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ACTING DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**  
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GAVIN NEWSOM  
GOVERNOR

May 28, 2019

ALL COUNTY LETTER (ACL) NO. 19-50

TO: ALL COUNTY WELFARE DIRECTORS  
ALL CALFRESH PROGRAM SPECIALISTS  
ALL COUNTY IEVS COORDINATORS  
ALL COUNTY SPECIAL INVESTIGATIVE UNIT CHIEFS  
ALL QUALITY CONTROL COORDINATORS  
ALL CONSORTIUM PROJECT MANAGERS

SUBJECT: CALFRESH CLAIMS ESTABLISHMENT: NEW THRESHOLD FOR  
CLOSED CASES

REFERENCE: [TITLE 7 OF THE CODE OF FEDERAL REGULATION \(CFR\) SECTION 273.18](#); [WELFARE AND INSTITUTIONS CODE \(WIC\) SECTION 18927](#); [MANUAL OF POLICIES AND PROCEDURES \(MPP\) SECTION 63-801](#); [SENATE BILL 278 \(CHAPTER 388, STATUTES OF 2018\)](#); [ALL COUNTY LETTER \(ACL\) 18-99](#); [ALL COUNTY INFORMATION NOTICE \(ACIN\) I-33-14](#)

The purpose of this All County Letter (ACL) is to provide County Welfare Departments (CWDs) with policy guidance regarding an increase in the claims establishment threshold for closed CalFresh cases. Effective June 1, 2019, the CalFresh claims establishment threshold will be \$400 for closed CalFresh cases with an overissuance (OI) caused by an Administrative Error (AE) or Inadvertent Household Error (IHE).

## Background

Per [7 CFR 273.18\(e\)\(2\)](#), California has the option to forgo establishing and subsequently collecting an overissuance that is deemed to be not cost effective. Under this federal Supplemental Nutrition Assistance Program regulation, California may choose to either follow their own cost effectiveness plan or use the \$125 threshold established by the United States Department of Agriculture, Food and Nutrition Service

(FNS). California chose to adopt the \$125 threshold for AEs ([ACIN I-33-14](#)) and maintain a lower \$35 threshold for IHEs ([MPP § 63-801.411](#)).

[Senate Bill \(SB\) 278 \(Chapter 388, Statutes of 2018\)](#) amended existing [Welfare and Institutions Code § 18927](#) to allow CDSS to establish a minimum cost-effective threshold above the previously adopted \$125 amount for AEs and \$35 for IHEs. Further, [SB 278](#) required CDSS to determine if there was adequate information to set a new claims establishment threshold for collecting CalFresh OIs from former CalFresh recipients.

Pursuant to [SB 278](#), CDSS conducted a statewide county survey and developed an estimate for a per-claim cost for the establishment and collection of OIs. Based on the survey data, CDSS determined a \$400 claims establishment threshold would improve the efficiency and reduce the administrative costs associated with claims collections across the state. CDSS submitted an updated CalFresh Claims Management Plan to FNS with a request to establish a new claims establishment threshold.

On March 4, 2019, FNS approved the new threshold as a part of CDSS' updated CalFresh Claims Management Plan. Specifically, FNS approved California to use a \$400 claims establishment threshold for closed CalFresh cases. The new threshold applies to OIs caused by an AE or IHE and does not apply to OIs arising from an Intentional Program Violation (IPV) or quality control (QC) reviews.

### **New Claims Policy**

Effective June 1, 2019, the CalFresh claims establishment threshold is \$400 for closed CalFresh cases with an OI caused by an AE or IHE. The new threshold does not apply to OIs arising from an IPV or from QC reviews.

As a reminder, per current claims reporting policy, a claim that is not established (i.e. under \$400) must not be reported on the FNS 209 form.

### **Implementation of New Claims Policy**

Any claim established before June 1, 2019 on a closed CalFresh case with an OI caused by an AE or IHE will not be affected by the guidance provided in this ACL.

Any claim established on or after June 1, 2019, on a closed CalFresh case with an OI caused by an AE or IHE, will be collected under the new claims establishment threshold of \$400. This applies regardless of whether the OI itself occurred before June 1, 2019.

Beginning June 1, 2019, CWDs are required to implement a manual process to determine whether a claim will be established for a closed CalFresh case using the new claims establishment threshold. This manual process will be used until automation is developed and implemented within the respective Statewide Automated Welfare Systems.

The CalFresh Manual of Policies and Procedures (MPP) will be updated as soon as administratively feasible.

### **Existing Claims Policy**

California's new CalFresh claims establishment threshold for closed CalFresh cases does not change existing CalFresh OI policy with regards to (1) determining types of claims, (2) establishing claims for participating households, (3) calculating amounts of claims, (4) initiating collection on claims, or (5) utilizing methods for collecting claims.

Claim establishment periods on AEs, IHEs, and IPVs remain unchanged by this new guidance. All AE and IHE establishment timeframes must be implemented in accordance with [ACL 18-99](#).

The new claims establishment threshold does not change the amount that can be collected through benefit reduction for AE, IHE and IPV claims for current CalFresh households. All claims that are being recovered through CalFresh benefit reduction will continue as specified in [MPP § 63-801.736\(a\)](#).

Additionally, there is no change to the methods of collection for closed cases as stated in [MPP § 63-801.7](#).

Lastly, the new claims establishment threshold does not apply to IPV claims. All IPV claims must be calculated back to the month the act of IPV first occurred not to exceed six years before the CWD became aware of the overpayment in accordance with [7 CFR 273.18\(c\)\(1\)\(i\)](#).

### **Overissuance Notices of Action**

The CWDs will continue to send households relevant OI Notices of Action (NOAs) as outlined in [MPP § 63-801.431](#) and will continue to include the OI budget worksheet NOA (NA 1263) that includes a statement of reason that allows the household to understand the basis for the action.

The CalFresh OI NOAs for AEs which were last issued via [ACL 13-79](#) (CF 377.7D, CF 377 D1, and CF 377.7D3) will be updated to reflect the new claims establishment threshold as soon as administratively feasible and will be issued to CWDs under separate cover.

### **Quality Control (QC) Review**

As mentioned, the new claims establishment threshold does not apply to OIs arising from QC reviews. The CWDs will continue to establish a claim for an OI discovered in a QC review per [7 CFR 273.18\(e\)\(2\)\(i\)](#).

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If you have any questions regarding this letter, contact the CalFresh Policy Bureau at (916) 651-8047 or the Program Integrity Bureau at (916) 654-2125.

Sincerely,

***Original Document Signed By:***

TODD R. BLAND  
CDSS Assistant Director  
Automation, Integrity, and Client Initiatives Branch

Attachment



**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

Western Region

90 Seventh St.  
Suite 10-100  
San Francisco, CA  
94103

March 4, 2019

Kim McCoy Wade  
Chief  
CalFresh Branch  
California Department of Social Services  
744 P Street, MS 8-9-32  
Sacramento, California 95814

Dear Chief McCoy Wade:

This letter responds to California's request to establish a \$400 claim threshold for non-participating households, in accordance with 7 CFR 273.18 (e)(2). FNS has reviewed the cost analysis to establish claims that was provided by your office. WRO agrees that the higher threshold will aid in reducing the administrative costs associated with claims collections, and that use of this threshold is a cost effective plan for managing California's claims.

We are pleased to approve a \$400 threshold for non-participating households. These thresholds do not apply to claims arising from quality control reviews. Please let us know the effective date of implementation of these changes.

If you have any questions regarding this memo, please contact Jackie Bourne at [Jackie.Bourne@fns.usda.gov](mailto:Jackie.Bourne@fns.usda.gov).

Sincerely

Rebecca Hobbs  
Acting Regional Program Director  
Supplemental Nutrition Assistance Program  
Western Region

cc: Alexis Fernandez, CDSS  
Jennifer Niklas, CDSS  
Maribelle Balbes, Jackie Bourne, Shahdy Monemzadeh FNS WRO

WRO File Code: FNS/2019/10-6/CA/State Plan/Claims