

39. CWES Overpayment and Underpayments

39.1 Definitions [EAS 44-350.2]

39.1.1 Action for Civil Judgment

An action by Collections to take the client to court to recover the balance of an overpayment.

39.1.2 Administrative Overpayment

An overpayment caused by the Agency or CWES staff when all the information necessary to determine the correct payment was in the possession of the county. This generally occurs when the client reports the change but appropriate action is not taken, or when the Employment Counselor (EC) makes an incorrect payment computation.

39.1.3 Collect

To recover Supportive Services funds which are overpaid to a person by using collection methods other than grant adjustment.

39.1.4 Corrective Payment

A payment made to a client/provider when it is determined that the client/provider has been underpaid. This usually occurs as the result of a retroactive court order, delayed implementation of regulations, the correction of a misinterpretation of regulations, prior months underpayments, or miscalculation.

39.1.5 Date of Discovery

The date in which the EC discovered enough information sufficient to support a determination of the occurrence and amount of the overpayment/underpayment.

39.1.6 Deferral

A deferral is a temporary postponement of recovery and collection of a supportive service overpayment. The EC determines if an overpayment referral to Collections should be deferred. A referral to Collections is NOT made when the overpayment is deferred. Deferral provisions apply only to Liable Individual overpayments. Deferral provisions do NOT apply to Liable Party overpayments.

39.1.7 Demand for Repayment

A notice sent by Collections to the client/provider, stating that an overpayment has occurred and that the client/provider must repay these funds. This may be sent at the same time as any other notices of overpayment and/or adjustment.

39.1.8 Fraud

Fraud exists when a person, on behalf of himself or others, has:

- Knowingly and with the intent to deceive or defraud made a false statement or representation in order to obtain benefits, continue or gain an increase in benefits, or avoid a reduction of benefits.
- Knowingly and with intent to defraud failed to disclose a fact which could have resulted in denial, reduction, or discontinuance of benefits.
- Accepted benefits knowing that there was no eligibility for those benefits, or accepted any amount of benefits knowing that this was greater than the amount to which entitled.
- Made statements which that individual did not know to be true for the purpose of obtaining, continuing, or avoiding a reduction or denial of benefits.

39.1.9 Grant Adjustment

A method of recovering an overpayment by reducing the CalWORKs grant of a currently eligible individual or Assistance Unit (AU), provided that the client chooses this method of recovery and agrees with the amount of the CalWORKs grant adjustment.

39.1.10 Intentional Program Violation (IPV)

A determination made by a state or federal court, or pursuant to an Administrative disqualification hearing, that an individual has intentionally:

- Made a false or misleading statement or misrepresented, concealed, or withheld facts, or
- Committed any act intended to mislead, misrepresent, conceal, or withhold facts, and
- Committed these acts to establish or maintain CalWORKs or supportive services eligibility, or to increase or prevent a reduction in the amount of the CalWORKs grant or supportive services payments.

Whenever there is a fraud overpayment, the District Attorney (DA) makes an evaluation whether to pursue the case for an IPV conviction or not.

39.1.11 Liable Individual

In CalWIN, a Liable Individual refers to the client overpayment (administrative or client caused) for the following types of supportive service overpayments:

- Ancillary
- Child Care
- Transportation



Note:

When establishing the overpayment, it is important to select the Liable individual. Do not select both Liable Individual and Liable Party for the same overpayment.

39.1.12 Liable Party

In CalWIN, the Liable Party refers to the child care provider for either provider or administrative caused overpayments or to a vendor when an ancillary overpayment applies to a vendor (e.g. erroneous book voucher payment made to the vendor and it was not a client caused overpayment).



Note:

When establishing the overpayment, it is important to select the Liable Party. Do not select both Liable Individual and Liable Party for the same overpayment.

39.1.13 Offsetting

A method for recovering all or part of an overpayment by applying it against a payable underpayment.

39.1.14 Other Overpayment

An overpayment which does not meet the criteria to be considered an Administrative overpayment. This may be a client-caused or a provider-caused overpayment. This also includes overpayments as a result of fraud.

39.1.15 Overpayment

Any amount of supportive service payments an individual has received to which he/she is not eligible. This may be all or a portion of the supportive service payment received.

39.1.16 Recoupment/Recovery

Any method of collecting Supportive Services payments which were overpaid. Methods of recovery include grant adjustment (recoupment), voluntary cash recovery, demand for repayment, action for civil judgment and offsetting.

39.1.17 Supplemental Payment

It is a payment issued to an individual for the current month when the EC has recomputed the current payment and determined that the client is eligible for a larger amount of payment than what was actually issued for the month.

39.1.18 Underpayment

A situation that occurred in the prior months when the individual receives less than the amount to which the individual is entitled in a given month(s). If an underpayment comes to the attention of the EC, reasonable steps to correct the underpayment must be taken.

39.1.19 Voluntary Cash Recovery

A repayment voluntarily made to the county by an individual who has incurred an overpayment.

39.2 General Rules [EAS 42-751 & 47-440]

39.2.1 Required Action

The EC must take all reasonable steps necessary to promptly correct and determine any supportive services overpayment or underpayment to a client or a service provider. Overpayments to clients may be deferred if they meet the deferral criteria. [Refer to “Deferral Rules,” page 39-5].

39.2.2 Source of Payment

An overpayment may be related to any of the following types of supportive service payments:

- Child Care (caused by client or provider)
- Transportation
- Ancillary Expenses.

39.2.3 Overpayment/Underpayment Computation

ALL overpayment/underpayment computations must be completed in CalWIN by the EC regardless of the type of overpayment/underpayment or length of time period involved. The following table explains who will calculate the overpayment computation:

If the case is...	Then...
Active,	The overpayment computation will be completed in CalWIN by the assigned EC.
Closed (e.g. as a result of fraud),	The overpayment computation will be completed in CalWIN by the last known EC.
	If the last known EC is no longer available, the EC Supervisor will determine who will compute the overpayment, as appropriate.

39.3 Deferral Rules

39.3.1 Deferral Rules

A deferral means to temporarily postpone recovery/collection of an overpayment. The recovery/collection deferral provisions apply **ONLY** to clients, and **DO NOT** apply to providers. A referral to Collections is deferred when:

- The client is currently receiving CalWORKs and is participating in a Welfare-to-Work (WTW) activity, including time between activities.
- The client is no longer receiving CalWORKs but is working during the (12-month) post aid period, including the 60-day job search.
- A referral would result in the disruption of child care arrangements,
- A referral would preclude participation in a WTW activity,
- A referral would prevent the client's ability to obtain or retain employment, or
- The overpayment is being recouped (e.g. grant adjustment, offsetting, etc.)



Note:

Fraud Overpayments are also subject to deferral determination.

Although an overpayment has been processed in CalWIN, if deferral provisions apply, do not select the [Refer to Collections] button on the **Display Claim Summary by Liable Party/Individual** window of the **Benefit Recovery** subsystem until the deferral period ends.

If recovery/collection of any overpayment is deferred, the EC must follow these procedures:

- Document the deferral reason in the **Maintain Case Comments** window in CalWIN
- Reevaluate the need for deferring repayment/collection when necessary (e.g., case closed)
- Notify the client of the deferral by sending the “Notice of Temporary Postponement in the Recovery/Collection of Supportive Services Overpayment” (SCD 1853).

39.3.2 End of Deferral - Reevaluation

An overpayment deferral ends in the following situations:

- The client becomes exempt from participating in a WTW activity.
- The client’s activity is Excused 2nd Parent.
- The client becomes sanctioned from a WTW activity.
- The WTW program is denied/closed and the client is not participating in post aid services.

When the overpayment deferral ends and the WTW program is “closed” or “denied” an auto referral to Collections will take place. If the WTW program is still active or in approved status and a referral to Collections is needed, refer the overpayment to Collections by selecting the [Refer to Collections] button on the **Display Claim Summary by Liable Party/Individual** window of the **Benefit Recovery** subsystem.



Note:

EC submits the request to his/her Supervisor/Lead to click on the [Refer to Collections] button, as appropriate.

39.4 Referral to Collections

39.4.1 Promptness Requirement

The EC is required to initiate recovery/collection within 30 calendar days from the date the overpayment is first discovered. Within this period, the EC must:

- Make a determination to defer or refer to Collections,
- Notify the overpaid individual in writing that he/she has an overpayment, and
- Notify the overpaid individual in writing that he/she must contact the county within ten (10) calendar days from the date the “Overpayment Notice” (WTW 11) and the “Supportive Services Repayment Agreement” (WTW 12) are mailed.

39.4.2 Collectable Overpayments

Each client-caused overpayment that is non-fraudulent and is under \$250 will not be set up in CalWIN. Each overpayment claim in the amount of \$250 or more must be identified and processed in CalWIN. When there are multiple overpayments, the \$250 threshold applies to each claim, not the cumulative amount.



Example:

In January, February and March there are non-fraudulent overpayments of \$90 each month. The three \$90 non-fraudulent overpayments shall not be processed, because each claim is under \$250.

ALL provider caused overpayments must be identified and processed in CalWIN regardless of the amount. The EC must compute the amount of the overpayment in CalWIN and notify the individual of the overpayment by sending the appropriate notices.



Exception:

Fraud overpayments are collectible regardless of the amount.

[Refer to “Suspected Fraud Overpayment,” page 39-17]].

39.4.3 Referral to Collections

A referral to Collections is made through CalWIN via an interface between CalWIN and VACS (software application used by the Collections Department).

For CWES overpayments, a referral to Collections MUST be made in the following situations:

- All provider-caused overpayments.
- When the client no longer meets the deferral criteria. [Refer to “End of Deferral - Reevaluation,” page 39-6]].
- A previous referral to Collections was made and the EC subsequently cancels the overpayment.



Note:

When the overpaid individual does not respond and/or enter into a repayment agreement within ten (10) calendar days from the date the overpayment notice is mailed, the EC shall refer the claim to Collections.

39.4.4 Non-System Determined Claims (NSDC)

In some instances a client may be known to CalWIN; however, an overpayment computation and referral to Collections is needed for a payment that occurred outside of CalWIN, such as but not limited to: iPods, Jump Start, or Bike to Work, or a payment that occurred before CalWIN implementation. In order to use NSDC, the Liable Individual and WTW program must be known in CalWIN. In these rare situations, the **Create/Revise Non-system Determined Claim** window is used to enter the data per [CalWIN Announcement (CA) 258.1], beginning with Step 8. This window also allows printing demand notices and repayment agreements, and performing worker and supervisor authorization of claims.



Note:

The Intranet versions of the WTW 11 and WTW 12 are to be used. These versions include sections for marking child care related overpayments.

39.4.5 Client, Provider, or WTW Program NOT Known to CalWIN

When an overpayment referral to Collections is required but the client, provider, or WTW program is NOT known to CalWIN, a manual paper overpayment computation and referral to Collections is necessary. In this type of situation, the EC will need to manually complete the “CWES Overpayment/Underpayment Worksheet and Referral” (SCD 1798).

39.4.6 Type of Referral to Collections

The EC is to use the following table to determine the type of overpayment referral to use under special circumstances:

If...	Then...
A payment is generated in CalWIN and an overpayment computation and referral is needed,	<ul style="list-style-type: none"> Refers to Collections via CalWIN, when applicable. <p>Note: A SCD 1798 is NOT required.</p>
The client and WTW program are known to CalWIN and an overpayment computation and referral is needed for a payment that was made outside of CalWIN,	<ul style="list-style-type: none"> Computes the overpayment amount. Manually creates a Non System Determined Claim (NSDC). Completes the WTW 11, WTW 12, and SCD 1853, and forwards the forms to IDM for scanning. Refers to Collections via CalWIN. <p>Note: The SCD 1798 is NOT required.</p>
A client or WTW program is NOT known to CalWIN and an overpayment computation and referral is needed for a payment prior to CalWIN implementation in 6/05,	<ul style="list-style-type: none"> Manually completes the SCD 1798. Forwards copies of the SCD 1798 to Collections, to the DA (if appropriate) and to IDM for scanning.

39.5 Child Care Overpayment

Child care payments are issued in the month AFTER child care services have been provided. The following child care overpayments happen when there is an administrative error and/or fraud has been committed.



Note:

If payments are made to a provider for services rendered in good faith during a period when the client was not eligible for child care because he/she was not participating in the CalWORKs WTW activity, the client is responsible for the erroneous payment.

39.5.1 Overpayments Exist

Overpayments exist, but are not limited to the following situations:

Situation		Overpaid Individual or Party
1	Child care payments paid after the date the client stopped working or participating in a work activity Exception: Child care payments when there is an excused absence from participating in a WTW activity.	Client
2	Child care payments were paid in error to a provider for child care services after informing the provider that eligibility for payment has been terminated.	Child Care Provider
3	Any situations involving fraud and abuse.	Client or Child Care Provider
4	Child care payments were paid while the parent was ineligible for cash aid and the parent does not qualify as a former recipient.	Client
5	Exception: Client stops work activities but continues to receive child care and, due to an administrative error, the county does not send a Notice of Action (NOA) terminating child care payments. Note: Child care payments when there is an excused absence from participating in a WTW activity	Client
6	The EC erroneously issued child care payments when the client attended an unapproved WTW activity.	Client

7	When payments have been erroneously issued to a child care provider for care that was provided during the time the client was not attending WTW activities and the provider was not notified by the EC that the care should stop. Exception: Child care payments when there is an excused absence from participating in a WTW activity	Client
8	Provider bills and is paid for child care services, however, EC becomes aware that there is an error in the number of hours billed, number of days/weeks billed, and number of child(ren) paid for.	Child Care Provider
9	Payment is made to a child care provider for services rendered pending verification of attendance.	Client
10	There is an Administrative error (i.e., incorrect computation). Note: Administrative O/P is still collectable from the overpaid client or provider.	Client or Child Care Provider

**Note:**

Workers are to discuss with their supervisors any specific case scenarios.

39.5.2 Overpayment Does Not Exist

Overpayment does not exist in the following situations:

- When there is an excused or allowable absence from participating in a work activity. Excused absences from a work activity may include, but are not limited to:
 - Illness or quarantine of the child or the client
 - Court-ordered visitations
 - Family emergencies
 - Court appearances.

**Note:**

Payment for absences may include payments to the licensed child care provider who has a policy that child care is on a fixed schedule, whether the child attends or not.

- Child care payments made to an authorized relative for care provided.
- Child care payments made for care provided to children during temporary absences of the provider when someone else provided the care.
- Child care provided by a licensed or exempt provider exceeding capacity before the effective date of provider termination.



Note:

Workers are to discuss with their supervisors any specific case scenarios.

39.6 Transportation Overpayment

Transportation payments are usually issued in advance. A “transportation-related expense” (TRE) overpayment exists but is not limited to the following situations:

Situation		Overpaid Individual
1	Client did not participate in a WTW activity after the transportation payment was issued.	Client
2	Any situation involving fraud and abuse.	Client
3	There is an Administrative error (i.e., incorrect amount issued).	Client
4	Client did not provide original receipts for any advanced transportation payments. Receipts must be provided within 10 days from the date of check issuance for TRE. Note: Receipt is not required for bus fare.	Client
5	Transportation services were provided by another source for free after the transportation payment was issued.	Client
6	Client claims mileage as a business expense deduction and EC issued a transportation payment.	Client



Note:

Good cause DOES NOT exist when the client has been previously issued an initial transportation payment in order to participate in a WTW activity and subsequently misspent it. An Overpayment must be established.

39.7 Ancillary Expenses Overpayments

An overpayment exists in the following situations:

Situation		Overpaid Individual or Party
1	There is an Administrative error which causes an overpayment.	Client/Provider

Situation		Overpaid Individual or Party
2	The client failed to provide their original receipts for ancillary payments within ten working days from the date of the check. Note: Clients are not required to submit receipts for voucher payments.	Client
3	Any situation involving fraud and abuse.	Client

39.8 Overpayment Recoupment

The EC must record the overpayment using the “**Process Authorization Adjustments**” section of the CalWIN On-Line User Manual (OLUM) and notify the overpaid individual of the overpayment, regardless of whether the recovery/collection of the overpayment will be deferred or not. For overpayment recovery/collection that is not deferred, the client or provider is given ten (10) calendar days to respond and to enter into a repayment agreement.

If recovery/collection of the overpayment is deferred, an overpayment referral to Collections is NOT made until the deferral expires. A referral to Collections is made only under certain conditions. [[Refer to “End of Deferral - Reevaluation,” page 39-6.](#)]

Recovery/collection deferrals DO NOT apply if the provider caused the overpayment; therefore, the EC MUST refer all provider-caused overpayments to Collections.

39.8.1 Book Vouchers

When a reimbursement is issued to a book store service provider via a book voucher, and an administrative error results in an overpayment, the book store is contacted by the Employment Support Initiative (ESI) Unit. The book store will be instructed to return the check, the check will be voided by ESI, and a new check for the correct amount is issued, as appropriate. If the check is already cashed, the amount overpaid is posted to the book store’s account and deducted from a future payment.

39.8.2 Administrative Overpayment

When an overpayment is caused by the Agency (or by the EC) and the client agrees to a grant adjustment, then 5% of the current total payment (round down - drop the cents) is collected, unless the individual volunteers to pay a higher percentage.

39.8.3 Client-Caused Overpayment

When an overpayment is client-caused and the client agrees to a grant adjustment, then 10% of the current total payment (round down - drop the cents) is collected, unless the individual volunteers to pay a higher percentage.

39.8.4 Provider-Caused Overpayment

When an overpayment is caused by the provider, cash repayment is required. If the provider does not respond within 10 calendar days from the date the overpayment notice is mailed, the EC must make a referral to Collections.

39.8.5 CalWORKs Grant of Less than \$10.00

A CalWORKs grant of less than \$10 is not issued to clients due to regulations. However, since the recipient is eligible for CalWORKs, the EW must collect this amount to adjust any existing supportive services overpayment.



Note:

This only applies when the individual chooses the CalWORKs grant adjustment method of recovery.

39.8.6 Multiple Types of Overpayments

Multiple Overpayments may occur in the same month or over a period of time. A separate overpayment computation and referral must be made when:

- There is more than one type of overpayment.



Example:

There is an Administrative overpayment and an Other overpayment occurred in July and August. Two separate overpayment records must be entered in CalWIN.

- There is more than one overpaid payee.



Example:

The child care provider bills and is paid for child care services, however, the EC becomes aware that there is an error in the number of hours billed. The provider is then responsible for this child care overpayment.

On the other hand, the client failed to provide original receipts for ancillary payments. The client is then responsible for the ancillary overpayment.

A separate overpayment record must be entered in CalWIN for the provider-caused and client-caused overpayment.

39.8.7 Procedures to Locate the Overpaid Payee

The EC must take the following steps to attempt to locate the overpaid payee when that individual is no longer receiving benefits in the overpaid assistance unit:

STEP	ACTION
1.	Use the available information in CalWIN to see if the overpaid payee can be located.
2.	Ask the current payee where the overpaid payee may be. DO NOT collect from the existing assistance unit if the whereabouts of the overpaid payee are not known.

39.8.8 Locatable Overpaid Payee

If the individual responsible for the overpayment to the assistance unit is no longer eligible for CalWORKs or supportive services, or if he or she becomes a member of another assistance unit, or the person is no longer the current child care provider, overpayments will be collected:

- From the overpaid individual,
- From the overpaid individual's present assistance unit if the client chooses this method of recovery and agrees with the amount of CalWORKs adjustment. This does not apply for provider-caused overpayment.

39.8.9 Unlocatable Overpaid Payee

If the overpaid payee was the client and cannot be located, DO NOT recoup the overpayment from the overpaid assistance unit.

If the overpaid payee was the provider and cannot be located, DO NOT recoup the overpayment from the client nor from the overpaid assistance unit.

An overpayment referral to Collections must be made if the overpaid payee cannot be located.

39.8.10 Recoupment from Overpaid Payee

Continue to recover from the overpaid payee until any one of the following occurs:

- The payee cannot be located.
- The payee has the overpayment discharged in bankruptcy.

- The County Collections is unable to execute a legal process to collect. This occurs when the payee is no longer on aid, the overpayment is non-fraudulent and the balance is less than \$35,
- The payee dies, and the balance cannot be collected from the payee's estate.

Recoupment/collection may occur in sequence against any one member at a time or concurrently from any of the members, when in separate AUs or when not receiving aid.

39.9 Methods of Overpayment Recovery

The method that results in the maximum recovery without interfering with program participation must be used. The following methods may be used to recover an overpayment:

39.9.1 Offsetting

Counties may NOT offset any supportive overpayments against CalWORKs underpayment unless the client agrees or volunteers.

39.9.2 Voluntary Cash Recovery

The individual may choose to pay in full or any portion of an existing overpayment by voluntary cash payment. Payments must be made payable to the: County of Santa Clara CalWORKs Employment Services Program. The individual may send or bring payments in person to any Social Services Agency office. When the individual brings a payment to be applied to an overpayment, the EC follows the following office procedures to ensure payment is forwarded to Collections:

- Payment can only be by check or money order in any Social Services Agency office.
- Cash payments will only be accepted by Recovery and Legal at 333 W. Julian Street.

39.9.3 CalWORKs Grant Adjustment

The client is permitted to have supportive services overpayments adjusted from the CalWORKs grant when the individual is receiving CalWORKs, provided:

- The client chooses this method of recovery, AND
- The client agrees with the amount of the CalWORKs grant adjustment.

If the client chooses this method of recovery, follow these steps:

Stage	Who	Action
1.	EC	<ul style="list-style-type: none"> Receives the “Welfare-to-Work Repayment Agreement” (WTW 12) from the client or provider Enters the Repayment Agreement in CalWIN and indicate that the client wants to do a Grant Adjustment. Forwards the WTW 12 to IDM for scanning
2.	CalWIN	<p>Collects the following percentage from the CalWORKs grant until the overpayment is paid in full or revoked by the client.</p> <ul style="list-style-type: none"> For client-caused overpayments, CalWIN collects 10% of the CalWORKs monthly grant, unless the client volunteers to pay a higher amount For Administrative overpayments, CalWIN collects 5% of the CalWORKs monthly grant, unless the client volunteers to pay a higher amount. <p>Note: All CalWORKs overpayments must be collected first prior to collecting any CWES overpayments. For multiple CWES overpayments, follow the order of priority per CalWORKs Handbook Section 51.6.7.</p>



Note:

Clients may revoke a repayment agreement incorporating grant adjustment and enter into a new repayment agreement at any time.

39.9.4 Supportive Services Payment Adjustment

If the EC defers the overpayment recovery/collection, supportive services payment adjustment is NOT applied.

If the client does not respond to the overpayment notice within ten (10) calendar days from the date the notice is mailed, or the client does respond but fails or refuses to enter into a repayment agreement, supportive services payment adjustment would apply and the EC must follow these rules:

- When the current payment adjustment is not enough to recover the entire overpayment or no claim is received in a given month, then the remaining amount of the overpayment is applied to succeeding month(s), and the adjustment process is repeated.
- For Administrative overpayments, the EC must collect 5% of the total supportive services payment being issued, unless the individual volunteers to pay a higher percentage.
- For client-caused overpayments, the EC must collect 10% of the total supportive services payment being issued, unless the individual volunteers to pay a higher percentage.

**Note:**

Payment adjustment is not an option for providers.

39.9.5 Other Means of Recovery

County Collections can pursue other means to recover overpayments from both clients and providers, including, but not limited to:

- Assigning overpayments to collection agencies
- Pursuing payment through small claims court
- Obtaining a restitution order through court proceeding.

39.9.6 Tax Intercept

County Collections is working with the Franchise Tax Board and Internal Revenue Service to intercept state tax refunds and deduct delinquent welfare overpayments from them. All CalWORKS or Supportive Services overpayments and all fraudulently obtained Food Stamp overissuances are subject to be collected via interception.

**Reminder:**

The intercept process does not apply if the client is still eligible for grant adjustment, allotment reduction, or is making regular payments.

39.10 Suspected Fraud Overpayment

When information in the case record or other information received indicates that there is a possibility that an overpayment may have occurred or is occurring, it is the responsibility of the EC to review the case and determine if eligibility for supportive services payments was or is affected.

When fraud is suspected, a referral must be sent to the Special Investigations Unit (SIU) via CalWIN. An overpayment claim may not be established based on suspected fraud.

There are many indicators which the EC may observe or receive that may cause the EC to suspect that there is an overpayment. These include, but are not limited to:

- Conflicting information provided by the client or in the client's record
- Community complaints
- Needs in excess of the amount received

- Referrals from Eligibility Workers, Social Workers, or other persons who would have knowledge of the circumstances in the case.

39.10.1 Fraud Overpayment

In most instances, the EC will initiate a fraud referral without a determination of the dollar amount of the overpayment.

After an investigation and if the SIU establishes that fraud was committed in the receipt of supportive services, an overpayment calculation must be completed. A referral to Collections will be sent **ONLY** after the amount of the fraud overpayment has been calculated. [Refer to “Fraud”, Chpt 38]

39.11 Duplicate Supportive Service Payments

Duplicate payments occur in the following situations:

- The EC erroneously issued a duplicate payment for the same type of supportive service for the same month. This does not include additional corrective payments. The duplicate payment is considered an Administrative Overpayment.
- The client declared non-receipt of the initial warrant and a replacement warrant is issued. The same initial warrant is later cashed by the same payee. The duplicate payment is considered an Other Overpayment.

39.12 State Hearings

State hearings are a part of the WTW provisions. The “Welfare to Work/Cal-Learn Supportive Services Overpayment/Underpayment Notice” (WTW 11) informs clients about their right to request a State Hearing in relation to any action or inaction taken by the county. This includes, but is not limited to any overpayment amount or collection that the county has established. Once client files appeal, CWES staff is to wait for instructions from Appeals Unit.

39.13 Break in Aid

Information about the overpayment and the balance owing are retained in CalWIN or with Collections. After a break in aid the program status and remaining balance is automatically with Collections. While the client is participating with CWES, Collections will defer collections until the appropriate time.

39.14 Procedures

The EC is to apply the procedures below when an overpayment exists and the individual is known to CalWIN:

Step	Action						
1.	Identifies the person responsible for the overpayment (client or provider) and the type of supportive service payment (e.g. child care, transportation, ancillary).						
2.	Determines and computes the amount of the overpayment in CalWIN based on the rules/regulations that were in effect at the time of the overpayment. Note: Regulations subsequently invalidated by a court decision should not be used in determining the correct payment for the applicable period(s) as required by the court decision. Instead, the instructions (e.g., State All County Letter, regulations, etc.) implementing the court decision are used.						
3.	Generates and sends the following forms to the overpaid individual within 30 calendar days from the date of initial discovery:						
	<table border="1"> <thead> <tr> <th>If...</th> <th>Then send...</th> </tr> </thead> <tbody> <tr> <td>Client caused overpayment,</td> <td> <ul style="list-style-type: none"> • “Overpayment/Underpayment Notice” (WTW 11) • “Supportive Services Repayment Agreement” (WTW 12). </td> </tr> <tr> <td>Provider caused overpayment,</td> <td> <ul style="list-style-type: none"> • “Child Care Provider Overpayment Notice” (SCD 1788) </td> </tr> </tbody> </table>	If...	Then send...	Client caused overpayment,	<ul style="list-style-type: none"> • “Overpayment/Underpayment Notice” (WTW 11) • “Supportive Services Repayment Agreement” (WTW 12). 	Provider caused overpayment,	<ul style="list-style-type: none"> • “Child Care Provider Overpayment Notice” (SCD 1788)
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Provider caused overpayment,	<ul style="list-style-type: none"> • “Child Care Provider Overpayment Notice” (SCD 1788) 						
4.	Determines if an overpayment recovery/collection should be deferred. A deferral does not apply to provider-caused overpayments.						
	<table border="1"> <thead> <tr> <th>If...</th> <th>Then...</th> </tr> </thead> <tbody> <tr> <td>An overpayment recovery/collection is deferred,</td> <td> DO NOT select the [Refer to Collections] button on the Display Claim Summary by Liable Party/Individual window in CalWIN. Send a “Notice of Temporary Postponement in the Recovery/Collection of Supportive Services Overpayment” (SCD 1853) to the client. </td> </tr> <tr> <td>An overpayment recovery/collection is NOT deferred,</td> <td>Selects the [Refer to Collections] button on the Display Claim Summary by Liable Party/Individual window in CalWIN.</td> </tr> </tbody> </table>	If...	Then...	An overpayment recovery/collection is deferred,	DO NOT select the [Refer to Collections] button on the Display Claim Summary by Liable Party/Individual window in CalWIN. Send a “Notice of Temporary Postponement in the Recovery/Collection of Supportive Services Overpayment” (SCD 1853) to the client.	An overpayment recovery/collection is NOT deferred,	Selects the [Refer to Collections] button on the Display Claim Summary by Liable Party/Individual window in CalWIN.
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An overpayment recovery/collection is NOT deferred,	Selects the [Refer to Collections] button on the Display Claim Summary by Liable Party/Individual window in CalWIN.						
5.	Ensures that: <ul style="list-style-type: none"> • All required actions have been completed. • The overpayment information and deferral/referral is documented in the Maintain Case Comments window in CalWIN • Appropriate notices are sent to the overpaid individual. 						
6.	Makes a referral to Collections once deferral has expired.						

39.15 Underpayments

Underpayments usually occur as a result of a retroactive court order, delayed implementation of regulations, correction of a misinterpretation of regulations, or correction of mathematical computation error. This ONLY involves prior months from the date of discovery. All underpayments must be identified, computed and issued within 30 calendar days from the date of discovery.

Failure to apply for or to request supportive services does not create an underpayment. A change in the current supportive services payment due to a correction of the prior computation is not an underpayment but a supplement to the initial payment issued in and for the current month.

39.15.1 Underpayment Rules

The following rules apply to all underpayments:

- On the date of discovery, an underpayment must be corrected by paying the amount owed based on the regulations that were in effect when the benefits were issued.
- The EC must take all reasonable steps necessary to promptly correct and issue any underpayments.
- When there is a reason to suspect that an underpayment may have occurred, the EC must determine whether an underpayment did occur.
- There is no minimum underpayment correction, e.g., a \$2 underpayment check would be issued, as long as the individual is entitled to receive it.

39.15.2 Calculation of Underpayments

To calculate the correct payment for each month in question, compare the correct payment to the amount actually paid to the individual for each month; and if the amount paid is less than the correct payment for that month, an underpayment exists.

39.15.3 Correction of Underpayment

Underpayments are corrected through retroactive payments. Underpayments that involve more than one month may be combined for each type of supportive services. Issuance of retroactive payments must be done separately for each type of supportive services.

**Example:**

The EC discovered that a child care underpayment occurred from April 2001 through June 2001 in the amount of \$150 (50 x 3). Also, there is a transportation underpayment for \$20 (May= \$10 and June= \$10).

39.15.4 Processing Underpayments

When it is discovered that an underpayment may have occurred, the EC must follow these steps to correct the underpayment:

Step	Action
1.	Review the approval Notice of Action(s) against the documentation in the client case or in IDM.
2.	Compare the above information with the payment history in CalWIN for each month to ensure that an overpayment is not created.
3.	Issue a warrant for the amount of the underpayment, unless the underpayment can be used to balance an overpayment.
4.	Document all actions taken in the Maintain Case Comments window in CalWIN.
5.	Notify the individual about the underpayment by sending a "Welfare-to-Work Overpayment/Underpayment Notice" (WTW 11).
6.	Forwards the WTW 11 to IDM.

39.16 Overpayments/Underpayment Forms

The following forms are to be used for processing CWES overpayments and underpayments.

39.16.1 "CWES Overpayment/Underpayment Worksheet and Referral" (SCD 1798)

The "CWES Overpayment Worksheet and Referral" (SCD 1798) is used to show the overpayment computation and to refer the calculated overpayment to Collections ONLY when a client or provider is NOT known to CalWIN AND the case closed prior to CalWIN implementation (June 2005). Complete all pertinent information on the form. Once the form is completed, forward to Collections via fax or pony.

When the SCD 1798 is reviewed by an individual (i.e. EC Supervisor, Quality Control, Appeals, etc.), the individual must be able to easily tell how the overpayment occurred and who is responsible for the overpayment.

39.16.2 “Cancellation of Overpayment” (SCD 1851)

The SCD 1851 is used by the EC to notify the client to disregard the prior overpayment notice. This usually happens when the EC reevaluates the cause of overpayment and determines that no overpayment exists.

The SCD 1851 is completed by the EC by making appropriate entries in the spaces provided, based upon the specific situations in the case.

39.16.3 “Temporary Postponement in the Recovery/Collection of Supportive Services Overpayment” (SCD 1853)

The form SCD 1853 is used by the EC to notify the overpaid individual that overpayment recovery/collection is being deferred. The EC makes the deferral determination.

The SCD 1853 is completed by the EC making appropriate entries, based upon the specific situations in the case.

39.16.4 “Child Care Provider Overpayment Notice” (SCD 1788)

The SCD 1788 is used for provider-caused overpayments. Providers have 10 days from the form mail date to repay in full. When payment is not made, the EC refers to Collections.

39.16.5 “Welfare-to-Work Overpayment/Underpayment Notice” (WTW 11)

The Intranet WTW 11 is completed when there is an overpayment or underpayment to the client.

The WTW 11 is completed by the EC making appropriate entries, based upon the specific situations in the case. The EC must send this form to the overpaid individual within 30 calendar days from the date of the initial discovery. The “Supportive Services Repayment agreement” (WTW 12) is ALWAYS sent with WTW 11 when there is an overpayment.



Note:

For each type of Overpayment/Underpayment computation, a separate WTW 11 is to be completed.

39.16.6 “Welfare-to-Work Supportive Services Repayment Agreement” (WTW 12)

The Intranet WTW 12 is completed when there is an overpayment to client or child care provider. It also includes different methods of repayment. The overpaid individual will have to mark their choice of how they would want to repay the overpayment when there is an overpayment.

The EC completes this form by making appropriate entries in the spaces provided, based upon the specific situations in the case. The “Overpayment Notice” (WTW 11) is ALWAYS sent with WTW 12.

