

## INVESTIGATIONS DIVISION

## CHAPTER 70

Reserved

## CHAPTER 71

## OVERPAYMENT RECOVERY UNIT

**481—71.1(10A) Definitions.**

*“Active case”* means that a household is receiving human service assistance.

*“Allotment reduction”* means an amount withheld from a financial or food stamp assistance benefit. Specifically, grant reduction refers to the Family Investment Program (FIP) and benefit reduction refers to the Food Stamp program.

*“Closed case”* means that a household is no longer receiving a particular human service program benefit.

*“Debtor”* means a current or former recipient, an authorized representative, or a provider of benefits or services paid by the department of human services (hereafter known as DHS) who has been determined by DHS to be responsible for the repayment of a particular overpayment.

*“Debt setoff”* means the repayment of an overpayment by setoff against the debtor’s state income tax refund.

*“Demand letter for ADC/FIP overissuance (Form 470-2616)”* means the letter sent informing the debtor that an overpayment in ADC/FIP or Refugee Cash Assistance (RCA) benefits has occurred. It identifies the amount overpaid, the dates of the overpayment, the causes of the overpayment, and the different options the debtor has to repay the overpayment. This form is voluntarily completed by the debtor. Failure to complete and return this form may result in further collection actions.

*“Demand letter for Medicaid or State Supplementary Assistance overpayment (Form 470-2891)”* means the letter sent informing the debtor that an overpayment in Medicaid or State Supplementary Assistance (SSA) benefits has occurred. It identifies the amount overpaid, the dates of the overpayment, and the causes of the overpayment. This form is voluntarily completed by the debtor. Failure to complete and return this form may result in further collection actions.

*“Demand letter for overissuance (Form FP-2322-0)”* means the letter sent informing the debtor that an overpayment in food stamp benefits has occurred. It identifies the amount overpaid, the causes of the overpayment, and the different options the debtor has to repay the overpayment. This form is voluntarily completed by the debtor. Failure to complete and return this form may result in further collection actions.

*“Economic assistance fraud bureau”* means the economic assistance fraud bureau of the department of inspections and appeals.

*“Human service assistance”* means any program that the DHS administers which confers a financial, medical, or food stamp assistance benefit.

*“Income setoff”* means the repayment of an overpayment by garnishment or attachment of a state warrant other than the individual state income tax refunds.

“*Offsetting*” means the application of a credit against the amount due on a claim in place of a corrective cash payment for ADC/FIP and RCA, or a restoration of lost benefits for food stamps, and the recovery of a Transitional Child Care or PROMISE JOBS overpayment by withholding all or a portion of future payments in the same category as defined in Iowa Administrative Code 441—93.51(249C) and 441—49.13(239).

“*Overpayment*” means the dollar amount of human service assistance by program, received by or on behalf of a person or provider in excess of that allowed by law, rules, or regulations for any given month(s).

“*Recovery*” means the repayment of an overpayment, directly from the debtor, by allotment reduction, by debt setoff, offsetting, or by all four.

“*Referral form*” means the overpayment/recovery information input (Form PA-2228-0) completed by DHS. The form tells the program, the amount, the dates, and the reason for the overpayment. It also lists information on the debtor for identification purposes.

“*Repayment agreement*” means the agreement to repay (Form PA-3164-0) sent to a debtor to voluntarily complete and return. The form tells the amount and program(s) overpaid and gives the debtor a choice of repayment methods. Failure to return this form may result in further collection actions.

“*Title XIX divestiture claim*” means a debt against a person who receives transferred assets from a Medicaid applicant or recipient within five years prior to an application for medical assistance if the applicant is approved for Medicaid.

**481—71.2(10A) Referral process.** The recovery process begins when the referral form is received from DHS. The referral specifies which human service program(s) is overpaid.

**481—71.3(10A) Records.** The recovery unit maintains a record for each overpayment which has occurred for a debtor. The record is filed under the debtor’s name. This information is also listed in the Iowa Administrative Code, 441—11.2(217,421).

**481—71.4(10A) Review.** The recovery unit reviews the record to determine whether a referral for suspected fraud will be made to the economic assistance fraud bureau. The referral criteria include all client error overpayments and overpayments over \$1000; they may also include multiple client error overpayments or DHS request for investigation.

DHS completes an overpayment/recovery supplemental information (Form PA-2229-0) for a referral for fraud investigation. No further recovery action will be taken until the economic assistance fraud bureau completes the investigative process. If no referral is made for fraud investigation, the repayment process begins.

**481—71.5(10A) Repayment process.** Payments are made in cash or by allotment reduction. The amount of allotment reduction is different for agency and client error. Title 7, Code of Federal Regulations, Section 273.18(g), and Iowa Administrative Code 441—46.5(239), “Source of recoupment,” explain the amounts. Methods of collection may include but are not limited to the following:

**71.5(1) Active cases.** When an overpayment is made in the food stamp, ADC/FIP, RCA, Medicaid or SSA program, a demand letter of overissuance is sent to the debtor. Form 470-0338 is sent for food stamp overissuances; Form 470-2616 is sent for ADC/FIP and RCA overissuances; Form 470-2891 is sent for Medicaid and State Supplemental Assistance overissuances.

*a.* An ADC/FIP or RCA overpayment is collected by grant reduction or cash payment. Grant reduction must be used when the case is active unless there is a cash agreement that exceeds the amount that may be collected by grant reduction and the cash payments are actually being made.

*b.* A food stamp overpayment is collected by cash payment, returned food stamps, or benefit reduction. If the debtor chooses not to make payment in cash or food stamps, the benefit reduction amount is determined by DHS. If a debtor chooses cash payment, the amount cannot be less than the benefit reduction amount. The debtor may choose to repay more than the minimum required for benefit reduction.

*c.* A Medicaid or State Supplementary Assistance overpayment is collected by cash payment only.

*d.* A PROMISE JOBS overpayment is collected by the following method in accordance with Iowa Administrative Code 441—Chapter 93:

(1) Offsetting. The PROMISE JOBS unit will adjust the amount owed whenever possible.

(2) When offsetting is not possible or appropriate, the department of inspections and appeals will be notified by the PROMISE JOBS unit to initiate recovery. The method of recovery will be the same as that utilized for the ADC/FIP program, except the FIP grant will not be reduced to effect recovery without the FIP client's written permission.

*e.* A transitional child care overpayment is collected by the following method in accordance with Iowa Administrative Code 441—Chapter 49:

(1) Offsetting. The income maintenance worker will adjust the amount owed whenever possible.

(2) When offsetting is not possible or appropriate, the department of inspections and appeals will be notified by the income maintenance worker to initiate recovery. The method of recovery will be the same as that utilized for the ADC/FIP program, except the FIP grant will not be reduced to effect recovery without the client's written permission should the TCC client reestablish FIP eligibility.

*f.* All crediting information on recoveries made through offsetting shall be transmitted to the DHS cashier.

*g.* The other human service assistance overpayments are collected by cash payments from the debtor. The agreement to repay (Form PA-3164-0) is sent to the debtor along with a cover letter explaining the overpayment. A reasonable amount and rate of payment are determined by the debtor and are reviewed by the recovery unit when the form is received.

**71.5(2)** *Closed cases.*

*a.* A demand letter is sent to the debtor: Form 470-0338 for food stamp overissuances; Form 470-2616 for ADC/FIP or RCA overissuances; Form 470-2891 for Medicaid or State Supplementary Assistance overpayments.

*b.* A repayment agreement (Form PA-3164-0) is sent to the debtor for other human service assistance overpayments.

**481—71.6(10A) Further collection action.** If complete repayment has not been received by the above methods, further collection action may be taken. This action includes, but is not limited to, the following:

**71.6(1) For all overpayments.**

- a. Claims of \$4,000 or less, small claims court action.
- b. Claims of more than \$4,000, referral to the attorney general for district court action.
- c. State income tax refund in accordance with Iowa Administrative Code 441—Chapter 11.
- d. Debtor's estate or bankruptcy proceedings.
- e. From sponsors in special alien cases under Iowa Administrative Code 441—subrule 46.5(4).
- f. Income setoff of debts in accordance with Iowa Code section 421.17(29) and 701—Chapter 150.
- g. Distress warrants.
- h. Liens.

**71.6(2) For food stamp overpayments.** In addition to the actions in subrule 71.6(1), the following may be used for the collection of food stamp overpayments.

- a. Federal income tax refund offset in accordance with Iowa Administrative Code rule 441—11.5(234).
- b. Federal payments (i.e., wages) withholding in accordance with Iowa Administrative Code rule 441—11.5(234).
- c. Unemployment compensation withholding in accordance with Iowa Administrative Code rule 441—11.5(234).

The recovery unit may use one or more of the above actions listed for any overpayment that has occurred.

**481—71.7(10A) Appeal rights.** If an initial demand letter or other notice of adverse action is received by the debtor and the debtor wishes to contest the overpayment claim, an appeal shall be submitted to the recovery unit or to DHS. If an appeal is submitted, the repayment process shall be halted until conclusion of the appeal process outlined in Iowa Administrative Code 481—Chapter 10, "Contested Case Hearings," and Iowa Administrative Code 441—Chapter 7, "Appeals and Hearings."

**481—71.8(10A) Data processing systems matches.** The recovery unit compares information with other data processing systems to identify the location, resources, or income of a debtor. Part or all of a system is used. The recovery unit uses, but is not limited to, the following systems:

1. Social security,
2. Department of employment services,
3. Department of revenue and finance,
4. Department of transportation (drivers license and motor vehicle registration), and
5. Department of human services.

**481—71.9(10A) Confidentiality.** The record is confidential in accordance with DHS rules 441—Chapter 9, “Confidentiality and Records of the Department.” Any request for information should be sent to DHS.

These rules are intended to implement Iowa Code sections 10A.104(6), 10A.105, 10A.108, 10A.402(5), 10A.402(7), 17A.3(1)“b,” 22.11, 421.17(21), 421.17(26) and 421.17(29).

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