

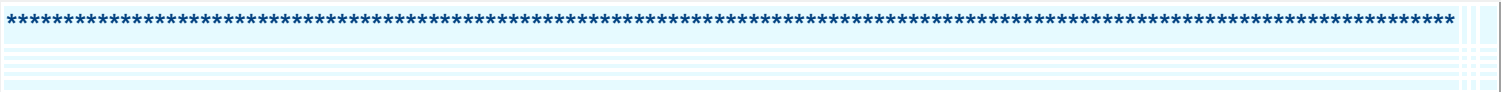
Department of Social and Health Services  
Olympia, Washington  
**EAZ Manual**

Revision # 1020  
Category Cash and Medical Assistance Overpayment Descriptions  
Issued April 30, 2019  
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**Summary**

Updated section to clarify changes to WAC 388-410-0005 removing child liability for overpayments. Also added instructions for staff to alert OFR to establish overpayments for vendors.

See below for edited text:



## Cash and Medical Assistance Overpayment Descriptions

Revised ~~December 31, 2013~~ [May 1, 2019](#)

### Purpose:

#### [WAC 388-410-0001](#) What is a cash assistance overpayment?

- [Clarifying Information and Worker Responsibilities](#)

#### [WAC 388-410-0005](#) Cash assistance overpayment amount and liability

- [Clarifying Information and Worker Responsibilities](#)

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## Clarifying Information - [WAC 388-410-0001](#)

1. An intentional overpayment is the result of the client's willful knowing concealment of information or failure to reveal information resulting in an overpayment.

### 2. **Unintentional overpayment:**

a. An unintentional client error overpayment is based on the condition that although caused by the client, there was no intent to obtain or retain assistance for which the client knew they were not eligible.

b. An unintentional department error overpayment is the direct result of omission, ~~neglect~~neglect, or error by the department in taking action on information affecting the amount of benefits for which a client is eligible.

c. An unintentional technical error is an overpayment not directly caused by department error or client error. These types of overpayments are due to effective dates and procedural requirements. Following are examples of technical errors:

1. Administrative Hearings: Continued assistance pending a fair hearing results in an overpayment when the decision of the Department is upheld. Continued assistance overpayments can ~~not~~ be established for more than 60 days' worth of benefits from the date the administrative hearing was requested.
2. Ten-Day -Advance Notice: When advance notice requirements for termination or reduction result in a payment of benefits for which the client is not eligible, the resulting One-Time Payment is an overpayment.

### 3. **Strikers:**

Prior to July 1, 1999, an overpayment exists for any month in which a member of a TANF/SFA household is on strike on the last day of that month. Starting with July 1999 benefits, there are no overpayments based solely on a member of the TANF/SFA assistance unit being on strike.

### 4. **Prospective budgeting:**

An overpayment exists when a client **intentionally** understates his or her estimated income for the first 2 months of eligibility. See [WAC 388-450-0215](#).

### 5. **When someone fails to report a change in circumstances required for cash only:**

When someone does not report a change in circumstances required under [WAC 388-418-0005](#), we determine if a client has an overpayment for **each program** based on **that program's** reporting requirements.

If the person was not required to report a change for Basic Food or medical benefits, we do not set up an overpayment for these programs based on the unreported change. This is true even if we would have reduced benefits if the household reported the change.

**EXAMPLE** Julie, Spencer, and their two children receive TANF and Basic Food. They fail to report that Spencer got a job ~~e~~arning \$900 monthly. Spencer received his first paycheck on August 25th. We discover this information in November.

**TANF:** The family was required to report getting a job *for TANF*. We determine amount of TANF benefits the family was eligible for if they reported the change timely on September 10th and set up an overpayment for [Julie and Spencer for](#) October and November.

**Basic Food:** The new job did not cause the family to go over the gross income limit for a family of four. Since they did not have to report this change for Basic Food, we do not set up an overpayment. ABD cash grants that are subsequently duplicated by receipt of SSI benefits for the same period are considered an unintentional overpayment and are subject to recovery. See [WAC 388-474-0020](#).

## Worker Responsibilities - [WAC 388-410-0001](#)

1. Do not establish an intentional overpayment when the overpayment is directly due to any omission, neglect or error by the department, unless:
  1. The client kept the assistance; and
  2. Knew or had reason to believe he/she was not eligible for the assistance.
2. Establish an intentional overpayment for funds that were authorized to replace lost, unendorsed warrants when it is later determined the claimed loss was false. See [WAC 388-412-0035](#).

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## Clarifying Information - [WAC 388-410-0005](#)

1. All [adult](#) members of a [cash](#) assistance unit, ~~including children~~, are responsible for overpayments incurred after January 1, 1982 provided they were ~~actually~~ members of the assistance unit at the time of the overpayment.

The amount of an overpayment can be reduced by the amount of any unpaid underpayments in any period prior to the month in which the overpayment is computed.

2.

3. As of May 1, 2019 children will no longer be included when establishing an overpayment for cash.

~~4.~~ On child-only TANF cases, the overpayment is established for the adult receiving the grant.

~~The amount of an overpayment can be reduced by the amount of any unpaid underpayments in any period prior to the month in which the overpayment is computed.~~ **EXAMPLE** Susan receives a non-needy TANF grant for her nephew Justin. Justin had been living with his dad but was placed by CPS in Susan's home. Dad had an overpayment that was being recouped at 10% from the grant he was receiving for himself and Justin. Once dad's TANF grant closed, the overpayment was no longer being recouped and did not follow Justin to the non-needy grant that Susan receives for Justin.

**EXAMPLE:** Kathy is receiving a non-needy TANF grant for Patty, her grandchild. On June 4, Patty moves back in with her mom. Kathy doesn't report the change until her review on August 8. An overpayment would be established for Kathy for July and August as Kathy was required to report within five days of Patty moving out. Patty's mom applies for TANF in October, the overpayment that was established for Kathy would not follow Patty.

5. When non-needy caretaker relative or guardian ~~who~~ was assessed an overpayment for a child who is not currently part of the assistance unit:
  1. We will no longer recoup the overpayment by means of mandatory grant reduction.
  2. Alert the Office of Financial Recovery (OFR) when a caregiver ~~meets the criteria~~ is in this situation by sending an email to DSHS RE OFR Client Overpayment. This email must include the:
    1. Caregivers name and client ID,
    2. Date of the original overpayment letter and
    3. Text explaining we must no longer recoup the overpayment from the cash grant.
  3. Once OFR learns about this change, they will stop the automatic deductions from the TANF grant and pursue other means of collection.

**EXAMPLE:** Zack was receiving non-needy TANF for his grandson Thomas and an overpayment was established. Once Thomas left the household and the grant was closed the recoupment ended. The following year Zack applied for his other grandchild, Katy. ~~Because the prior overpayment wasn't related to an error in benefits for Katy, no reductions will be assessed to the non-needy TANF grant for Katy. Staff will alert OFR that ~~the child Thomas~~ is no longer part of the assistance unit. Two months later, Thomas returns to Zack's home and is added to the non-needy TANF grant. Staff will alert OFR that the child is back in the home. The prior overpayment would now be reduced from the grant.~~

## Worker Responsibilities - WAC 388-410-0005

### Verification of Overpayment

1. The department will attempt to verify all pertinent information when an overpayment has occurred.
2. If the verification obtained is incomplete, the department will contact the recipient to obtain an explanation of the circumstances to clarify the overpayment.
3. If the recipient fails to cooperate, the department will make an independent determination based on all available information and initiate recovery of the overpayment.
  1. If an employer does not respond to a request for a statement of earnings in a timely manner, the department may file a Subpoena Request without a FRED or DFI referral.

## Invalid Overpayment

1. When the department determines that it has mistakenly charged an assistance unit with an overpayment, the department will cancel the overpayment account and credit any amount paid to any other outstanding debt obligation.
2. The client will be notified of the error and of the amount credited to any existing debt obligation. If any balance remains from the amount paid by the client the department will refund the balance to the assistance unit.
3. If the department determines that an assistance unit's overpayment amount needs to be modified because of an error, the worker should refer to the ACES manual, [Benefit Error Group \(BEG\) - Modify a BEG - Overpayment or Underpayment](#).

## Establishing Overpayments

1. Once an overpayment is verified, determine the assistance program involved in the cash, medical or food assistance overpayment. Determine the amount of the overpayment using the following criteria:
  1. Reconstruct eligibility in cases where the client failed to report information or where reported information was not acted upon.
  2. Consider the change as it would have been considered if reported and acted upon timely.
2. If all criteria specified in WAC 388-410-0005 (3) (a)&(b) are met do not refer cases to Office of Financial Recovery.
- ~~3.~~

## Eligibility for Other Programs

1. **Financial assistance:** Reduce the amount of an overpayment by the amount of cash assistance a client would have received if eligible for another cash program during the period of the overpayment.
2. **Medical assistance:**

1. Redetermine eligibility for medical assistance beginning the first of the month in which ineligibility occurs.
2. If the assistance unit was ineligible for any medical assistance, all medical expenses paid by the Health Care Authority (HCA) for the period of ineligibility are an overpayment.
3. If the assistance unit was eligible for the Medically Needy Program the overpayment is:
  1. The amount the assistance unit would have been required to spend-down before medical expenses would have been paid for the overpayment period.
  2. The difference between those medical payments covered by the CN program and those covered by the MN program.
  3. Scope of care determinations are referred to HCA.
4. If the assistance unit was eligible for the Psychiatric Indigent Inpatient Program (PII), the overpayment is:
  1. The amount paid by HCA up to the deductible; plus
  2. Any additional amount the assistance unit would have been required to spend down; plus
  3. The difference between medical payments covered by the CN program and those covered under the PII program.

### Establishing Overpayments for vendors

1. If it is determined that a vendor has been overpaid, an overpayment must be established. Overpayments for vendors are processed by the Office of Financial Recovery (OFR).
  1. Staff will complete form DSHS 18-398A and email the form to OFR at [vendorop@dshs.wa.gov](mailto:vendorop@dshs.wa.gov).
  2. OFR will establish the overpayment in their system and mail a copy of the DSHS 18-398A to the vendor.

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## ACES Procedures

- Benefit Error Group (BEG) - Confirm a BEG Overpayment
- Benefit Error Group (BEG) - Modify a BEG – Overpayment or Underpayment