441—170.9(237A) Child care assistance overpayments. All child care assistance overpayments will be subject to recoupment.

170.9(1) *Notification and appeals.* All clients or providers will be notified when it is determined that an overpayment exists. Notification will include the amount of, date of, and reason for the overpayment. The department will provide additional information regarding the computation of the overpayment upon the client's or provider's request. The client or provider may appeal the computation of the overpayment and any action to recover the overpayment in accordance with 441—Chapter 2506.

170.9(2) *Determination of overpayments.* All overpayments due to client, provider, or department error or due to benefits or payments issued pending an appeal decision will be recouped. Recoupment of overpayments resulting from benefits or payments issued pending a decision on an appeal hearing will not occur until after a final appeal decision is issued and the department prevails. Overpayments will be computed as if the information had been acted upon timely.

170.9(3) *Failure to cooperate.* Failure by the client to cooperate in the investigation of alleged overpayments will result in ineligibility for the months in question and the overpayment will be the total amount of assistance received during those months. Failure by the provider to cooperate in the investigation of alleged overpayments will result in payments being recouped for the months in question.

170.9(4) *Payment agreement.* The client or provider may choose to make a lump-sum payment or make periodic installment payments as agreed to with the department. Failure to negotiate an approved payment agreement may result in further collection action.

170.9(5) *Procedures for recoupment.*

a. When the department determines that an overpayment exists, the department will submit the case to the department of inspections, appeals, and licensing for investigation, recoupment, or referral for possible prosecution.

b. The department of inspections, appeals, and licensing will initiate recoupment by notifying the debtor of the overpayment.

c. When financial circumstances change, the department of inspections, appeals, and licensing has the authority to revise the recoupment plan.

d. Recoupment for overpayments due to client error or due to department error that affected eligibility will be made from the parent who received child care assistance at the time the overpayment occurred. When two parents were in the home at the time the overpayment occurred, both parents are equally responsible for repayment of the overpayment.

e. Recoupment for overpayments due to provider error or due to department error that affected benefits will be made from the provider.

f. Recoupment for overpayments caused by both the provider and client will be collected from both the provider and client equally.

170.9(6) *Suspension and waiver.* Recoupment will be suspended on non-fraud overpayments when the amount of the overpayment is less than $35. Recoupment will be waived on non-fraud overpayments of less than $35 that have been held in suspense for three years.

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