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| Appendix A | 21 | 6/95 | Appendix A | 21 | 6/99 |
| DATE: JUNE, 1999 TO: ALL INCOME MAINTENANCE MANUAL HOLDERS | | | | | |

The following WV WORKS Program changes have been made to Chapters 20 and 21.

Chapter 20

1. Section 20.3,A: Repayment is pursued only for cash assistance overpayments made under the former AFDC/U Program, TANF, WV WORKS, and WV WORKS School Clothing Allowance. DCA and EA overpayments are not subject to repayment, unless fraud is established.
2. Section 20.3,C: Claims are NOT established for excess benefits received solely because of the 13-day advance notice period. Please note this is a change in the previous policy and is now the same as Food Stamp policy.
3. Section 20.3,E: Disqualified adults and emancipated minors, who would otherwise be required to be in the AG, are also liable debtors.
4. Section 20.3,F: Policy for determination of the repayment amount has been changed. Please read this section carefully.

In addition, IFM has requested that Workers must not discuss repayment issues with clients. When a case has been identified and/or referred for repayment, any client inquiries should be directed to IFM staff.

Chapter 21

1. Section 21.3: This Section has been changed to update the terminology from AFDC/U to WV WORKS. The instructions for lost check affidavits now require that a copy be sent to IFM. IFM is assuming responsibility for investigating all situations when the original check is cashed after being replaced.
2. Appendix A: The replacement Desk Guide was updated to include WV WORKS terminology and codes.

Questions should be directed to the OFS Policy Unit.

20.3 CASH ASSISTANCE CLAIMS AND REPAYMENT PROCEDURES

Repayment is pursued for cash assistance overpayments made under the former AFDC/U Program, WV WORKS, the former TANF Program, and WV WORKS School Clothing Allowance.

EXCEPTION: DCA and EA overpayments are not subject to repayment, unless fraud is established.

The establishment, notification and collection of cash assistance claims are the responsibility of the Claims and Collections Unit, IFM.

When an AG has received more cash assistance than it was entitled to receive, corrective action is taken by establishing a claim for the overpayment. The claim is the difference between the amount of benefits received and the amount of benefits to which the AG was entitled. The policy by which cash assistance claims are referred, established, collected and maintained follows.

NOTE: Referrals must be made for all overpayments, regardless of the dollar amount. However, IFM does not write claims for under \$100 unless there is a liable debtor approved for cash assistance at the time the claim is processed. Claims under \$100 are written and collected by check reduction. See Item F below.

NOTE: A claim must be written, or a decision made that there is no claim, by the end of the calendar quarter following the quarter in which the referral was received.

Once the claim is established, there are no hardship provisions or exceptions which delay, suspend or terminate efforts to collect the claim.

A. REFERRAL PROCESS

Upon discovery of a potential cash assistance claim, the Worker refers the case to the RO by completion of the BVRF screen in RAPIDS.

NOTE: If either of the following conditions exist, see the fraud referral process in Section 20.6:

- The amount of the cash assistance overpayment due to client misrepresentation is greater than \$500; or
- The cash assistance overpayment in combination with other overissued benefits due to client misrepresentation is greater than \$500;

B. PROCEDURES FOR ESTABLISHING CASH ASSISTANCE CLAIMS

The following actions are taken by the RO/CI in establishing a claim against the benefit group:

- Accepts all referrals about potential cash assistance overpayments.
- Reviews the case record.
- Obtains third-party verifications to support the allegations.
- Identifies the month(s) for which the claim is established.
- Classifies the claim as agency or client error.
- Uses policy which was in effect at the time of the error to determine the amount of the overpayment.
- Notifies the AG of the overpayment.
- Initiates and monitors collection activity on the claim.

C. IDENTIFYING THE MONTH(S) FOR WHICH CLAIMS ARE ESTABLISHED

When a client fails to report changes timely according to Section 2.17,B, and the change would have decreased benefits, a claim is established.

NOTE: Claims are NOT established for excess benefits received solely because of the 13-day advance notice period.

Items 1 and 2 below are used when the overpayment is not contested in a Fair Hearing. If a Fair Hearing is held, the Hearing Officer's decision is final.

1. Agency Errors

a. Failure to Take Prompt Action

The first month of overpayment is the month the change would have been effective had the agency acted properly.

amount the client was eligible for, the BCSE amount does not offset any of the repayment amount of \$112.

2. WV WORKS Clients Approved For SSI

When SSA notifies the Department that a WV WORKS client has been approved for SSI, the Worker must review income eligibility and if ineligible, use form HS-3 to advise SSA of the client's share of the WV WORKS check. See Section 2.17,D,7 C.

3. Determining The First Month Of Ineligibility

In situations involving ineligibility, the first month is determined as follows:

- Any month that countable income exceeds the payment level, is an ineligible month, even if the case closure is for a reason other than increased income, except when the case becomes ineligible due to excessive, redirected child/spousal support. See below.

Note: A month for which a claim cannot be established due solely to the 13-day advance notice requirement is not counted as a month of ineligibility.

EXAMPLE: A cash assistance client reports on August 19th that he started to work full-time and that his only dependent child left the home. Because of advance notice, the first month of ineligibility is October.

- In all other cases, including cases which become ineligible due to excessive, redirected child/spousal support, the first month of ineligibility is the month following the month in which the change occurs.

4. Corrective Payments Due The Benefit Group

NOTE: Initial payments and DCA payments are not subject to recoupment or offsetting.

If the AG has both an overpayment and an underpayment, the amount of the underpayment is treated as a payment toward the overpayment.

E. COLLECTING THE CLAIM

1. Collection Priority

Collections can be made on only one claim at a time. Claims are collected according to the following priority order.

- Fraud
- Client error
- Agency error

Based on this priority order, payments are credited to the oldest claim first, until it is paid. Payments are then credited to the next claim in priority order.

EXCEPTION: Payments received due to a court order are credited to the specific claim, regardless of the priority order or age of the claim.

All members of the AG who are adults, emancipated minors or disqualified individuals who would otherwise be required to be in the AG, or emancipated minors at the time the overpayment occurred are equally liable for the value of any overpayment and are known as liable debtors. Collection action is initiated against the AG which received the overpayment. When the AG composition changes, collection is pursued against any and all AG's which include a liable debtor.

NOTE: The Department may not under any circumstance retain more than the total amount of all outstanding claims. When this occurs regardless of the reason, benefits must be restored.

For AG's containing a liable debtor, collection activity may begin immediately. Repayment is initiated at the time the notification letter is generated by RAPIDS. Repayment by benefit reduction is mandatory when a liable debtor receives cash assistance. RAPIDS automatically begins recoupment and posts these payments to the claim.

NOTE: When the benefit reduction causes the check to be reduced to zero, cash assistance benefits must remain at \$1.00, if otherwise eligible.

2. Claim Notification

a. Client and Agency Claims

The AG is notified of the cash assistance claim by computer-generated notification/demand payment letters from RAPIDS. Enclosed with the letter is a repayment agreement, form ES-REPAY-1, and a postage-paid envelope.

b. Fraud Claims

Fraud claims are only established by court order. Upon receipt of the court order, the claim is entered into RAPIDS and notice that the claim has been established is produced. Enclosed with the letter is a repayment agreement, form ES-REPAY-1, and a postage paid envelope.

3. Collection Procedures

A claim, whether UPV or IPV, must be collected by offsetting when lost benefits have not been restored to the AG. The OFS Worker determines the amount of corrective benefits due the household and initiates the auxiliary issuance in RAPIDS. The auxiliary code used by the OFS Worker causes RAPIDS to search for outstanding cash assistance claims and offset the claim, if appropriate.

F. DETERMINING THE REPAYMENT AMOUNT

1. Active Recipients

The monthly repayment amount is 10% of the AG's total gross, non-excluded earned and unearned income, including the actual WV WORKS check amount, which may include reductions and incentives described in Section 10.24 or sanctions described in Section 13.9 and the Child Support Incentive. The amount is determined as follows:

- If the AG has no income other than the WV WORKS check, the repayment amount is determined by multiplying the check amount, after application of any reductions, incentives, or sanctions by 10% and dropping the cents.
- If the AG has income other than the WV WORKS check, the repayment amount is determined as follows:

Step 1: Add together:

- The non-excluded gross earned income of the income group, with no deductions applied
- All non-excluded unearned income of the income group
- The actual WV WORKS check amount, including the Child Support Incentive

Step 2: Determine 10% of the amount in Step 1 and drop the cents.

This is the monthly repayment amount. When the amount determined in Step 2 is less than the WV WORKS check amount, the monthly recoupment amount is equal to the amount calculated in Step 2. When the amount determined in Step 2 is greater than or equal to the WV WORKS check amount from Step 1, the monthly recoupment amount is equal to the WV WORKS check amount less \$1.

The client may voluntarily repay at a higher rate, but the Department may not require repayment at a higher or lower rate than that specified above.

EXAMPLE: A six-person AG has been overpaid \$300. They have \$100 unearned income and receive a \$313 check. The total income for the AG is \$413. Ten percent of \$413 is \$41.30 which after dropping the cents is \$41. This is the required monthly repayment.

EXAMPLE: A family of three receives a \$12 WV WORKS check. They have \$241 per month unearned income. The monthly repayment amount is 10% of the gross income (\$241 + 12) or \$25. The check is less than the repayment amount. The check is reduced to \$1 and \$11 is recouped. The client must be encouraged to supplement this amount from his other income.

2. Former Recipients

Liable debtors are responsible for payment of all claims regardless of case status. Form ES-REPAY-1 offers the client the following options to repay when there is no liable debtor.

a. Lump Sum Payment

One payment is made to pay the claim in its entirety.

b. Installment Payments

When the AG is financially unable to pay the claim in one lump sum, regular monthly installment payments are accepted. The minimum amount of the monthly payment should be equal to 10% of the benefit group's last cash assistance benefit or \$10, whichever is greater. However, any level of repayment is acceptable.

G. RIGHT TO A FAIR HEARING

The client has 90 days from the date of the initial notification/demand payment letter in which to request a Fair Hearing. The Hearings Officer only rules on the type and amount of the claim. If the client requests a Fair Hearing within 30 days of the initial notification/demand payment letter, the Worker stops collection until the Fair Hearing is completed. Any adjustments in the amount of the claim, required by the Fair Hearing decision, are made after the decision.

H. MAINTENANCE OF THE CASH ASSISTANCE CLAIM

1. Notification of Delinquent Payments

Open status claims receive delinquent notice letters 30 days after the last payment.

2. Receipts

Clients who make cash payments receive a receipt at the end of the month in which the payment is posted.

NOTE: Notices/receipts are temporarily suspended pending resolution of RAPIDS programming issues.

3. Action Required When Client Moves

There is no special action required when a client moves to or from West Virginia. Claims for cash assistance do not cross state lines. Claims from other states are not considered and a claim established in West Virginia may follow a client to another state, depending upon that state's policy.

4. Repayment Of An Overpaid Claim

RO's and Financial Clerks are responsible for cash refunds when a claim has been overpaid. If benefits must be restored, IFM notifies the Worker.

5. Effect of Bankruptcy

The Department may act as a creditor for a bankrupt AG against which the Department has established a claim. When the RO receives documentation, he changes the claim status to "B" for agency and client error claims and forwards the document to the Investigations and Fraud Management State Office. Further collection action is suspended.

NOTE: Fraud claims established as a result of a court order are not dischargeable and remain in "O" or "T" status.

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b. Limits on Replacement

There is no limit on the number of times the value of food lost in a misfortune or disaster may be replaced.

c. Offset

Replacements of destroyed food must not be used to offset claims.

B. WHEN FOOD STAMPS WILL NOT BE REPLACED

Replacement issuances are not provided in the following circumstances:

- When coupons are lost, stolen or misplaced after receipt.
- When coupons are totally destroyed after receipt in some way other than a household disaster or misfortune.
- When coupons sent by registered or certified mail are signed for by anyone residing with or visiting the benefit group's residence.
- When the issuance would normally be replaced but the benefit group has not signed the ES-FS-36 within ten (10) days of the date the client reports.
- When the client has already received the maximum number of countable replacements. See Section 21.2,A,1,b.
- When FCS has issued a disaster declaration and the benefit group is eligible for disaster Food Stamp benefits, the benefit group must not receive the disaster allotment and a replacement allotment.
- When the client does not report the benefit loss within the period of intended use or within ten (10) days of the specific incident.

21.3 WV WORKS PROGRAM

The information contained in items A - E below describes the circumstances under which a WV WORKS check is replaced and the procedures for replacement. If the client cashes the check and the money is stolen, lost or destroyed, the money must not be replaced.

A. WHEN THE CHECK IS REPLACED

The WV WORKS check will be replaced when one of the following conditions is met:

- The check is not received by the client and has not been returned to the Department.
- The check is received by the client, but is stolen, lost or accidentally destroyed before being cashed.

B. WHEN THE CHECK IS NOT REPLACED

The WV WORKS check is not replaced when at least one of the conditions in item A above does not exist.

In addition, when the client is issued a replacement check, then finds, cashes and spends the original check, he must reimburse the amount of the replacement check. Until the amount is repaid in full, the client is ineligible for any future replacement.

C. REPLACEMENT PROCEDURES

- Determine that the check was issued by inquiring benefit issuance history, at IQAF, in RAPIDS. The benefit must be in a disposition of issued (IS) and history updated with the actual check number.
- Determine, either by inquiring benefit issuance history or telephone call, that the check has been returned to the Check Control Unit, Accounts Receivable, Office of Financial Services. If returned, determine where the check should be mailed and request it be released for remailing by entering the appropriate information at BIRR in RAPIDS.
- If the check is not received within five (5) mailing days including Saturdays but excluding Sundays and holidays, after the usual check receipt date, prepare original and 4 copies of form DF-36, Lost Check Affidavit. The client's name and the address to which the check was originally mailed must be entered of the DF-36.

- Have the client read or read to him the DF-36, and explain that he must return the original check if later received or found.
- Have the client sign the DF-36 in the presence of the Worker. The client's signature must be exactly as shown on the payroll. Two witnesses are required if the client signs with an X. Signatures on all copies must be original. The Worker must complete the state, county and date sections of the DF-36.
- Send the original and two copies of the DF-36 to Check Control Unit, Accounts Receivable. File a copy of the memorandum and DF-36 in the case record. At the option of the CSM, replacement of benefits may be tracked using form ES-AP-8.
- Send one copy to IFM: Attention: Chief Investigator
- Request stop payment of the check through the RAPIDS stop payment function BISP. Refer to RAPIDS User Guide.
- Request a replacement check through the RAPIDS auxiliary function on BICS. Refer to the RAPIDS User Guide.

D. WHEN ORIGINAL CHECK IS LOCATED

1. When Check Has Not Been Cashed

If the client later receives or finds the original check, he must return it to the county office and endorse it to the Department.

2. When Check Has Been Cashed

If the original check is cashed, Accounts Receivable notifies IFM by memorandum and attaches a copy of the cancelled check. IFM must ask the client to view the signature on the check. Based on the client's response, IFM is responsible for any subsequent action.

E. TIME LIMITS ON REPLACEMENTS

There is no specific time frame in which a client must request a replacement. There is no limit on the number of times a client may have a check replaced.

F. ALTERNATE ISSUANCE

When the client repeatedly loses a check or reports non-receipt of a check, the Worker should consider the following options:

- If the client appears mentally incapable, consider a referral to Social Services for appointment of a committee or protective payment.
- Suggest the client rent a post office box.

APPENDIX A

FOOD STAMP REPLACEMENT DESK GUIDE

| REPLACING FOOD STAMPS | Can FS Be Replaced | Report Within 10 Days | ES-FS-36 | Replacement Limits | RAPIDS Auxiliary Reason Codes |
|--|--|--------------------------------------|--|---|-------------------------------|
| Undelivered FS (not delivered or delivered and stolen from mail box). Wait 5 calendar days before replacement. | YES | Report during period of intended use | YES Retain in record | YES 2 countable replacements in 6 months | 901 ES-FS-10 required |
| Stolen FS (Burglary, hold-up or snatching) | NO | N/A | N/A | N/A | N/A |
| Lost FS (lost or misplaced after receipt) | NO | N/A | N/A | N/A | N/A |
| FS damaged prior to receipt | YES | YES | NO | NO - Can only replace distinguishable coupons. Must present 3/5 of coupon. | 900 |
| FS damaged after Receipt | YES | YES | NO | YES - Counts as 1 of 2 replacements in a 6-month period | 900 |
| Destroyed FS (Fire, flood, etc.) | YES | YES | YES - Forward original to FS Issuance Unit | Yes - 2 replacements in 6 months in addition to 2 undelivered FS replacements | 900 |
| Food destroyed in disaster or misfortune | YES - Cannot exceed one month's allotment | YES | YES Retain in case record | NO | 902 |
| Partial Allotment received - envelope tampered with (considered undelivered) | YES Same procedure as undelivered | YES | YES Retain in case record | YES - Counts as 1 of 2 undelivered FS replacements in a 6 month period | 914 |
| Partial Allotment received - envelope not tampered with (misstuffed) | Maybe - Supervisor and FS Unit will decide | YES | YES Retain in case record | NO | 914 |

WV WORKS REPLACEMENT DESK GUIDE

| REPLACING WV WORKS CHECKS | Can Check Be Replaced* | Time Limits | DF-36 | Replace-ment Limits | RAPIDS Auxiliary Reason Codes |
|--|------------------------|---|---|---|-------------------------------|
| Check never received | YES | Cannot be replaced until five mailing days have elapsed | Original and 4 copies: one copy to case record; - original and two copies to Accounts Receivable; one copy with cover memo to IFM | None, but if multiple replacements are requested, consider alternate address or protective payments | 916 |
| Check received, then stolen, lost or destroyed before being cashed | YES | SAME | SAME | 916 | SAME |
| Check cashed, then cash stolen, lost or accidentally destroyed | NO | N/A | N/A | N/A | N/A |

* If client's check has been replaced and it is later determined that he signed and cashed the original check, he is ineligible for any further replacements until he has repaid the amount.