methods
- .41 The budget period for computation of AFDC-FC grants shall be the current month. AFDC-FC grants shall be computed on the basis of known or estimated income in the current calendar month (i.e., prospective budgeting method).
- .42 Every effort shall be made by the county to ensure that the foster care provider or relative with whom the child is placed or the nonrelated legal guardian with whom the child lives and the parent(s) and the child are aware of the necessity to report any change in need or income for the child.
- .43 Budget Computations
- .431 The foster care grant shall be computed by:
- (a) Rounding to the next lowest dollar the total net income of the child as determined under Chapter 44-100 and the sum of the county foster care rate and specialized care increment as determined under Operations Manual Chapter 11-400; and
 - (b) Subtracting the rounded current net income from the rounded sum of the rate and specialized care increment.

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.5 Last Date of Payment

.51 Except as provided in .511 below, the last date of payment shall be the day preceding the day the child permanently leaves, is removed or runs away from an eligible facility, or turns eighteen (or nineteen pursuant to Section 45-201.1).

.511 The county shall have the option of making an additional AFDC-FC payment beyond the date in which the child permanently leaves or is removed from foster care provided the following conditions are met:

- (a) The child has been moved from the eligible facility to what the placement agency considers a potentially unstable living arrangement or the child has run away from such eligible facility.
- (b) The same eligible facility has agreed to take the child back immediately upon notice from the placement agency, regardless of whether the child actually returns to that same facility.
- (c) The child has not been moved from one eligible facility to another eligible facility.
- (d) No other AFDC-FC payment has been made for the same period.
- (e) The additional payment does not exceed the monthly rate set for the eligible facility and does not extend beyond the end of the month in which the child leaves the facility.

.52 When an otherwise eligible child has been moved from one eligible facility to another, the day the child is moved and placed in the second facility shall be the first day of payment for the second provider.

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.6 Rate of Payment

.61 For provisions pertaining to rate setting for family homes, group homes and foster family agencies, see Chapter 11-400.

HANDBOOK CONTINUES

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HANDBOOK CONTINUES

- .62 For provisions pertaining to clothing allowance and funeral expense special needs for AFDC-FC, see Section 11-420.

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NOTE: Authority cited: Sections 10553, 10554, and 11209, Welfare and Institutions Code. Reference: Section 7911.1, Family Code; and Sections 361.21, 366, 727.1, 11017, 11056, 11400(f), 11401, 11402, 11403, 11405, 11269, 11466.24, and 16516.5, Welfare and Institutions Code; Section 472(a)(1), Social Security Act.

45-303 **PAYMENT DELIVERY** **45-303**

- .1 AFDC-FC payments shall be delivered in one amount no later than the fifteenth of the month following the furnishing of care. Warrants shall not be forwarded or mailed outside the United States, as specified in Section 44-305.21.
- .2 As a condition of Payment Delivery, the county may require a foster care provider to:
- .21 Timely report that a child received care from the provider for the entire month.
 - .22 Timely report the date the child left the provider's care when the provider did not care for the child for the entire month or the number of days in the month the provider cared for the child when the child leaves and returns after a temporary absence of 15 days or more; and
 - .23 Provide all relevant verifications upon county request.
- .3 Where the county has required a provider to comply with Section 45-303.2, failure by the provider to provide the information required may result in the payment being delayed by no later than 15 days after the information is submitted to the county.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code; and Senate Bill 84, Chapter 177, Statutes of 2007, Section 33. Reference: Section 11466.235, Welfare and Institutions Code.

45-304 **AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS -** **45-304**
GENERAL

- .1 Overpayment Recovery for Foster Care Providers, including but not limited to, Group Homes, Foster Family Agencies, Small Family Homes, Foster Family Homes, Relative Homes, Nonrelative Extended Family Members, and Non-related Legal Guardians
- .11 An overpayment is any amount of aid paid which a foster care provider received on behalf of a child to which the provider was not entitled.

45-304	AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS - GENERAL (Continued)	45-304
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- .111 Each county must develop and institute a program of internal controls to avoid making overpayments.
 - (a) The program may include policies and activities conducted prior to the issuance of payment.
 - (b) As a condition of Payment Delivery, Section 45-303, the county may require a foster care provider to:
 - (1) Timely report that a child received care from the provider for the entire month.
 - (2) Timely report the date the child left the provider's care when the provider did not care for the child for the entire month or the number of days in the month the provider cared for the child when the child leaves and returns after a temporary absence of 15 days or more; and
 - (3) Provide all relevant verifications upon county request.
 - (c) Where the county has required a provider to comply with Section 45-303.2, failure by the provider to provide the information may result in the payment being delayed by no later than 15 days after the information is submitted to the county.
- .112 If the foster care provider reports, or if the county otherwise determines, that the foster child resided in foster care placement for less than the full month, the county shall prorate the payment, unless Section 45-304.123 applies.
- .113 An overpayment does not occur when the county exercises the option to make payment to an eligible facility for an absent child, for a period not to exceed 14 days in a calendar month, in accordance with Section 45-302.231.
- .12 The county shall take all reasonable steps necessary to promptly assess whether an overpayment has occurred.
 - .121 Overpayment assessments shall include discovery of the overpayment and documentation of the overpayment.
 - (a) Discovery of overpayments. The county shall ensure that a program of internal controls exists and operates on an ongoing basis to discover, in a timely manner, payments made to a foster care provider for which that provider was not eligible to receive.

45-304 AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS - 45-304
GENERAL (Continued)

- (1) Methods of discovering the existence of payment errors and determining the amount of the payment error shall be implemented and include, but not be limited to: supervisorial review of payments made; reconciliation between social worker or probation officer and eligibility worker information; and a quality assurance system.
 - (b) Documenting overpayments. The county shall document the amount of the overpayment, the actual dates of the days overpaid, the date of discovery of the overpayment, the aid code for which the overpayment was made, and include a description of the circumstances that resulted in the payment error.
 - (c) The overpayment is not identified until it has satisfied the requirements in Section 45-304.5.
- .122 The county shall demand and collect overpayments from a Foster Family Home, an approved home of a relative or non-relative extended family member, an approved home of a nonrelated legal guardian, Group Homes, Small Family Homes and Foster Family Agencies for any period of time in which the foster child was not cared for in that home, except as provided in Sections 45-304.123 and 45.304.125.
- .123 The county shall not demand collection of overpayments made to a Foster Family Home, an approved home of a relative or non-relative extended family member, or an approved home of a nonrelated legal guardian, where any of the following conditions exist:
- (a) The overpayment was exclusively the result of a county administrative error;
 - (b) Neither the county nor the provider was aware of the information that would establish that the child was not eligible for foster care benefits in that provider's home; or
 - (c) The provider did not have knowledge of, and did not contribute to, the cause of the overpayments.
- .124 For overpayments described in Section 45-304.123, the county may request that the provider voluntarily return an overpayment, provided that the county informs the provider that the provider has no legal or other obligation to return the overpayment, and that failure to return the overpayment will not result in any adverse action against the provider and the child/children in the home.
- .125 The county shall not pursue collection of overpayments made to an overpaid foster care provider where the cost of the collection exceeds the amount of the overpayment.

45-304	AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS - GENERAL (Continued)	45-304
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- (a) Costs which the county shall consider when determining the cost effectiveness to collect are total administrative and personnel costs, legal filing fees, investigative costs, and any other costs which are applicable.

- (b) The county shall have a written debt write-off policy approved by the county Board of Supervisors covering situations including, but not limited to:
 - (1) Where the debtor cannot be located.
 - (2) Where the debtor is unable to pay.
 - (3) Where the costs of further overpayment recovery actions will exceed estimated recovery amounts.
 - (4) An amount not to exceed \$100.

- (c) The county shall maintain adequate documentation supporting its decision to write off an overpayment. Adequate documentation shall include, but not be limited to:
 - (1) A description of all actions, including the dates of those actions that have been taken to recover the overpayment, and the results from those actions.
 - (2) A description of reasonable steps that could be taken in the future to continue recovery efforts, unless it has been determined and documented that the cost of recovery exceeds the collectible amount.
 - (3) The costs and benefits of engaging in these further collection actions.
 - (4) The basis for the decision to pursue/not pursue collection of the overpayment.
 - (5) The date when recovery actions were terminated on the overpayment.
 - (6) If Section 45-304.125(b)(4) applies to an overpayment, then adequate documentation shall consist of documenting the amount of the overpayment.

**45-304 AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS - 45-304
GENERAL (Continued)**

.126 The county shall not demand collection of overpayments made to non profit corporations operating group homes or foster family agencies that are no longer in business or licensed by the department.

(a) The county shall not initiate a financial or fiscal audit, or any activity that could lead to the establishment of an overpayment of a group home or foster family agency that is no longer in business or licensed by the department, without prior written approval of the department. This provision does not apply to law enforcement activities under the Penal Code.

(b) The county shall not take any action in furtherance of an existing financial or fiscal audit, or any activity that could lead to the establishment of an overpayment of a group home or a foster family agency that is no longer in business or licensed by the department, without prior written approval of the department. This provision does not apply to law enforcement activities under the Penal Code.

.127 Nothing in Sections 45-304.122, .123 or 124 prevents counties from collecting an overpayment which results from the payment of aid paid pending.

.2 Investigation of Overpayments

.21 When information indicates that an overpayment may have occurred, the county shall take the following actions:

.211 Review the eligibility factors to determine what the correct grant amount should have been;

.212 Calculate the amount of the overpayment;

.213 Determine whether any of the factors in Section 45-304.123 or .124 preclude overpayment recovery. If none of the factors in Section 45-304.123 or .124 preclude recovery then:

(a) Determine from whom the overpayment may be recovered (see Section 45-304.3);

(b) Comply with the requirements in Section 45-305.

(c) The county may seek voluntary collection consistent with Section 45-305.231.

45-304 AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS - 45-304
GENERAL (Continued)

.214 If after performing the actions required under Section 45-305, full recovery of the overpayment is not achieved, then the county shall determine whether to pursue collection of the overpayment as specified in Section 45-304.125.

.3 Overpayment Recoupment

.31 Overpayments shall only be collected from the provider who actually received the overpayment from the county. Overpayments shall not be collected from subsequent providers who provide care to the child for whom the overpayment was assessed.

.32 If the child for whom the overpayment was assessed is no longer residing in the home of the provider, grant adjustment and grant offset shall not be used to recover the amount of the overpayment. This section applies even if the provider is caring for other foster care children.

HANDBOOK BEGINS HERE

Section 45-304.32 does not prohibit those overpayment collection procedures detailed in Section 45-305.22 or .23.

HANDBOOK ENDS HERE

.33 For overpayments made to group homes and foster family agencies, an offset to the administrative portion of any subsequent payments shall be used to recover the amount of the overpayment. See Section 45-305 for offset methodology.

.4 Limitations on Recoupment of Overpayments

.41 A county shall not collect interest on the repayment of an overpayment unless Section 45-305.33 applies.

.42 A county shall not initiate overpayment recovery after one year from the date the county discovers the overpayment.

.421 The county shall continue to recover an overpayment after one year from the date the county discovers the overpayment where the overpayment recovery was initiated within one year of the date the county discovered the overpayment.

HANDBOOK BEGINS HERE

The initial discovery of the overpayment may occur more than a year after the actual overpayment occurred and recovery shall be sought unless prohibited by Section 45-304.123. The date of discovery is controlling, not the date of the actual overpayment.

HANDBOOK ENDS HERE

45-304 AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS - 45-304
GENERAL (Continued)

- .422 This section does not prohibit the county from entering into voluntary or involuntary repayment schedules which last longer than a year from the date of the initial discovery of the overpayment.
 - .423 This section does not apply where the county institutes an involuntary repayment schedule after a provider has failed to comply with a voluntary repayment schedule.
- .5 County Identification and Remittance of Overpayments (See Section 45-304.12)
- .51 If the overpaid provider does not request a review of the county overpayment determination, the overpayment shall be identified two (2) days after the date the overpaid provider's time frame to request a review has elapsed.
 - .52 If the overpaid provider requests review of the county's overpayment determination (under Section 45-306), the date the overpayment is identified shall be the date the overpaid provider exhausts administrative due process (under Section 45-306).
 - .53 The county shall, no later than 20 calendar days after the end of the month in which the overpayment was identified, make an aid claim adjustment in an amount equal to 60 percent of the federal share of the overpayment amount for all overpayments identified other than overpayments specified in Sections 45-304.122, .123 and .124.
 - .54 The county shall not be required to remit the federal share of any overpayment that is uncollectible pursuant to statute or court order, as specified below:
 - .541 Overpayments which are uncollectible under Section 45-304.123.
 - .542 Overpayments which are uncollectible by operation of Section 45-304.125(b)(4).
 - .543 Overpayments which are uncollectible under Section 45-304.125, provided that the county maintains adequate documentation as described in Section 45-304.125(c).
 - .544 Overpayments which are uncollectible under Section 45-304.126, provided that the county complies with Section 45-304.126(a) and (b).
 - .55 The county shall report to the department all identified legally uncollectible overpayments and uncollected overpayments due to operation of Sections 45-304.123, .124 and .125 on a monthly basis.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code; Senate Bill 84, Chapter 177, Statutes of 2007, Sections 32 and 33. Reference: Sections 11400, 11466.23, 11466.235, and 11466.24, Welfare and Institutions Code; Section 338 Code of Civil Procedure; Section 472(a)(1), Social Security Act.

45-305 COLLECTIBLE AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS; METHODS OF OVERPAYMENT RECOVERY 45-305

- .1 Using the Statewide developed Notice of Action form NA 1261 (6/09) which is incorporated by reference, the county shall inform the provider of the overpayment and inform the provider that he or she is required to repay the overpayment. This form shall not be used in connection with an overpayment that the provider has no obligation to repay. The Statewide developed Notice of Action form NA 1261 shall notify the provider of:
 - .11 The amount of the overpayment calculated by month;
 - .12 The date or dates the overpayment was made, and the date the overpayment was discovered by the county;
 - .13 The program in which the overpayment was made, and the reason or cause for the overpayment;
 - .14 Voluntary Repayment Options and Procedures, including voluntary grant offset;
 - .15 Involuntary Repayment procedures and related consequences if voluntary repayment is not agreed to or entered into;
 - .16 The provider's right and time frame to request an informal hearing pursuant to MPP Section 45-306; and
 - .17 The provider's right and time frame to request a State hearing pursuant to MPP Division 20.
- .2 Voluntary Repayment Procedures
 - .21 A provider may voluntarily agree to repay an assessed overpayment in the following order of priority:
 - .211 Voluntary Lump Sum Repayment, MPP Section 45-305.22.
 - .212 Voluntary Repayment Agreement, MPP Section 45-305.23.
 - .213 Voluntary Grant Offset, MPP Section 45-305-24.
 - .22 Voluntary Lump Sum Repayment
 - .221 A provider may voluntarily repay an assessed overpayment by making a lump sum payment to the county on or before the date the provider and county have agreed repayment would be received.

45-305 COLLECTIBLE AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS; METHODS OF OVERPAYMENT RECOVERY 45-305
(Continued)

.23 Voluntary Repayment Agreement

- .231 If a provider agrees to voluntarily repay the assessed overpayment, the county and the provider shall sign a written repayment agreement that includes the amount of the overpayment, the terms of repayment, including the repayment schedule, and the consequences for failure to comply with the terms of the voluntary repayment agreement.
- (a) The agreement shall provide that the provider has sufficient funds to provide adequate care and supervision to all children in care after payment.
 - (b) The agreement shall provide that during the period the agreement is in effect it is the responsibility of the provider to timely inform the county of circumstances under which continued payment under the voluntary repayment agreement may result in insufficient funds to provide adequate care and supervision to all children in care.
 - (c) Consequences for failure to comply with the terms of the voluntary repayment agreement may include, but are not limited to, restrictions on current and future placements, involuntary repayment, and monetary damages that relate to increased administrative costs incurred by the county due to the provider's non-compliance.
 - (d) The agreement shall provide that by agreeing to a voluntary repayment the provider is waiving rights to appeal the overpayment determination and the amount of the overpayment, pursuant to MPP Section 22-003.15.

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MPP Section 22-003.15 provides:

"There is no right to a state hearing regarding overpayments made to foster care providers including group homes and foster family agencies where the claimant entered into a voluntary repayment agreement, or where the county requested voluntary repayment under MPP Section 45-305.231."

HANDBOOK ENDS HERE

- (e) The agreement can be amended only by written consent of both parties.

45-305 COLLECTIBLE AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS; METHODS OF OVERPAYMENT RECOVERY **45-305**
(Continued)

.24 Voluntary Grant Offset

.241 If the provider agrees to a voluntary grant offset, the provider and the county shall sign a written voluntary grant offset agreement that includes the amount of the overpayment, the amount to be offset, and the duration of the offset.

- (a) The agreement shall provide that the provider has sufficient funds to provide adequate care and supervision to all children in care after deduction of grant offset.
- (b) The amount deducted from the child's current grant be more than 10 percent of the child's total grant.

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Example:

Provider Jones has three foster children in her home, Jenny, Johnny, and Joe. An overpayment in the amount of \$400 is assessed for Joe. Joe's monthly payment is \$408. The provider agrees to a voluntary grant offset. \$40 is subtracted from Joe's monthly payment, for a total monthly payment of \$368, for 10 months. Neither Jenny nor Johnny's payments are reduced.

	\$408 (monthly grant)
x	.10% (maximum)
	\$40 (amount to be deducted from monthly grant)
	\$408 (monthly grant)
-	\$ 40
	\$368 (new monthly grant for 10 months)

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- (c) Voluntary grant offset may be applied only to the grant of a child for whom the overpayment was assessed. If the provider agrees to a grant offset, at no time shall any amount be deducted from the grant of a child other than the child for whom the overpayment was assessed.

45-305 COLLECTIBLE AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS; METHODS OF OVERPAYMENT RECOVERY **45-305**
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Example: Provider Jones has three foster children in her home, Jenny, Johnny, and Joe. An overpayment in the amount of \$400 is assessed for Fred who had lived in Provider Jones' house last month. Grant adjustment is not available.

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- (d) The offset agreement shall provide that during the period the offset is in effect it is the responsibility of the provider to timely inform the county of circumstances under which continued payment offset may result in insufficient funds to provide adequate care and supervision to all children in care.
 - (e) The agreement shall provide that by agreeing to a voluntary grant offset the provider is waiving rights to appeal the overpayment determination and the amount of the overpayment, pursuant to MPP Section 22-003.15.
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MPP Section 22-003.15 provides:

"There is no right to a state hearing regarding overpayments made to foster care providers including group homes and foster family agencies where the claimant entered into a voluntary repayment agreement, or where the county requested voluntary repayment under MPP Section 45-305.231."

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- (f) The agreement can be amended only by written consent of both parties.

.3 Involuntary Repayment Procedures

- .31** Involuntary repayment procedures shall only be used when a provider has refused to enter a voluntary repayment agreement or has failed to comply with the terms of a voluntary repayment agreement that is based on a legally collectible overpayment.

45-305 COLLECTIBLE AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS; METHODS OF OVERPAYMENT RECOVERY **45-305**
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.32 Grant Adjustments

.321 Grant adjustments shall only be used where the provider is still providing foster care services to the child for whom the overpayment was assessed. An involuntary grant offset is not available where the provider is only providing services to a different foster child(ren) than the child for whom the overpayment was assessed.

(a) If the overpayment is to be recovered by grant adjustment, the county shall deduct no more than 10 percent of the total grant amount each month.

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Example: Provider Jones has three foster children in her home, Jenny, Johnny and Joe. An overpayment in the amount of \$400 is assessed for Joe. Joe's monthly payment is \$408. The provider refuses to enter into a voluntary repayment agreement; the county institutes an involuntary grant adjustment. \$40 is subtracted from Joe's monthly payment, for a total monthly payment of \$368. For 10 months. Neither Jenny nor Johnny's payments are reduced.

	\$408 (monthly grant)
x	.10% (maximum)
	\$ 40 (amount to be deducted from monthly grant)
	\$408 (monthly grant)
-	\$ 40
	\$ 368 (new monthly grant for 10 months)

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(b) At no time shall any amount be deducted from the grant of a child other than the child for whom the overpayment was assessed.

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Example: Provider Jones has three foster children in her home, Jenny, Johnny and Joe. An overpayment in the amount of \$400 is assessed for Fred who had lived in provider Jones' house last month. Grant adjustment is not available.

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45-305 COLLECTIBLE AFDC-FC OVERPAYMENTS FOR FOSTER CARE PROVIDERS; METHODS OF OVERPAYMENT RECOVERY **45-305**
(Continued)

- (c) The county shall reduce the grant adjustment amount if the county determines that the reduction is necessary to ensure that sufficient funds exist to provide adequate care and supervision to all children in care after the deduction.
 - (d) The grant adjustment shall provide that during the period the offset is in effect it is the responsibility of the provider to timely inform the county of circumstances under which continued payment offset may result in insufficient funds to provide adequate care and supervision to all children in care.
- .33 Interest on Overpayments
- .331 The county shall collect interest on overpayments in circumstances in which the overpaid provider has either failed to enter into a voluntary repayment agreement, or has failed to comply with the terms of a voluntary overpayment agreement, unless:
- (a) An overpayment was made to a foster family home, an approved home of a relative, an approved home of a nonrelative extended family member, or an approved home of a nonrelative legal guardian, for any period of time in which the foster child was not cared for in that home and none of the following conditions existed:
 - (1) The child was temporarily absent from the home and payment was made to the provider to meet the child's needs; or
 - (2) The overpayment was exclusively the result of county administrative error; or
 - (3) The provider did not have knowledge of, and did not contribute to the cause of the overpayment.
 - (b) Interest collection would cause a financial hardship for the provider to provide adequate care and supervision to all children in care.
- .34 Unless otherwise provided for in this section, the county shall collect group home provider and foster family agency overpayments in accordance with the procedures established for group home overpayments pursuant to MPP Section 11-402.66. For purpose of this section, the term "county" shall be substituted for the word "department" wherever that term appears in MPP Section 11-402.66.

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(Continued)

.35 Civil Judgment

If the provider has failed to comply with voluntary repayment agreement, a demand for repayment, and a grant offset is not available as the provider is no longer providing services to the child for whom the overpayment was assessed, the county shall, unless the costs exceed the amount of the overpayment:

- .351 Refer the case to the appropriate county official for action on a civil judgment.
- .352 Record an abstract of civil judgment pursuant to Section 674, Code of Civil Procedure, in any county in which the provider or former provider owns real property.
- .353 Take all appropriate actions pursuant to Section 681 et seq., Code of Civil Procedure, to execute the judgment.
- .354 If the county does not pursue civil judgment because the cost for the above described actions exceed the amount of the overpayment, the county shall comply with the documentation requirements set forth in MPP Section 45-304.125(c).

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code; and Senate Bill 84, Chapter 177, Statutes of 2007, Sections 32 and 33. Reference: Sections 11466.23, 11466.235, and 11466.24, Welfare and Institutions Code.

45-306 INFORMAL AND FORMAL HEARING PROCEDURES**45-306**

This section applies only to the appeal rights of providers subject to a collectible overpayment assessment pursuant to Section 45-304 and Section 45-305. This informal and formal hearing processes are not available to providers, who have entered into a voluntary repayment agreement, to contest the overpayment determination or the overpayment amount.

- .1 The informal hearing process shall not preclude the provider's right to a state hearing.
- .2 Counties shall provide informal hearings in accordance with the following procedures:
 - .21 Counties must provide written notice to the provider of the availability of an informal hearing process when the county notifies the provider of the overpayment. The county shall send the Statewide form NA 1261 (6/09), to the provider.
 - .22 An informal hearing shall be provided by the CWD to the provider only when the provider has requested an informal hearing no later than 30 calendar days after the Statewide form NA 1261 was mailed by the county to the provider.
 - .23 The informal hearing shall be conducted by an employee designated by the county welfare department director. The designated employee shall be knowledgeable in the subject area, and shall not be the person who made the initial overpayment determination.
 - .24 The informal hearing shall be held in an office or facility of the CWD. If agreed upon by the provider and the county, the informal hearing may be held elsewhere or conducted by telephone.
 - .25 The CWD shall mail or deliver to the provider the county's written notice of the time and place of the informal hearing not less than seven days prior to the hearing.
 - .26 The informal hearing shall be limited to consideration of the correctness of the initial overpayment determination and whether any of the factors in Section 45-304.123 bar recovery. The county may also discuss the methods of overpayment recovery with the provider and attempt to enter into a voluntary repayment agreement, where appropriate.
 - .27 After the hearing, the county employee who conducted the informal hearing shall prepare a letter which contains the decision on each issue considered at the informal hearing, and identification of the regulations which support the written decision and mail the letter to the provider. The letter must inform the provider that he or she can appeal the informal hearing decision at a formal state hearing.

45-306 **INFORMAL AND FORMAL HEARING PROCEDURES** **45-306**
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Example: Through implementation of procedures identified in Section 45-304.1, the county determines an overpayment was made to a group home provider on January 2nd. The county implements procedures identified in Section 45-304.2 and proceeds to Section 45-305 for collection procedures.

The county provides written notification to the provider of the overpayment in accordance with Section 45-305.1. **Hearing procedures identified in Section 45-306 only apply to the appeal rights of providers subject to collectible overpayment assessments pursuant to Section 45-304 and Section 45-305.**

The county provides appeal rights at the time the county notifies the provider of the overpayment. The provider may or may not request an informal hearing within 30 calendar days of the date the notice to the provider was mailed.

If the provider does not request an informal hearing within 30 calendar days of the date the notice to the provider was mailed, the overpayment determination is sustained upon the 91st day, and therefore identified and the federal share of the overpayment must be repaid by the county, as identified in Section 45-304.53.

If the provider requests an informal hearing within 30 calendar days of the date the notice to the provider was mailed, the county must mail or deliver to the provider a written notice of the time and place of the informal hearing. The hearing shall be conducted in accordance with Sections 45-306.23, .24, .26, and .27.

Example: Overpayment discovered on January 2nd; notice to provider mailed on January 3rd; the county receives a request for an informal hearing from the provider on January 14th; the county schedules the informal hearing for January 31st; the county mails the informal hearing date and time to the provider on or before January 23rd.

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- .3 If a provider requests an informal hearing, the 90-day period to request a formal hearing under MPP Section 22-009.11 shall be suspended. The 90-day period to request a formal hearing shall start when the county issues an informal hearing decision, or when the provider either withdraws their request for the informal hearing, or fails to appear for the informal hearing, whichever occurs first.

45-306 INFORMAL AND FORMAL HEARING PROCEDURES
(Continued)**45-306**

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Example #1: A provider requests an informal hearing therefore the 90-day period to request a formal hearing is suspended.

Example #2: A provider requests and receives an informal hearing. The county provides a written decision mailed to the provider as identified in Section 45-306.27. The provider has a right to request a formal hearing of the written decision within 90 days.

Informal hearing held on January 31st. County prepares a letter identifying the decisions on each issue considered at the informal hearing in accordance with Section 45-306.27 and mails the decision letter on February 8th. The provider receives the letter and has 90 days from February 8th to request a formal hearing. The county must receive a request for a formal hearing from the provider no later than May 7th.

Example #3: A provider requests an informal hearing and subsequently withdraws the request for the informal hearing. The date the provider withdraws the request for the informal hearing begins the 90-day period to request a formal hearing.

The provider was scheduled for an informal hearing on January 31st. The provider withdrew the request for an informal hearing on January 28th. The county must receive a request for a formal hearing from the provider no later than April 26th.

Example #4: A provider requests an informal hearing and fails to appear on the scheduled date and time. The date the provider fails to appear for the scheduled informal hearing begins the 90-day period to request a formal hearing.

The hearing is scheduled for January 31st and the date and time notice is mailed no later than 7 days prior to the hearing by the county. The provider fails to appear for the informal hearing. The county must receive a request for a formal hearing from the provider no later than April 29th.

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NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code; and Senate Bill 84, Chapter 177, Statutes of 2007, Section 33. Reference: Sections 11466.235 and 11466.24, Welfare and Institutions Code.