

1. Intentional Overpayment:

~~a.~~ The result of the client's willful knowing concealment of information or failure to reveal information resulting in ~~thean~~ 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, or error by the department in ~~taking action~~ ~~acting~~ 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~~ ~~The following~~ are examples of technical errors:

- i. Administrative Hearings: Continued assistance pending a fair hearing results in an overpayment when the decision of the ~~d~~Department is upheld. Continued assistance overpayments can't be established for more than 60 days' worth of benefits from the date the administrative hearing was requested.
- ii. Ten-Day -Advance Notice: ~~When~~ advance notice requirements for termination or a reduction in benefits results in a payment of benefits for which the client isn't 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 their estimated income for the first 2 months of eligibility. See [WAC 388-450-0215](#).

5. When Someone Fails to Report a Change of Circumstances Required for Cash Only:

When someone doesn't report a change of 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 failed to report Spencer got a job Earning \$900 monthly. Spencer received his first paycheck on August 25th. We discovered this information in November.

TANF: The family was required to report getting a job *for TANF*. We determine the amount of TANF benefits the family was eligible for if they'd reported the change timely, by September 10th, and set up an overpayment for Julie and Spencer for October and November.

Basic Food: The new job didn't cause the family to go over the gross income limit for a family of four. Since they didn't have to report this change for Basic Food, we don't 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](#).

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](#).

6. Diaper Related Payments (DRP):

DRP is not pro-rated and all overpayments will be for the full amount issued in the ineligible month(s). DRP will only have an overpayment if the assistance unit was completely ineligible for DRP (i.e., no child under 3 in the household and/or the assistance unit wasn't eligible for TANF)

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

1. Don't establish an intentional overpayment when the overpayment is directly due to any omission, neglect, or error by the department unless:

- a. The client kept the assistance; and
 - b. Knew or had reason to believe they weren't 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 are responsible for overpayments incurred after January 1, 1982 provided they were members of the assistance unit at the time of the overpayment.
2. 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.
3. As of May 1, 2019, dependent 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.
- 4.5. TANF overpayments are reduced by the amount in excess of current child support kept by DSHS. DCS determines if a household is eligible for the child support payments and takes appropriate actions on any payments potentially made in error, or by fraudulent means. For each TANF overpayment month, review SEMS for the actual current child support kept by DSHS to potentially reduce the overpayment amount for TANF. Documentation must clearly support the current child support used, if any, to reduce the TANF overpayment on the ACES overpayment letter.

EXAMPLE: Oksana receives a non-needy TANF grant for her nephew Vyktor. Vyktor had been living with his dad but was placed by CPS in Oksana's home. Dad had an overpayment that was being recouped at 10% from the grant he was receiving for himself and Vyktor. Once dad's TANF grant closed, the overpayment was no longer being recouped and did not follow Vyktor to the non-needy grant that Oksana receives for Vyktor.

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.

EXAMPLE: Ming is a 17-year-old teen parent and is receiving TANF for herself (as the head of household) and her child Li. In September the department learns from Michigan that Ming moved there in May and is now applying for TANF. Ming is considered an adult in this instance as she was the head-of-household as there was no other adult and is not considered a dependent. When establishing an overpayment, Ming would be responsible for repaying the overpayment.

EXAMPLE: Mary received \$570 in TANF with her child. DCS collects current child support order of \$250 each month. Mary receives \$50 in pass-through and DCS keeps \$200 each month.

The department discovers that Mary has been receiving Paid Family Medical Leave of \$100 per week (or \$430 per month). Mary was eligible to receive TANF of \$140 (\$570-\$430) and has a monthly TANF overpayment of \$430. However, DCS has been keeping \$200 each month. DCS collected \$60 in excess of the \$140 TANF grant Mary was eligible for. Mary's monthly overpayment amount is reduced to \$370 (total grant overpayment \$430 - \$60 DCS kept in excess of grant= \$370).

EXAMPLE: John is approved for monthly TANF of \$706 with 2 children. DCS collects current child support of \$300 each month. John receives \$100 in pass-through and DCS keeps \$200 each month. The department discovers that John has been receiving monthly VA benefits of \$800. John has a monthly overpayment of \$706. However, DCS has been keeping \$200 in excess of the grant he should have been receiving (\$0). John's monthly overpayment is reduced to \$506 (total grant overpayment \$706 - \$200 DCS kept = \$506).

5.6. When a non-needy caretaker relative or guardian is assessed an overpayment for a child who isn't currently part of the assistance unit:

- a) We'll no longer recoup the overpayment by means of mandatory grant reduction.
- b) Alert the Office of Financial Recovery (OFR) when a caregiver is in this situation by sending an email to [DSHS RE OFR Client Overpayment](#). This email must include the:
 - i. Caregivers name and client ID,
 - ii. Date of the original overpayment letter and
 - iii. Text explaining we must no longer recoup the overpayment from the cash grant.

- c) 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 the grant was closed and 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 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.
 - a. 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:
 - a. Reconstruct eligibility in cases where the client failed to report information or where reported information was not acted upon.
 - b. 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.

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:**
 - a. Redetermine eligibility for medical assistance beginning the first of the month in which ineligibility occurs.
 - b. 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.
 - c. If the assistance unit was eligible for the Medically Needy Program the overpayment is:
 - i. The amount the assistance unit would have been required to spend-down before medical expenses would have been paid for the overpayment period.
 - ii. The difference between those medical payments covered by the CN program and those covered by the MN program.
 - iii. Scope of care determinations are referred to HCA.

- d. If the assistance unit was eligible for the Psychiatric Indigent Inpatient Program (PII), the overpayment is:
 - i. The amount paid by HCA up to the deductible; plus
 - ii. Any additional amount the assistance unit would have been required to spend down; plus
 - iii. 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).
 - a. Staff will complete form [DSHS 18-398A](#) and email the form to OFR at vendorop@dshs.wa.gov.
 - b. OFR will establish the overpayment in their system and mail a copy of the DSHS 18-398A to the vendor.