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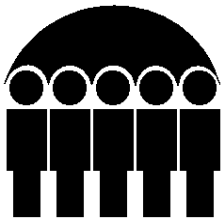
Employees' Manual
Title 6
Chapter G

RECOVERY OF PUBLIC ASSISTANCE DEBTS



Iowa
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Overview

The Division of Investigations in the Department of Inspections and Appeals (DIA) is responsible for investigating and collecting public assistance debts owed to the Department of Human Services.

"Public assistance" means the following programs:

- Child Care Assistance (CCA)
- Family Investment Program (FIP)
- Food Assistance (FA)
- Healthy and Well Kids in Iowa (***hawk-i***)
- Medicaid
- PROMISE JOBS
- Refugee Cash Assistance (RCA)
- State Supplementary Assistance
- Transitional Child Care

"Debt" means:

- The dollar amount of public 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; or
- The dollar amount of public assistance unlawfully transferred or obtained in violation of programs rules; or
- The dollar amounts of unpaid IowaCare personal financial responsibility requirements.

Policies for specific programs are found as follows:

- CCA. See 13-G, Overpayment Recovery.
- FIP and RCA. See 4-H, Overpayments.
- Food Assistance. See 7-H, CLAIMS and COLLECTION ACTION.
- ***hawk-i***. See 5-E, Recovery.
- Medicaid. See 8-A, Recovery.
- PROMISE JOBS. See *PROMISE JOBS PROVIDER MANUAL*: Recovery of PROMISE JOBS Expense Allowance Overpayments and 4-H, PROMISE JOBS Expense Allowances.

"Recovery" means the repayment of a debt, whether:

- Directly by the debtor,
- By benefit allotment or payment reduction (FA and FIP),
- By offset against a debtor's income tax refund or other state or federal payment,
- By garnishment of wages or assets, or
- By applying a credit against the amount due on a claim in place of a corrective payment or restoration of lost benefits.

This chapter starts with a list of responsibilities for the referring units (income maintenance, PROMISE JOBS, and ***hawk-i***) relating to public assistance debts. The next section explains DIA activities to initiate repayment. Discussion of client repayment options and further collection activities that DIA may initiate follow this.

NOTE: DIA is not yet handling IowaCare. Human Services staff and PROMISE JOBS staff are responsible for determining when a debt has occurred. The DIA Electronic Benefit Transfer Unit handles debts related trafficking or misuse of benefits. The DIA Economic Fraud Control Bureau determines Medicaid divestiture debts.

Instructions for forms described in this chapter that are related to IM programs are located in 6-Appendix.

Legal Basis

Iowa Code Section 249A.5 addresses the recovery of overpayments in the Medicaid program, and Section 249A.7 addresses the investigation of fraud in overpayments.

Iowa Code Sections 239B.14 and 249.11 address investigations of fraud in overpayments under the Family Investment Program and the State Supplementary Assistance program, respectively.

Iowa Code Section 234.6 addresses the authority of the administrator to formulate and adopt rules for overpayments under the Child Care Assistance program.

Department rule citations on overpayments in specific programs include:

- 441 IAC Chapter 46 for FIP
- 441 IAC 65.21(234) for Food Assistance
- 441 IAC 76.12(249A) for Medicaid
- 441 IAC 93.12(239B) for PROMISE JOBS
- 441 IAC 60.16(217) for Refugee Cash Assistance
- 441 IAC 51.9(249) for State Supplementary Assistance
- 441 IAC 170.9(237A) for Child Care Assistance
- 441 IAC 11.1(217) for ***hawk-i***

Iowa Code Sections 217.34 and 421.17, Subsection 21, authorize the offsetting of debts to the Department against a debtor's state tax refund. Department rules at 441 Iowa Administrative Code Chapter 11 implement these sections.

Iowa Code Section 10A.402 establishes the duties of the Division of Investigations of the Department of Inspections and Appeals. Rules established to administer this section are found at 481 Iowa Administrative Code Chapter 71, "Overpayment Recovery Unit."

Referring Unit Responsibilities

Legal reference: 481 IAC 71.1(10A) and 71.2(10A); 441 IAC 170.9(234)

Income maintenance workers, PROMISE JOBS workers, and ***hawk-i*** program policy specialists are responsible for establishing debts for their respective programs.

Special procedures are required for establishing debts in:

- Child Care Assistance. Follow the instructions in 13-G, Overpayment Recovery.
- PROMISE JOBS. Follow the instructions in 4-Appendix, *PROMISE JOBS PROVIDER MANUAL*: Recovery of PROMISE JOBS Expense Allowance Overpayments.
- ***hawk-i.*** Follow the instructions in 5-E, Recovery.

Worker responsibilities for all other programs are listed in the following sections:

- Making referrals to DIA
- Processing appeal requests
- Notifying DIA of changes
- Applying credit to a claim
- Accepting cash payments

Making Referrals to DIA

Legal reference: 481 IAC 71.2(10A) and 71.4(10A); 441 IAC 11.2(217,421) and 170.9(234)

Income maintenance workers are responsible for making referrals to the Department of Inspections and Appeals for FIP, Medicaid, Food Assistance, State Supplementary Assistance, Refugee Cash Assistance, and Child Care Assistance debts.

The ***hawk-i*** program policy specialist makes referrals to the Department of Inspections and Appeals for ***hawk-i*** program debts.

The PROMISE JOBS worker makes referrals for PROMISE JOBS debts including Child Care Assistance debts. (See 4-Appendix, PROMISE JOBS Provider Manual: Notification of PROMISE JOBS Overpayment.)

NOTE: Do not make a referral if the client or provider has returned the state warrant. For recovery purposes, the person has not "received" the benefit if the warrant is not cashed, so there is no debt.

Do not make a ***hawk-i*** referral to DIA if the debt is caused by an agency error. Ensure there is documentation in the case record of the debt and make any corrections to the case record as needed.

In all other cases, make referrals within 90 days of discovery of the debt. Use Overpayment Recovery system Direct Claim Entry screens to make the referral. The claim section specifies:

- The program
- The debt amount
- The dates of the debt
- The reason for the debt
- The last information on the debtor for identification purposes

The Overpayment Recovery (OPR) system can collect from only one debtor at a time. The primary and secondary debtor statuses need to be entered on the Household Members screen.

The determination of the primary or secondary debtor statuses should be based on from whom the collection is most likely. List other responsible adults in the comments with their social security and state identification numbers.

Federal regulations require tracking a Food Assistance claim from the date of discovery. See 7-H, Claims, for the definition of date of discovery.

The Direct Claim Entry screens require fraud information to be completed when the debt for any one claim is over $1,000, **and** the claim is due to client error. See Making Fraud Referrals.

Medicaid and Iowa Plan Managed Care Capitation Recovery

Capitation payments are Medicaid payments the Department makes on a monthly basis to health maintenance organizations (HMOs) or to the Iowa Plan for Behavioral Health for each Medicaid member enrolled with the plan.

The HMOs and the Iowa Plan are responsible for providing services to enrolled Medicaid members. The capitation payment is like an insurance premium that is paid monthly to purchase coverage, regardless of whether services are used that month.

A capitation payment is considered payment for Medicaid services and may be subject to recovery for months when the client was determined eligible and enrolled with the HMO or the Iowa Plan in error. This policy does not apply to MediPASS services, as MediPASS is not a managed care organization.

To determine whether the Department may have made capitation payments for a client, access the SharePoint site to use for finding the capitation amounts on the Overpayment Recovery (OPR) system Detail screen.

To determine whether recovery of capitation payments is necessary, determine whether the debt is the result to a client error or an agency error.

- When the debt is the caused by **client,** error, establish a debt for the amount of the debt for all Medicaid services including capitation payments.
- When the debt is caused by **agency** error, do not establish a debt for amounts paid for the capitation payments. Establish a debt for all other Medicaid services .

Complete the referral using the OPR Direct Claim Entry screens.

Processing Appeal Requests

Legal reference: 441 IAC 7.8(17A)

Clients can appeal the establishment of a debt, an offset against taxes or state payments, and garnishments. (See Debtor Appeal Rights.) Process appeal requests according to procedures in 1-E, RESPONSIBILITIES OF DEPARTMENT'S REPRESENTATIVE.

The IM worker or PROMISE JOBS worker prepares the appeal summary and submits it to the DHS Appeals section for claim establishment appeals.

DIA staff prepares the appeal summary and submits it to the DHS Appeals Section for actions relating to recovery of the debt. The DHS liaison decides whether to certify a request to the Department of Inspections and Appeals for a hearing.

Notifying DIA of Changes

Legal reference: 441 IAC 11.2(217, 421)

IM workers, ***hawk-i*** policy specialists, and PROMISE JOBS workers are responsible for notifying DIA when circumstances change for a debtor or any changes need to be made on a claim.

IM, ***hawk-i***, and PROMISE JOBS staff, as well as the courts and other administrative directives, may initiate changes in the total debt owed, the balance owed, or both.

Submit changes to the DIA Recovery Unit using the appropriate claim form or summary that is located in the case file. The claim update can include changes of client address, appeal status, changes in "to" or "from" dates, and the amount of a claim.

Applying a Credit to a Claim

Legal reference: 7 CFR 273.18(d); 481 IAC 71.5(1)"c," "d," and "e"; 441 IAC 11.2(217, 421), 45.24(2)"b," 93.12(239B); 441 IAC 170.9(5)

IM workers can apply a credit against the amount due on a claim instead of:

- Making a corrective cash payment for FIP or RCA or
- Restoring lost benefits for Food Assistance.

This is referred to as "offsetting." Send all crediting information on recoveries made through offsetting to the DHS Department cashier on form 470-0010, *Adjustment to Overpayment Balance*. NOTE: Offsetting does not occur on PROMISE JOBS, Child Care Assistance, or ***hawk-i*** program payments.

Accepting Cash Payments

Legal reference: 441 IAC 11.3(217, 421)

Debtors should send payments directly to the Iowa Department of Human Services, DHS Cashier's Office, 1305 E Walnut Street, Des Moines, Iowa 50319-0114.

However, if a debtor makes a cash payment to another Department office or to a PROMISE JOBS office, issue form 470-0009, *Official Receipt*, to the debtor. Complete form 470-0010, *Adjustment to Overpayment Balance*, and send it to the DHS Department cashier with the receipt and the payment attached.

When the debtor makes a payment by check or money order, instruct the debtor to make the remittance payable to the "Iowa Department of Human Services." For more information, see 23-B, Issuance of Receipts and Transmittal of Funds.

DIA Activities to Initiate Recovery

Legal reference: 481 IAC 71

Records of the Recovery Unit are confidential in accordance with 1-C, AVAILABILITY OF RECORDS.

The Department of Inspections and Appeals (DIA) begins the recovery process once a "Notice of Debt" (Demand Letter) is issued to the debtor.

Creating Debtor and Claim Records

Legal reference: 481 IAC 71.3(10A); 441 IAC 11.2(217, 421)

Debtor records are maintained permanently on the DHS Overpayment Recovery System. The debtor record includes the following information:

- Debtor name and account number
- Social security number
- Address
- Case number
- County case worker number
- Fraud worker number
- Billing code

An identifier is used as a key to access the debtor record.

- For clients, the identifier is based on the state identification number whenever possible. When the client has **no** assigned state identification number, the identifier is the social security number. (A child's state identification number or social security number is never used, because a child cannot be a debtor.)
- For providers, the identifier is based on the provider number, federal identification number, or social security number.

After the "debtor" record is created, a "claim record" is created. This claim record contains information about a specific debt. It includes:

- A program code related to the category of assistance that was overpaid
- The primary cause of the debt
- The time frame of the debt
- The amount of the debt
- The referral source
- The appeal status
- The fraud status
- The Notice of Debt record
- The claim status
- Any transaction applied to this debt
- Narrative relating to contacts and actions taken on an account

A debtor can have multiple claim records, since debts can occur for various programs or at different times.

Making Fraud Referrals

Legal reference: 481 IAC 71.4(10A)

The DIA Recovery Unit reviews the record to determine whether a referral for suspected fraud should be made to the DIA Economic Assistance Fraud Bureau. All client error claims over $1,000 are referred automatically by the system. When there are claims for multiple programs, any one claim referred must be over $1,000.

An IM worker or ***hawk-i*** policy specialist or PROMISE JOBS worker can also refer a case for fraud investigation using the *Overpayment Recovery Supplemental Information*, form 470-0465. Example: A situation that is less than $1,000 but the worker believes it warrants an investigation to determine if the claim period should be longer.

Issuing Notice for Repayment

Legal reference: 441 IAC 71.5(10A)

The repayment process begins with a notice to the debtor that a debt has occurred. A "Notice of Debt" is sent whether the case is active or closed.

The Overpayment Recovery System sends the *Notice of Debt* letters for FIP, RCA, Medicaid, ***hawk-i***, State Supplementary Assistance, and Child Care Assistance on the last working day of the month after the claim is entered into the system. The system sends the Food Assistance *Notice of Debt* letter eight calendar days before the end of the month (or the next work day if the eighth day is a weekend or holiday).

The debtor voluntarily completes the repayment agreement section. Failure to return the form may result in further collection action.

- For Food Assistance debts, the debtor has 20 days to respond to:
  - Form 470-4668, *Notice of Food Assistance Overpayment*, for Food Assistance debts; and
  - Form 470-4179, *Notice of Food Assistance Debt*, for trafficking or misuse of Food Assistance benefits debts.
- For FIP or RCA debts, the debtor has 20 days to respond to form 470-4683, *Notice of FIP or RCA Overpayment.*

- For ***hawk-i*** member debts, the debtor has 30 days to respond to form 470-3984, *Notice of Healthy and Well Kids in Iowa* (***hawk-i***) *Premium Overpayment*.
- For Medicaid or State Supplementary Assistance debts, the client has 30 days to respond to form 470-2891, *Notice of Medical Assistance Overpayment*, or form 470-4667, *Notice of Medical Assistance Debt Due to Transfer of Assets*.
- For Child Care Assistance debts, the debtor has 30 days to respond to form 470-4530, *Notice of Child Care Assistance Overpayment*.
- For PROMISE JOBS debts, the debtor has 20 days to respond to form 470-4688, *Notice of PROMISE JOBS Overpayment*.

These forms inform the debtor that a debt has occurred. They identify:

- The amount of the debt.
- The dates of the debt.
- The causes of the debt.
- The different options the debtor has to repay the debt.
- Due dates.

The *Notice of Debt* is sent initially for a new claim and then another notice is sent when changes are made to a claim (like a change in the amount owed).

The investigator may also send form 470-0495, *Agreement to Pay a Debt*, when there has been no response to a *Notice of Debt*. This form tells the amount and programs for the debt and gives the debtor a choice of repayment methods.

See also 4-Appendix, *PROMISE JOBS Provider Manual*, for the PROMISE JOBS repayment process.

Debtor Rights and Repayment Options

Debtor rights and repayment options are explained in the following sections:

- Appeal rights
- Cash payments
- Allotment reduction
- How payments are applied

Debtor Appeal Rights

Legal reference: 441 IAC 7.5(6), 7.5(7), 7.6(1), 11.4(5), 11.5(5)

If the debtor wants to contest a *Notice of Debt*, the debtor must submit an appeal request to the DHS Department. Notify DIA if a claim is certified for appeal so recovery actions are suspended until the appeal process is complete.

Forms used to notify the debtor of a debt have appeal rights on the back, if applicable, and constitute notices of adverse action. The Department grants a hearing according to policies and procedures in 1-E, APPEALS PROCEDURES. Time limits for filing appeals vary by program.

- **FIP**, **RCA**, and **CCA** participants have 30 days from the date the form 470-4683, *Notice of FIP or RCA Overpayment*, or form 470-4530, *Notice of Child Care Assistance Overpayment*, is issued, as noted at Issuing Notice for Repayment, to file an appeal on the existence, computation, and amount of a debt issued.

  Time limits for appeals on recovery of the debt through benefit reduction begin with the notice of decision informing the person that benefits will be reduced to cover a FIP or RCA debt.

- **Food Assistance** participants have 90 days from the date of the *Notice of Debt* to appeal the amount, dates, or reason for a Food Assistance debt. Time limits on recovery through allotment reduction begin when the *Notice of Debt* is issued, as described under Issuing Notice for Repayment.

- For **Medicaid** or **State Supplementary Assistance**, the 30-day time limit for granting a hearing on the existence and amount of debt also begins with the date of the first *Notice of Medical Assistance Overpayment*, form 470-2891.

- For the ***hawk-i*** program, the 30-day limit for granting a hearing on the existence and amount of a debt also begins with the date of the first *Notice of Healthy and Well Kids in Iowa* (***hawk-i***) *Premium Overpayment*, form 470-3984.

- **PROMISE JOBS** participants have 30 days from the date form 470-4688, *Notice of PROMISE JOBS Overpayment*, or form 470-4530, *Notice of Child Care Assistance Overpayment*, is issued, as noted at Issuing Notice for Repayment, to file an appeal on the existence, computation, and amount of a debt issued.

NOTE: Changes, such as a change in the debt amount, generate another *Notice of Debt* with appeal rights.

A debtor who wants to contest an **offset** must submit a written request to the Department within 15 days after one of the following notices is mailed. (NOTE: DIA handles these appeals.)

- Form 470-1668, Notice of Setoff of an Iowa Income Tax Refund for Debts Owed the Department of Human Services.
- Form 470-4139, Notice of Income Offset Against State Warrants.
- Form 470-4140, Notice of Income (Payroll) Offset.

If DIA is upheld in the final decision, the offset process continues. The refund or other state payment is applied to the appropriate delinquent claims.

If DIA is reversed in the final decision, the Department of Administrative Services or the Department of Revenue releases the debtor's refund or other state payment to the debtor unless there are other creditors.

Debtors who want to contest the delinquency status of their Food Assistance claims referral to the Treasury Offset Program may submit a written request to DIA within 60 days of the date of the *Treasury Offset Program (TOP) Pre-Offset Notice*, form 470-3797.

Appeal rights for claims submitted to federal offset have been exhausted. DIA will determine if the claim is past due and legally enforceable and notify the debtor in writing of the decision.

Cash Payments

Legal reference: 481 IAC 71.5(10A)

Cash payments are accepted for repayment of debts. Cash repayment is the only repayment method available for Medicaid, State Supplementary Assistance, Child Care Assistance, and ***hawk-i*** cases.

For active cases on FIP or FA, the debtor has the option to repay in cash or by allotment reduction. FIP participants with a PROMISE JOBS debt may repay in cash or by authorizing FIP allotment reduction in writing.

For FIP and RCA repayments for active cases, the debtor may choose cash repayment only when the repayment amount exceeds what would be collected by grant reduction. Payment in Food Assistance benefits is accepted only for Food Assistance debts. For Food Assistance repayments, the payment amount must equal or exceed the benefit reduction amount.

When a debtor returns an agreement indicating a choice of cash payments, the DIA investigator reviews the agreement and compares it to the recommended payment guidelines.

Debtors who have made cash agreements to repay their claim receive form 470-0130, *Billing Statement*, each month. The Overpayment Recovery System issues these statements on the last working day of the month. Payments are due by the 25th of the following month.

Statements may also be sent in other situations like on newer debts or when a debt is paid off.

The *Billing Statement*:

- Tells the debtor the amount of the payment due for the month.
- Lists all payments received **during the current month**. (This billing cycle also determines delinquent accounts.)
- Serves as a receipt.

When the debtor makes a payment by check or money order, instruct the debtor to make the remittance payable to the Iowa Department of Human Services. EXCEPTION: Criminal judgment payments are made to the clerk of court where the order is filed.

Debtors should send payments directly to the Iowa Department of Human Services, 1305 E Walnut Street, Des Moines, Iowa 50319-0114.

These payments should be accompanied with the first page of the *Billing Statement*. The statement contains identifying numbers so that a payment can be applied to the correct debtor's account. If there is no accompanying document or identifying numbers, the cashier must search the system to find the debtor record.

The Department's Bureau of Purchasing, Payments, and Receipts is responsible for entering the payments into the Overpayment Recovery System. See How Payments Are Applied.

Benefit Reduction

Legal reference: 481 IAC 71.5(1), 441 IAC 46.25(239B); 7 CFR 273.18(5)(3)"a" and "b"

"Benefit reduction" is an amount withheld from a public assistance benefit. This means grant reduction for FIP and allotment reduction for Food Assistance. Benefit reduction is automatic for active FIP and Food Assistance cases without a cash agreement.

Benefit reduction must be used for all FIP and RCA debts on active cases 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. The FIP grant is not reduced to recover a debt for PROMISE JOBS or Transitional Child Care without the client's written permission.

A computer interface between the Overpayment Recovery System and the ABC System compares records monthly on the working day before timely notice day (the recoupment run). When the conditions for allotment reduction are met, the interface automatically reduces the debtor's regular monthly FIP or RCA grant or Food Assistance benefit to pay the debtor's claim.

The interface initiates Food Assistance benefit reduction if no cash agreement or other acceptable payment arrangement is entered on the Overpayment Recovery System by the recoupment run day of the first month following issuance of the first *Notice of Debt*.

The interface initiates FIP or RCA grant reduction if no cash agreement or other acceptable payment arrangement is entered on the Overpayment Recovery System by the recoupment run day of the second month following issuance of the first demand letter.

The amount of allotment reduction varies based on the type of error. For an explanation of FIP grant reduction amounts, see 4-H, Recovery Through Grant Reduction. See 7-H, Methods of Collecting Payments, for an explanation of Food Assistance benefit reduction.

When the reduced allotment is first issued, the ABC system generates a notice of decision telling the client that benefits are being reduced to recover a debt. The Overpayment Recovery System produces form 470-0130, *Billing Statement*, quarterly to report repayment progress.

How Payments Are Applied

Legal reference: 441 IAC 11.3(217,421)

When a debtor owes for two or more claims for the same program, the Overpayment Recovery system prioritizes those claims. When payments are received, those payments will be applied in that priority order. Payments are applied to only one claim per program at a time, and are applied to the highest priority claim until that claim is paid off.

The Department prioritizes a debtor's debts as follows:

- For debts owed to any program **other than Food Assistance**:
  - If there is more than one debt for the program, the debt with an agreement is the highest priority for repayment.
  - If more than one debt has an agreement, the debt that was established first is the highest priority for repayment.
  - If there are no agreements, or if all debts with agreements are paid, the debts are prioritized by order of establishment with the debt that was established first as the highest priority.
- For debts owed to the **Food Assistance** program:
  - If there is a debt that had a payment applied to it previously, payments are applied to that debt first. If more than one debt had a payment applied previously, payments are applied in chronological order starting with the debt that received payment first.
  - If there is no debt that has had payments applied to it previously, payments are applied first to all debts with an agreement and then to debts without an agreement. Within each of these groups, payments are applied in the following order:
    - First to state-only debts in chronological order by date the claim was completed,
    - Then to intentional program violation (IPV) debts in chronological order by date the claim was completed,
    - Then to inadvertent household error (IHE) debts in chronological order by date the claim was completed,
    - Then to agency error debts in chronological order by date the claim was completed.

When there are debts in more than one program, payments received are applied:

- To the programs as indicated by the mode of repayment.
- To the programs as indicated by the client at the time of payment.
- To each program in proportion to the percent each program has of the total debt, if there is no indication of which programs the payment is to be applied to.
- For debts with a criminal judgment, payments sent to the clerk of court can only be applied to claims included in the judgment.

Other Collection Actions

Legal reference: 481 IAC 71.6(10)

If complete repayment has not been received through cash payments and allotment reduction, the DIA Recovery Unit may take one or more of the following collection actions:

- Claims may be offset against the debtor's state income tax refund.
- Claims may be offset against other income that a debtor receives from the state, through garnishment or attachment of a state warrant.
- Claims for Food Assistance may be offset against a debtor's federal income tax refund or other federal payments.
- Claims may be made against a debtor's estate or in a debtor's bankruptcy proceedings.
- Claims below $5,000 may be referred for small claims court action.
- Claims of $5,000 or more may be referred for district court action.
- Claims may be made against sponsors in certain alien cases.
- Claims may be collected by issuing a distress warrant.

Checking Other Information Systems

Legal reference: 481 IAC 71.8(10A)

The DIA Recovery Unit compares information with other data processing systems to identify the location, resources, or income of a debtor. The Unit uses, but is not limited to, part or all of the systems of the following agencies:

- Social Security Administration
- Iowa Workforce Development
- Iowa Department of Revenue
- Iowa Department of Administrative Services
- Iowa Department of Transportation (driver's license and motor vehicle registration)
- Iowa Department of Human Services

Offset Against State Income Tax Refunds and Other Payments

Legal reference: 441 IAC 11.4(217, 421)

DIA makes a claim against a debtor's state income tax refund or other state payments for public assistance debts when:

- A debtor has failed to negotiate a repayment agreement or the agreement is not current, and
- The cumulative balance of the applicable debts in all programs is more than $50.

An offset will not be made against a debtor when the debt is in appeal status, or is being recovered through benefit reduction (FA and FIP).

Debtors may have their state income tax refund held when they have no current payment agreement or when they have agreements that are in arrears. Debtors are "flagged" for offset when they:

- Are not repaying claims or are not current with payments,
- Owe at least $50, and
- Have a tax refund of not less than $25.

Debtors may also have other state warrants held when they owe at least $50 and have no current payment agreement or are in arrears. There are two types of warrant offsets:

- **Wage garnishment.** Debtors are subject to wage garnishment.
- **State warrant offset.** Debtors who are eligible for a state warrant are subject to having the payment attached to repay their claim. Examples of payments that may be offset are lottery winnings and payments to providers and contractors. This match is made each time the record for payment matches the debtor's social security number.

No match is made for tax refund offset, wage garnishment, or other state payment offset until a *Notice of Debt* has been sent for FIP, RCA, Medicaid, State Supplementary Assistance, Food Assistance, Child Care Assistance, or ***hawk-i*** claims.

Offset Process

The Overpayment Recovery System generates a list of the debtors meeting the state offset criteria on the fifth and fifteenth working day of each month. This list is sent to the Department of Administrative Services for matching by social security number.

When the debtor is entitled to a state income tax refund, form 470-1668, *Notice of Setoff of an Iowa Income Tax Refund for Debts Owed the Department of Human Services*, is sent to the debtor to inform the debtor of the amount the Department intends to claim.

The DIA Recovery Unit receives a payroll match from the Department of Administrative Services quarterly. When a match is made, the Recovery Unit mails the debtor form 470-4140, *Notice of Income (Payroll) Offset*. This notice informs the debtor of the amount the Department intends to claim and offers the debtor the opportunity to make an agreement to repay.

The Department of Administrative Services notifies the Recovery Unit when a listed debtor is entitled to any other nonexempt state warrant. The Recovery Unit then mails the debtor form 470-4139, *Notice of Income Offset Against State Warrants*.

When Jointly Owned Payments Are Divided

Legal reference: 441 IAC 11.4(4)

When either spouse wants to request a division of a jointly or commonly owned right to a payment, that spouse must submit a written request to the Department within 15 days after the offset notice is mailed. The offset notices are sent on:

- Form 470-1668, *Notice of Setoff of an Iowa Tax Refund for Debts Owed the Department of Human Services*,
- Form 470-4139, *Notice of Income Offset Against State Warrants*.

When the request is received within the 15-day limit, the Department of Administrative Services or the Department of Revenue releases the spouse's proportionate share, as determined by them, unless:

- Other claims are made on that portion of the jointly or commonly owned right to payment, or
- That spouse was also a member of the same household, and the spouse's income and resources were or should have been considered in the calculation of public assistance.

This policy applies to anyone who is the co-owner of the payment. If two people are mutually entitled to a payment, but only one of them is responsible for the debt, either one can ask to have the payment divided.

The Department will claim only the part of the payment belonging to the person who is responsible for the debt. The rest will be released to the other owner. However, the payment will not be divided if both people were in the household and responsible for the debt.

Applying the Offset

Legal reference: 441 IAC 11.4(6) and 11.4(7)

If the Department has not received a request for an appeal hearing or a request for a division of a jointly or commonly owned payment within 15 days after the date that the offset notice is mailed, the DIA Recovery Unit notifies the Department of Administrative Services or Department of Revenue to carry out the offset.

For tax refunds and other state warrants, the Overpayment Recovery System notifies the debtor of the final decision regarding the claim by mailing form 470-1667, *Debt Setoff Credit*, to the debtor.

Garnishment begins automatically if form 470-4140, *Notice of Income (Payroll) Offset*, is not appealed. When the maximum amount of garnishment for the year has been collected, the Department of Administrative Services notifies the Recovery Unit.

The Department applies any offset received from the Department of Administrative Services or Department of Revenue to the debtor's debts as indicated on form 470-1668, *Notice of Setoff of an Iowa Income Tax Refund for Debts Owed the Department of Human Services*, or form 470-1667, *Debt Setoff Credit Letter*. See How Payments Are Applied.

Federal Offset for Food Assistance

Legal reference: 441 IAC 65.21(6)

DHS makes a claim offset against federal income tax refunds or other federal payments (TOP) for Food Assistance overissuances when:

- A debtor is not participating in the Food Assistance program.
- A debtor has not negotiated a repayment agreement and 180 days has elapsed since the due date.
- A repayment agreement has been signed but is in arrears, and the total unpaid balance on claims for this debtor exceeds $25.00. A payment agreement is considered to be in arrears when:
  - 180 days have elapsed since the first of the month following the month when the person failed to make the agreed payment, and
  - The person has not subsequently made up the missed payment.)

A claim against an individual will not be referred for federal offset when:

- The debt is under appeal, or
- The claim is being recovered by benefit reduction

The Department will submit a certified notification of liability for delinquent claims for the Food Assistance program monthly. All debtors will receive a notice, form 470-3797, *Treasury Offset Program (TOP) Pre-Offset Notice*, identifying the amount the Department intends to refer to TOP for offset. A request for a split of jointly owned tax refund must be sent directly to the Internal Revenue Service.

The Treasury Department will charge an offset fee to the debtor when a match takes place. The amount collected through treasury offset is automatically applied to Food Assistance claims. Any amount remaining after offset is released back to the debtor.

Compromising or Terminating a Claim

Legal reference: 441 IAC 170.9(5) (234)

In some cases, the Department may decide to compromise or write off the amount of a claim. The DIA Recovery Unit must approve compromises caused by court orders, bankruptcy, or death.

Compromises caused by client circumstances can be made only through exceptions to policy. The director of the Department may grant exceptions to the Department's rules in individual cases upon the director's own initiative or upon request. See criteria at 1-B, EXCEPTIONS TO POLICY.

Although this action does not represent actual recovery, it requires system entry, since the balance of the claim is changed. The Recovery Unit will adjust debts according to the DHS director's decision.

The Recovery Unit can also change the balance, as well as the total owed, if it is discovered that the original claim was entered in error. This action is generally initiated by receipt of a claim update from the IM, PROMISE JOBS, or ***hawk-i*** worker.

Food Assistance claims that have been reduced to an amount of $25 or less will be terminated if:

- The claim is delinquent more than 90 days, and
- There are no other claims to which the claim can be added to bring the amount owed to an amount greater than $25.

Child Care Assistance, FIP, and PROMISE JOBS nonfraud debts will be terminated when the claims are less than $35 and have been in suspension for three years.

STATE OF IOWA

TERRY E. BRANSTAD, GOVERNOR

DEPARTMENT OF HUMAN SERVICES

CHARLES M. PALMER, DIRECTOR

April 15, 1997

GENERAL LETTER NO. 6-G-4

ISSUED BY: Bureau of Food Stamps, Bureau of Family Investment, Division of Economic Assistance

SUBJECT: Employees' Manual, Title 6, Chapter G, ***Recovery of Overpayments***, Title page, revised; Contents (page 1), revised; and pages 1-27, revised.

Summary

This general letter transmits the revised Chapter 6-G, ***Recovery of Overpayments***. The chapter was rewritten to incorporate the Department's updated manual format and writing style.

Included in this revised chapter are changes to the food stamp demand letter process. For food stamp claims, the first demand letter is mailed 8-9 days before the end of the month and has a printed due date. Households with food stamp agency error claims continue to have 30 days in which to respond. Households with food stamp inadvertent household error claims are allowed 10 days to respond. Households with food stamp intentional program violation claims must respond immediately.

If no repayment agreement is returned by the household with a food stamp inadvertent household error claim or a food stamp intentional program violation claim by cutoff of the first month following the issuance of the first demand letter, allotment reduction is initiated.

There are no other policy changes in this revised chapter.

Effective Date

Upon receipt.

Material Superseded

Remove the entire Employees' Manual, Title 6, Chapter G, and destroy it. This includes:

Page	Date
Title page	March 31, 1992
Contents (page 1)	March 31, 1992
1-3	July 6, 1993
4-6	March 31, 1992
7-16	July 6, 1993
17-19	March 31, 1992
20	July 6, 1993
21-30	March 31, 1992

Additional Information

Contact your regional benefit payment administrator if you need additional information.

STATE OF IOWA

TERRY E. BRANSTAD, GOVERNOR

DEPARTMENT OF HUMAN SERVICES

CHARLES M. PALMER, DIRECTOR

September 8, 1998

GENERAL LETTER NO. 6-G-5

ISSUED BY: Division of Economic Assistance

SUBJECT: Employees' Manual, Title 6, Chapter G, ***Recovery of Overpayments***, Title page revised; Contents (page 1 and 2), revised; and pages 1 through 27, revised; and page 28, new.

Summary

This chapter is revised to:

- Change current form 470-2616, *Demand Letter for FIP/RCA Overissuance*, to *Demand Letter for FIP/RCA Agency Error Overissuance.*
- Add forms 470-3489, *Demand Letter for FIP/RCA IPV Overissuance*, and 470-3490, *Demand Letter for FIP/RCA Client Error Overissuance*.
- Change current form FP-2322-0, *Demand Letter for Food Stamp Overissuance*, to form 470-0338, *Demand Letter for Food Stamp Agency Error Overissuance.*
- Add forms 470-3486, *Demand Letter for Food Stamp Intentional Program Violation Overissuance*, and 470-3487, *Demand Letter for Food Stamp Inadvertent Household Error Overissuance.*
- Include instructions for recovery of delinquent food stamp overpayments through the Treasury Offset Program (TOP).

Page 7 includes instructions regarding the debtor's right to request a review of the delinquent status of a claim when the debtor has received a 60-day notice advising that the claim is subject to referral to TOP.

Pages 9 and 10 are revised to more accurately reflect the way in which payments are applied to a debtor's overpayment claims for both FIP/RCA and food stamps.

Page 14 is revised to reflect the change in the response time for intentional program violation demand letters. A debtor with an IPV claim must now return the demand letter within 20 days, just as a debtor with an inadvertent household error or agency error claim.

This chapter is also revised to reflect the change in collection of agency error claims. Agency error claims are now subject to the same collection action as inadvertent household error claims. Agency error claims are also subject to recoupment at the rate of $10 or 10% of the current month's benefit.

If the household fails to sign an agreement to repay or fails to make the agreed upon payments, the household is subject to benefit reduction the same as a household with an inadvertent household error claim.

If the household with an agency error claim is not participating in the food stamp program, the claim is subject to the same alternative methods of collection as the household with an inadvertent household error claim.

Effective Date

August 5, 1998

Material Superseded

Remove the following pages from Employees' Manual, Title 6, Chapter G, and destroy:

Page	Date
Title page	April 15, 1997
Contents (page 1 and 2)	April 15, 1997
1-27	April 15, 1997

Additional Information

Refer questions about this material to your regional benefit payment administrator.

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
JESSIE K. RASMUSSEN, DIRECTOR

March 13, 2001

GENERAL LETTER NO. 6-G-6

ISSUED BY: Bureau of Family Investment, Division of Economic Assistance

SUBJECT: Employees' Manual, Title 6, Chapter G, ***RECOVERY OF OVERPAYMENTS***, pages 3 through 9, 11, and 12, revised.

Summary

Revisions to this chapter:

- Eliminate reference to FIP intentional program violation policies, which are obsoleted by General Letter 4-M-3.
- Update form numbers, references, and addresses.

Effective Date

Upon receipt.

Material Superseded

Remove from Employees' Manual, Title 6, Chapter G, pages 3 through 9, 11, and 12, all dated September 8, 1998, and destroy them.

Additional Information

See General Letter 4-M-3 for information on eliminating FIP intentional program violation policies.

Refer questions about this general letter to your regional benefit payment administrator.

1305 E WALNUT STREET - DES MOINES, IA 50319-0114

Fields of Opportunities

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
JESSIE K. RASMUSSEN, DIRECTOR

July 17, 2001

GENERAL LETTER NO. 6-G-7

ISSUED BY: Bureau of Food Stamps, Division of Economic Assistance

SUBJECT: Employees' Manual, Title 6, Chapter G, ***RECOVERY OF OVERPAYMENTS***, Contents (pages 1 and 2), revised; pages 1 through 10, 11, 13, 14, and 17 through 22, revised; and page 10a, new.

Summary

This chapter is revised to add:

- Policy regarding the claims management requirements set forth in recent changes to federal regulations. These regulations require the timely establishment of all claims within 90 days of the date of discovery at least 90% of the time. "Date of discovery" is defined as the date on which the worker discovers that an overissuance has occurred.
- Policy on the termination of claims which have a remaining balance of $25 or less, are more than 90 days delinquent, and have no other claims to which they could be added so the balance due exceeds the $25.
- Instructions on page 3 for completing form 470-0464, *Overpayment Recovery Information Input*, for a food stamp claim. For food stamps, the referral of the claim to DIA is now a two-step process, to ensure that claims are tracked from the date of discovery.

References to Transitional Child Care manual and rules are eliminated and other cross-references are corrected.

Effective Date

These changes are effective for all claims discovered on or after August 1, 2001.

Material Superseded

Remove the following pages from Employees' Manual, Title 7, Chapter G, and destroy them:

Page	Date
Contents (pp. 1 and 2)	September 8, 1998
1, 2	September 8, 1998
3-9	March 13, 2001
10	September 8, 1998
11	March 13, 2001
13, 14, 17-22	September 8, 1998

Additional Information

Refer questions about this general letter to your regional benefit payment administrator.

Fields of Opportunities

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
JESSIE K. RASMUSSEN, DIRECTOR

July 23, 2002

GENERAL LETTER NO. 6-G-8

ISSUED BY: Division of Financial, Health, and Work Supports

SUBJECT: Employees' Manual, Title 6, Chapter G, ***RECOVERY OF OVERPAYMENTS***, Contents (pages 1 and 2), revised; pages 1 through 22, revised; and pages 22a and 22b, new.

Summary

This chapter is revised to:

- Add the Child Care Assistance program to the chapter for recovery of overpayments.
- Correct and clarify language.
- Update rule references.

Effective Date

Upon receipt

Material Superseded

Remove the following pages from Employees' Manual, Title 6, Chapter G, and destroy them:

Page	Date
Contents (pages 1 and 2)	July 17, 2001
1-11	July 17, 2001
12	March 13, 2001
13, 14	July 17, 2001
15, 16	September 8, 1998
17-22	July 17, 2001

Additional Information

Refer questions about this general letter to your area income maintenance supervisor 2.

1305 E WALNUT STREET - DES MOINES, IA 50319-0114

Fields of Opportunities

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
JESSIE K. RASMUSSEN, DIRECTOR

October 29, 2002

GENERAL LETTER NO. 6-G-9

ISSUED BY: Bureau of Managed Care and Clinical Services

SUBJECT: Employees' Manual, Title 6, Chapter G, ***RECOVERY OF OVERPAYMENTS***, Contents (page 1), revised; and pages 4a and 4b, new.

Summary

This chapter is revised to include overpayment recovery instructions for calculating overpayments for persons enrolled in an HMO or the Iowa Plan.

Effective Date

Upon receipt.

Material Superseded

Remove from Employees' Manual, Title 6, Chapter G, Contents (page 1), dated July 23, 2002, destroy it.

Additional Information

Contact your service area supervisor if you need additional information.

1305 E WALNUT STREET - DES MOINES, IA 50319-0114

Fields of Opportunities

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
JESSIE K. RASMUSSEN, DIRECTOR

January 21, 2003

GENERAL LETTER NO. 6-G-10

ISSUED BY: Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 6, Chapter G, ***RECOVERY OF OVERPAYMENTS***, page 4, revised.

Summary

Revision is made to add information about a grid (field 33) which will now appear on form 470-0464, *Overpayment Recovery Information Input*. This grid is used for food stamps only and contains information regarding how the food stamp claim was calculated for each month. This change is being made to comply with federal requirements that this information be displayed on initial food stamp demand letters sent to households.

Effective Date

Upon receipt.

Material Superseded

Remove the following page from Employees' Manual, Title 6, Chapter G, and destroy it:

Page	Date
4	July 23, 2002

Additional Information

Refer questions about this general letter to your area income maintenance supervisor 2.

1305 E WALNUT STREET - DES MOINES, IA 50319-0114

Fields of Opportunities

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

June 10, 2003

GENERAL LETTER NO. 6-G-11

ISSUED BY: Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 6, Chapter G, ***RECOVERY OF OVERPAYMENTS***, pages 11, and 20, revised.

Summary

Revision is made to change a form name and number.

Effective Date

Upon receipt.

Material Superseded

Remove the following page from Employees' Manual, Title 6, Chapter G, and destroy it:

Page	Date
11, 20	July 23, 2002

Additional Information

Refer questions about this general letter to your area income maintenance supervisor 2.

1305 E WALNUT STREET - DES MOINES, IA 50319-0114

Fields of Opportunities

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

May 6, 2005

GENERAL LETTER NO. 6-G-12

ISSUED BY: Division of Financial, Health and Work Supports

SUBJECT: Employees' Manual, Title 6, Chapter G, ***RECOVERY OF OVERPAYMENTS***, Title page, Contents (pages 1 and 2), revised; pages 1 through 28, revised; and pages 29 through 33, new.

Summary

This chapter is revised to:

- Add the references to the ***hawk-i*** (Healthy and Well Kids in Iowa) program in the overpayment recovery process.
- Change the program name from "food stamps" to "Food Assistance."
- Correct form names and cross-references.
- Change organizational names due to restructuring.
- Update instructions for Food Assistance on what items of form 470-0464, *Overpayment Recovery Information Input*, to complete.
- Remove the section, "Referral to Central Collection Unit." This unit no longer exists.

Effective Date

Upon receipt.

Material Superseded

Remove the entire Chapter G page from Employees' Manual, Title 6, and destroy it. This includes the following pages:

Page	Date
Title page	September 8, 1998
Contents (page 1)	October 29, 2002
Contents (page 2)	July 23, 2002
1-3	July 23, 2002
4	January 21, 2003
4a, 4b	October 29, 2002

5-10	July 23, 2002
11	June 10, 2003
12-19	July 23, 2002
20	June 10, 2003
21, 22, 22a, 22b	July 23, 2002
23-28	September 8, 1998

Additional Information

Refer questions about this general letter to your area income maintenance supervisor 2.

STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

January 22, 2010

GENERAL LETTER NO. 6-G-13

ISSUED BY: Office of Policy, Communication and Intergovernmental Cooperation; Division of Adult, Children and Family Services; Division of Field Operations

SUBJECT: Employees' Manual, Title 6, Chapter G, ***RECOVERY OF PUBLIC ASSISTANCE DEBTS***, Title page, revised; Contents (page 1), revised; and pages 1 through 21, revised.

Summary

This chapter is revised to:

- Rename the chapter from ***RECOVERY OF OVERPAYMENTS*** to the new name of ***RECOVERY OF PUBLIC ASSISTANCE DEBTS***.
- Remove the section, "OVERPAYMENT RECOVERY SYSTEM," from the chapter. Revised system instructions will be released under a separate chapter.
- Change policies, procedures, and forms used to reflect current versions.
- Clarify that a fraud referral should be made for any client error claim in a single program that exceeds $1,000. In the past, a referral could be made when combined program claims exceeded this amount.

Effective Date

Immediately.

Material Superseded

This material replaces the entire Chapter G from Employees' Manual, Title 6, which includes the following pages:

Page	Date
Title page	May 6, 2005
Contents (pages 1, 2)	May 6, 2005
1-33	May 6, 2005

Additional Information

Refer questions about this general letter to your area income maintenance administrator.