
FOOD AND NUTRITION SERVICES CERTIFICATION CLAIMS
Agency Error (AE) Claims

FNS 810 Agency Error (AE) Claims

Change #3-2017
September 20, 2017

810.01 GENERAL POLICY

Agency Error claims are federal debts and must be collected. The issue is not who made the mistake, but rather who used the benefits. A Fair Hearing or subsequent State Level Hearing cannot override the Federal laws that require recipients to repay Agency Error Claims. The DSS-8554, Letter of Overissuance, states the only reasons to request a Fair Hearing are if the household disagrees with the amount of the claim established or the amount of recoupment, or the household states the claim has been previously paid in full.

- A. A claim must be established within 12 months from the date the referral was created in Enterprise Program Integrity Control System (EPICS).

Date of Discovery means that the agency is aware of sufficient facts to suspect that an overissuance occurred by completing a DSS-1682.

- B. **Establish a claim for any months of overissuance which occurred within six years prior to the Date of Discovery.** Do not include in the claim calculation any amount of the overissuance which occurred in a month more than six years from the date the overissuance was discovered.
- C. Use policy in effect at the time the overissuance occurred.
- D. Regardless of the detection source, all potential FNS overissuances must be reviewed timely to determine if referral to local agency Program Integrity staff is required. The referral must be investigated and if appropriate, a claim established, within required time frames.

Enter established claims in EPICS before the 180th day or close unsubstantiated referrals in EPICS before the 180th day to prevent an untimely referral. All potential overissuances must be investigated even if the timeliness standards cannot be met.

If the process of establishing a claim is not completed within the time frames listed in 810.01 D,1-5, the case is considered overdue. Federal regulations require that time frames be tracked and corrective action implemented when more than 10% of referrals in a local agency are more than 180 days old. Counties should monitor monthly the following reports FRD-407 Timeliness Report and FRD-420 Caseload Details By Investigator to ensure counties are within the 10% timeliness requirement.

1. Create a referral in the Enterprise Program Integrity Control System (EPICS) within 10 business days of detection of a potential overissuance. This establishes a file in EPICS to track the claim and establishes the referral's Creation Date.
2. Request all necessary verifications within 30 calendar days of the receipt of the referral if possible.
3. Allow 30 calendar days for the return of the requested verification.

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4. A Date of Discovery must be entered into EPICS within 180 days from the Creation Date. Once a DSS-1682 is completed, the Date of Discovery must be entered into EPICS. Claims must then be established within 180 days from the Date of Discovery.
- E. Establish a claim, regardless of the amount, if Quality Control discovers the overissuance.
- F. Do not establish a non-QC overissuance that is \$125.00 or less unless at least one debtor is currently participating in FNS. The \$125.00 threshold applies unless your local agency has a State-approved Claims Management Plan with a different threshold amount.

When a claim is established and there are multiple debtors, enter all debtors in EPICS whether they are participating in FNS or not on the same day the claim is established.

810.02 DETERMINING THE FIRST MONTH OF OVERISSUANCE

- A. The Simplified Reporting Category applies to all FNS units except for:
 1. A SNAP FNS unit.
 2. A Transitional FNS unit.

Refer to Section 400 for Simplified Reporting Category.

- B. Apply the following rules to determine the first month of overissuance. The first month of overissuance cannot be later than two months from the month in which the change in household circumstances occurred if the FNS unit was required to report the change within 10 days of their knowledge of the change.
 1. Applicant Households (Initial and Reapplications)

The first month of overissuance for information known by the agency at the time of application is the first month of the certification period.
 2. Recertifications (Timely and Untimely)

The agency is required to act on all information known to the agency at the time of certification. The first month of overissuance is the first month of the new certification period. This includes information available through the Income and Eligibility Verification System (IEVS) matches, ACTS, Work First, and NC FAST.
 3. Ongoing Cases
 - a. The first month of overissuance is the first month affected if the change had been acted upon timely.

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- b. The agency is required to act on changes within ten calendar days after the date the change becomes known. Allow the full ten calendar days even though the agency may have acted sooner. Refer to FNS Manual Sections 450 and 550 to determine if it is necessary to react to the change.
- c. The agency must allow the ten working days' Notice of Adverse Action. Document the 10-10 dates on the DSS-1682. See exceptions to adverse action requirements in Section 635, Notices.

4. Special Requirements for IEVS Data

Section 605, IEVS Matches, requires the agency to act on IEVS matches and, if appropriate, issue a Notice of Adverse Action within 30 calendar days from the date of the match.

Failure by the agency to act results in a claim beginning the month following the month the Notice of Adverse Action would have expired.

Follow policy at the time of the overissuance to determine if the Division of Employment Security DES/UIB matches would have been a reason to issue a NOAA, or if the information from a UIB match was considered verified upon receipt.

810.03 DETERMINING THE OVERISSUANCE AMOUNT

- A. Verify participation. Do not include in the claim calculation any months in which the household did not participate. Check the FNS benefits in NC FAST on the Person Page under the Financial Transactions tab.
- B. Use the actual income received by each household member, actual expenses for deductions (except for utility expenses), household size, and other household circumstances for reported information/changes not acted upon. Refer to Section 4080.22, Utility Deductions, of the North Carolina Integrated Eligibility Manual for allowable utility expenses.

Do not re-verify reported income unless there is reason to believe the income has changed. Continue to budget the actual anticipated converted income that was used in the original budget. Use deductions that were allowed in the original budget. Budget actual verified allowable deductions for all expenses, except utilities. Consider ineligible and disqualified members when determining appropriate utility and standard deductions. Refer to Section 4080.22 Utility Deductions in the NC Integrated Eligibility Manual.

Use the Program Integrity trial budget for calculation. The claim amount is the difference between the correct allotment and the allotment the household received.

EXAMPLE 1: Averaged, converted income was not entered correctly into evidence on the Income Support page in. Use all other household circumstances that were correctly entered in NC FAST when calculating the overissuance. Include the actual income that was omitted in error.

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EXAMPLE 2: It was reported to Work First on September 29 that there was a change in an additional household member with income. The caseworker discovered at the recertification interview on January 12, that the change had not been made. The ten calendar days for the caseworker to act expired on October 9. The ten working days Adverse Action Notice expired October 22. The change would be keyed October 23. The first month of overissuance is December. Use all other household circumstances as they were originally entered in NC FAST. Add the individual, the changed Work First payment, and the actual income of the additional individual received in November to determine the correct allotment and amount of overissuance.

- C. For each month of the overissuance, verify each source of changed income, unless it has been previously verified and not acted on. Use actual income, do not convert.

Use the Division of Employment Security (DES) wage match when actual wages are not available to compute the overissuance when income is reported and not verified or acted upon. Use the gross quarterly income, divided by three months, to obtain the average amount per month. If the employment was less than three months, average the gross amount over the period of time between the start and stop dates of employment.

Determine the initial month of overissuance by contact with the client or employer to obtain the date of first pay. If the client fails or refuses to provide necessary information or the information cannot be obtained from a third party, refer to Section 810.04, B, Client Failure to Cooperate. It is possible that the amount of the claim cannot be determined.

- D. Consider any countable income from certain ineligible and all disqualified household members. See Section 260, Whose Income is Counted?
- E. Include dependent care expenses as a deduction. Allow the actual amount of dependent care cost the FNS unit is responsible for paying.
- F. Count money from means-tested State and federal assistance payments (such as Work First, and SSI) intended for the overissued month even if mailing cycles result in the receipt of two payments in one month and none the next month. For other income, count income in the month received.

EXAMPLE: Supplemental Security Income (SSI) payments are received December 1 and December 31 and none in January due to the January 1 holiday. Count one payment each for December and January.

- G. For payments that are mailed, add three calendar days mailing time to the date of the check to determine the month received. Begin counting with the day after the check is mailed, and count days when mail is delivered. If child support is verified through ACTS, the date shown in ACTS is the date the check is written. The check is mailed the next business day.
- H. Count the actual amount of Work First, SSI, RSDI, or Veterans Administration (VA) received, even when it represents an erroneous payment.
- I. Do not include in the computation any portion of income that was a lump-sum payment unless the lump sum includes the current month's benefit payment.

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- J. For prorated or annualized income, count the prorated or annualized amount for each month of overissuance, even in months when the income was not actually received (Example: Annualized Self-Employment Income).
- K. Do not include in the computation any month in which the FNS unit received Transitional Food and Nutrition Services (TFNS), unless there was dual participation by a member of the FNS unit, or the agency failed to disqualify a member of the FNS unit for an Intentional Program Violation (IPV).
- L. Count the gross Social Security amount when a federal offset occurs to a Social Security payment. BENDEX information will continue to show the gross amount and will not record any information regarding the offset. Use the BENDEX record as verification of the gross amount.
- M. Complete a DSS-1682, Report of Erroneous Issuance.
 - 1. Document the DSS-1682 to substantiate the determination of the first overissuance month. See Section 835, Report of Erroneous Issuance (DSS-1682), for instructions.
 - 2. Attach appropriate verification.
 - 3. Attach the Program Integrity trial budget printouts.
 - 4. A second party review of the DSS-1682 is required to ensure its accuracy and completeness.
- N. Enter the claim information in EPICS as an AE claim, and enter remaining information concerning the claim. The establishment date is the date the worker determines the overissuance amount and enters the claim into EPICS.
- O. If the agency is aware of an expungement of benefits occurring within the previous three years, adjust the claim in EPICS. Enter the amount of the expunged benefits as the payment amount and “EX” – Expungement as the method of collection on the payment screen.

810.04 DETERMINING THE OVERISSUANCE AMOUNT WHEN VERIFICATION CANNOT BE OBTAINED

- A. Third Party Fails/Refuses to Cooperate

If a third party fails/refuses to provide requested verification, take the following actions.

- 1. If a response is not received from the first request for verification within 30 calendar days, send a second request.
- 2. If a response to the second request is not received within 15 calendar days, contact the client. Use the DSS-8231, Request for Information, to request necessary verification or assistance obtaining the verification. Do not require the client to come into the office.

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3. If the client is unable or unwilling to provide the required verification, calculate the overissuance using wage match or other readily available sources.
4. It is not possible to establish a claim if verification cannot be obtained from any source. Document and flag the certification record and claims file that there is an outstanding claim which cannot be established.
5. Do not terminate a case or deny future participation if the claim cannot be established due to the failure or refusal of a third party or client to cooperate.
6. Document the partially completed DSS-1682 as a suspected overissuance and the reason the claim has not been established. Unsubstantiate and close the referral in EPICS. Open a new referral if the verification becomes available later.

B. Client Failure/Refusal to Cooperate with the Investigator

If the client fails/refuses to provide verification or refuses to authorize a third party to release information, do not consider the household ineligible for the months when a suspected overissuance may have occurred. Use a DSS-8231, Request for Information, to request verification. Do not require the client to come into the agency or threaten any action to require the household to cooperate. Take the following actions:

1. Calculate the overissuance using information verified through any readily available source. For example, use wage match for unreported wages. If the client contests the use of wage match and verification is subsequently received, recalculate the claim using the verified information.
2. Do not establish a claim if verification cannot be obtained. Document and flag the certification record and document the claims file.
3. Document the partially completed DSS-1682 as a suspected overissuance and the reason the claim cannot be established. Close the referral as unsubstantiated in EPICS.
4. Open a new referral and establish the claim if the client subsequently cooperates.

810.05 CLIENT INTERVIEWS

- A. Do not require a client under investigation to come into the agency to discuss the amount of the claim or the type of the claim. A client's participation during an investigation is strictly voluntary. Refer to DSS-8230, Program Integrity Appointment Notice.
- B. Schedule and conduct a home visit with the household, if appropriate. Mail a DSS-8230, Program Integrity Appointment Notice, three business days prior to a scheduled home visit. A client may refuse a home visit.
- C. Continue the investigation if the client does not cooperate with the interview or home visit. Establish a claim without a client interview, if the client does not keep the appointment, and the evidence is clear and convincing to prove the overissuance.

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810.06 COLLECTING THE AE CLAIM

A. Initiating Collection Action

1. Collection action is initiated when the claim information is entered into EPICS. Enter each claim, including those where the total amount of the claim is collected through restoration offset. See 810.6, A, 4.
2. EPICS sends the DSS-8554, Letter of Overissuance, to each debtor if the amount due is greater than "\$1." The DSS-8554 incorporates a repayment agreement for nonparticipating households. A DSS-8554 is not sent when a change in the claim category occurs. A DSS-8554 is sent when a claim type of U or P is changed to an Agency Error, and is keyed into EPICS as an AE.
3. An individual debtor with multiple claims is not considered delinquent as long as one claim is being paid in accordance with a repayment agreement or through allotment reduction.
4. Restored benefits are benefits owed to the recipient because of an underissuance for prior months. Supplements are benefits owed to the recipient in the same month. Do not restore benefits more than 12 months prior to the Date of Discovery. EPICS and NC FAST will not issue restored benefits nor a supplement when the debtor has a claim in EPICS. Calculate the amount of restored benefits or supplement owed to the recipient, and post that amount as a payment in EPICS with a payment type code of O. Document your actions in the eligibility file and in EPICS Notepad.
5. All household members who were 18 years old or older, or an emancipated minor head of household at the time of the overissuance are debtors on the claim. This includes household members that were not reported to the agency. Do not include as debtors any household members who were not in the household at the time of the overissuance.

B. Participating Household

1. The DSS-8554, Letter of Overissuance, notifies the participating household that an allotment reduction will be effective the month following the month in which the ten working day notice expires.
2. The household may only request a Fair Hearing if it disagrees with the amount of the claim established, the recoupment amount, or the household states the claim has been previously paid in full. If the household requests a Fair Hearing within the ninety-calendar day period and the household's certification period has not expired, continue benefits on the basis authorized immediately prior to the notice. Cease all collection action once a Fair Hearing is requested. Upon request for a

Fair Hearing, enter "X" in the Appeal Indicator field on the Debtor Detail screen in EPICS and document in EPICS. Fax the State Office /Attn: Program Integrity a written request to block the debtor from TOP and DOR interception until a hearing decision is received. The request must be signed by the Investigator and

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Program Integrity Supervisor and contain justification for the request. Fax the request to 919-334-1265. Request removal of the TOP and DOR blocks once the hearing decision is received and document in EPICS. Fax a request with two signatures to 919-334-1265, to the State Office/Attn: Program Integrity. Mail DSS-8658, Post Hearing Repayment Notice after the 10th day once the local agency has verified the debtor did not contest the Fair Hearing decision. The local agency must verify that the Fair Hearing decision has not been contested with Hearing and Appeals Section by phone at 919-855-3260 if a notice is not received by the 10th day. The date of the DSS-8658 must be entered by the local agency in EPICS on the Debtor Detail screen. Do not allow a Fair Hearing past the 90th day as written on the DSS-8554.

EXAMPLE: An AE claim is established on September 10. The DSS-8554 is sent to the FNS unit. The ninety calendar days from the Letter of Overissuance expires on December 9. A recoupment of \$10.00 began on December 1. The debtor requested a Fair Hearing on December 5. Place "X" in the Appeal Indicator, so the recoupment will not proceed for January. Send a request to the State Office to block TOP and DOR. No restoration of benefits is due the debtor unless the hearing officer decides that there is no justification for the overissuance or that the overissuance is less than the amount recouped for December.

The following should occur when a Fair Hearing decision is remanded back to the local agency:

- a. The local agency should recalculate the overissuance.
- b. No action can be taken until the local agency verifies with Hearings and Appeals Section that the debtor has not contested the remand decision. If the debtor does not contest the decision within 10 calendar days, the local agency must send a DSS-8658, Post Hearing Repayment Agreement.
- c. The date of the DSS-8658 must be posted in EPICS on the debtor detail screen.
- d. Document in EPICS.

Note: A debtor may not appeal the DSS-8658 after a claim has been remanded back to the local agency.

3. If the household contacts the agency to make an additional payment, accept a lump-sum payment, FNS benefits, or a cash payment. Key the cash payment in EPICS with a code of "FSC." When "FSC" is entered as the method of payment in EPICS, this tells EPICS and NC FAST that a cash payment is being made in addition to that month's recoupment.

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4. NC FAST automatically begins an allotment reduction when the last cash payment date in EPICS is more than 60 days old. Upon a request for a Fair Hearing, enter an "X" in the Appeal Indicator field on the Debtor Detail screen in EPICS to prevent recoupment occurring in NC FAST.
5. Participating households that do not wish to be recouped may choose to make a cash payment. A participating household must agree to pay more than 10% of the allotment or \$10, whichever is greater **prior to recoupment**. When a "C" is entered as the method of payment in EPICS, this tells EPICS and NC FAST that a cash payment has been made and no recoupment should take place that month.

C. Nonparticipating Household

1. The DSS-8554, Letter of Overissuance, notifies the nonparticipating household of the methods of repayment available and the requirement to return the signed notice within ten days. If the notice is not returned by the deadline, initiate further collection action, as appropriate, to include civil court or tax intercept.
2. The household may only request a Fair Hearing if it disagrees with the amount of the claim established or that the claim has been previously paid in full. Cease all collection action once a Fair Hearing is requested. Upon request for a Fair

Hearing, enter "X" in the Appeal Indicator field on the Debtor Detail screen in EPICS and document in EPICS. Send the State Office/Attn: Program Integrity a written request to block the debtor from TOP and DOR interception until a hearing decision is received. The request must be signed by the Investigator and Program Integrity Supervisor and contain justification for the request. Fax the request to 919-334-1265. Request removal of the TOP and DOR blocks once the hearing decision is received and document in EPICS. Fax a request with two signatures to 919-334-1265, Attn: Program Integrity.

Mail DSS-8658 after the 10th day once the local agency has verified the debtor did not contest the Fair Hearing decision. The local agency must verify that the Fair Hearing decision has not been contested with Hearing and Appeals Section by phone at 919-855-3260 if a notice is not received by the 10th day. The date of the DSS-8658 must be entered by the local agency in EPICS on the Debtor Detail screen. Do not allow a Fair Hearing request past the 90th day as written on the DSS-8554.

The following should occur when a Fair Hearing decision is remanded back to the local agency:

- a. The local agency should recalculate the overissuance.
- b. No action can be taken until the local agency verifies with Hearings and Appeals Section that the debtor has not contested the remand decision. If the debtor does not contest the decision within 10 calendar days, the local agency must send a DSS-8658, Post Hearing Repayment Agreement.

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- c. The date of the DSS-8658 must be posted in EPICS on the debtor detail screen.
- d. Document in EPICS.

Note: A debtor may not appeal the DSS-8658 after a claim has been remanded back to the local agency.

- 3. Mail a written notice to a debtor who returns the repayment agreement portion of a DSS-8554 and it is not accepted by the local agency. Include in the notice why the repayment agreement is not accepted and what would make it acceptable.
- 4. EPICS automatically begins recoupment when a debtor that was not participating becomes active again. EPICS notifies TOP and DOR when a debtor becomes active in FNS or a Voluntary Repayment Agreement (VRA) is signed. No manual blocks should be applied for becoming active in FNS or having a VRA.

D. Methods of Payment

- 1. Lump Sum – If financially able, a household may pay in one lump sum. Do not require the household to use all its resources to make a lump-sum payment.
- 2. Cash Payments – If a debtor is unable to pay the claim in one lump sum, negotiate a Voluntary Repayment Agreement (VRA). Use DSS-8604 to document the repayment agreement. Enter the repayment agreement in the repayment approach field in EPICS. Once a DSS-8604 is signed by the debtor and local agency representative, it is considered binding unless the debtor defaults. Give a copy of the signed and accepted DSS-8604 to the debtor and authorized representative. Any VRA activity must be documented in EPICS.
- 3. Allotment Reduction – The allotment is reduced by 10% or \$10, whichever is greater. NC FAST recoups the entire allotment if the allotment is \$10 or less.

NOTE: Do not initiate allotment reduction on initial allotments. This applies to retroactive allotments and months where allotments are prorated. If multiple claims are outstanding, the recoupment will be posted to the oldest claim first.

- 4. Voluntary debit to active or reactivated EBT accounts.
 - a. A FNS unit can choose to make a voluntary payment from its EBT account toward an outstanding FNS claim, in addition to allotment reduction. For a one-time reduction, the FNS unit may give oral
 - b. permission either in person or via telephone. For verbal one-time reductions, document the reduction on the DSS-8217, Account Debit Request. For recurring reductions, the FNS unit must provide written authorization to have the benefits deducted from the EBT account. The DSS-8217, Account Debit Request, must be completed, signed by the head of household and by the caseworker. In addition to the head of

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- household, the head of household's spouse or authorized representative can provide authorization for the EBT debit.
- c. The FNS unit may give written permission on the DSS-8217 in advance for EBT debits. This means that the FNS unit may give permission to do an EBT debit for a particular amount each month for a specific period of time. The FNS unit may revoke this agreement at any time.
 - d. The DSS-8217 must contain the following information:
 - The amount of the payment,
 - The frequency of the payment, i.e., monthly or one-time only, The period of time the agreement covers.
 - e. Once the recipient signs the DSS-8217, process the EBT account debit on the Adjustment/Repayment screen of the eFunds administrative terminal. Procedures for this function are contained in the eFunds Administrative Terminal User's Manual. The debit is on-line and occurs immediately.
 - f. After the recipient's account, has been debited, key it as a payment in EPICS. Enter the Method of Collection on the Payments Screen as "EB"- Electronic Benefit Transfer.
 - g. Within 10 calendar days of obtaining the FNS unit's written or oral permission for an EBT debit, give or mail the recipient his copy of the DSS-8217, Account Debit Request, noting the amount and date of the debit and the claim balance.
5. Involuntary and voluntary debits to stale/dormant EBT accounts (accounts not accessed for six (6) months or more):
- a. Stale EBT benefits may be used to repay an outstanding claim balance when there has been no debit activity on an EBT account for six (6) months. Stale benefits appear on the Aged Authorization Detail Report in XPTR.
 - b. Give or mail the FNS unit written notification of the intent to apply the EBT benefits to the outstanding claim. Give the FNS unit ten workdays to object to the use of the benefits to pay the claim.
 - c. If the FNS unit objects to the EBT account debit, do not process the debit.
 - d. If the FNS unit does not respond or object to the notification that an EBT debit will occur, apply the EBT benefits to the outstanding FNS claim balance. Process the EBT account debit on the Adjustment/ Repayment screen of the EBT administrative terminal. After the recipient's account, has been debited, key it as a payment in EPICS. Enter the Method of Collection on the Payments Screen as "EB" - Electronic Benefit Transfer.

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6. Expungement:
- a. If a household's benefits have been expunged within the previous three years, adjust the claim by subtracting the amount of the expunged benefits. Check Data Warehouse for expunged benefits when establishing the claim.
 - b. To apply the expungement to the claim in EPICS, enter the amount of the expunged benefits as the payment amount and "EX" - Expungement as the method of collection. No retention is received for expungements. Do not apply any amount which exceeds the claim balance.
- EXAMPLE:** If the expunged amount is \$100.00 and the claim balance is \$80.00, apply \$80.00 as the payment.
7. Treasury Offset Program through the United States Treasury Department:
- a. Delinquent debts are automatically submitted to the US Treasury Department for collection using the EPICS system. If a TOP review is requested, follow policy in section 845.
 - b. See Section 845 for more information.

E. Unspecified Joint Cash Collections

An unspecified joint cash collection is when payments are received in response to correspondence that contained both FNS and other program claim(s) and the debtor does not specify to which claim to apply the collection. When an unspecified joint cash collection is received for a combined public assistance/FNS recipient claim, each program must receive its prorated share of the amount collected.

F. Compromising Claim

- 1. Any claim or any portion of a claim may be compromised (reduced) if the local agency can reasonably determine that a household's economic circumstances indicate that the claim will not be repaid in three (3) years. For example, if the only debtor is in a nursing home, disabled, or elderly and needs all current income and assets and current FNS benefits to pay essential living expenses, the remaining balance of the claim may be compromised. To compromise a claim in EPICS, send a request for compromise to the State Office. The request must include justification of the compromise and be signed by the Investigator and the Program Integrity Supervisor. Fax the request to 919-334-1265, to the State Office/Attn: Program Integrity.
- 2. Apply restored benefits or supplements to the full amount of the claim, including any claim amount that was compromised.
- 3. If a compromised claim subsequently becomes delinquent, the compromised portion of a claim may be re-instated and subject to collection. To un-compromise a claim in EPICS, submit a request to the State Office

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/Attn: Program Integrity signed by the Investigator and the Program Integrity Supervisor to fax number 919-334-1265.

G. Termination of Claim

1. Do not terminate a claim against a participating household. To terminate an existing claim in EPICS, the claim must be Collection (CO) status and have a balance. Access the Referral Detail screen and key a "Y" in the CLOSE REFERRAL field, the code "TX" in the REASON CLOSED field and press the F9 key. The claim will show "TE" - Terminated status.
2. Terminate a claim if any of the following conditions exist:

NOTE: Terminated claims are submitted for TOP, DOR and NCEL interception and recoupment.
 - a. If the claim:
 - (1) Balance is \$25 or less; and
 - (2) The claim has been delinquent for 90 days or more; and
 - (3) Cannot be combined with other claims that result in an overall claim balance of \$25.00 or more.
 - b. The claim is delinquent for three years or more and will not be pursued through the Treasury Offset Program (TOP);
 - c. The household cannot be located, regardless of the balance.
 - d. The claim has been submitted for at least one year for TOP and state tax intercept and demand letters have been sent at least once every six months and you have sent at a minimum:
 - (1) One follow-up demand letter for claims less than \$100.00.
 - (2) Two follow-up demand letters for claims of \$100 or more through \$400.
 - (3) Three follow-up demand letters for claims of more than \$400 and the cost of further collection action is likely to exceed the amount that can be recovered.
 - e. All adult debtors are deceased and the agency is not planning to pursue collection against the estate.
3. EPICS automatically terminates selected claims on the last working day of each quarter. Claims are selected when the last payment is more than 12 months old or when establishment date is more than 12 months old and there are no payments. Automatically terminated claims are listed by local agency in XPTR on report, FRD-750, Terminated Claims.

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4. Terminated claims may be reactivated if a new collection method or a specific event (such as winning the lottery) increases the likelihood of collecting the claim. To reactivate a terminated claim in EPICS, access the Claim Detail screen and key the Referral ID and press the F11 key. The claim will show "CO" - Collection status.
5. EPICS automatically reactivates a claim when an intercept from the Treasury Offset Program (TOP), NC Department of Revenue (DOR), NC Education Lottery (NCEL), or a recoupment is posted.

810.07 OVERCOLLECTION OF CLAIMS

- A. Overcollections appear in EPICS in the overcollection column:
 1. On the Payment History by Referral Screen;
 2. On the Payment History by Individual Screen; and
 3. On the Payment Screen.
- B. When a claim is overcollected by:
 1. Recoupment – refund overcollections to the household in restored benefits. Use DSS-8593 to restore benefits.
 2. Cash Payments – Refund the overcollection in cash.
 3. Tax Intercept – The State Controller's Office issues the refund.
 4. Expunged benefits – Do not restore any benefits.

810.08 DELETION AND CLOSURE OF CLAIM

- A. Fax a written request for deletion to the State Office/Attn: Program Integrity to 919-3341265 on local agency letterhead when:
 1. A claim is found to be invalid in an ADH or State Level Hearing, or
 2. A claim is found to be invalid by the courts, or
 3. A claim is entered in EPICS in error.
 4. Due to system audit requirements, the following cannot be deleted, but may be adjusted and closed.
 - a. A claim with payment history.
 - b. A claim with a disqualification.
 - c. A claim with a debtor certified for TOP.

FOOD AND NUTRITION SERVICES CERTIFICATION CLAIMS
Agency Error (AE) Claims

- B. Request an adjustment closure of claim when:
1. All debtors are deceased at least six months and the local agency has verified their estate is exhausted or they do not have an estate.
 2. All debtors filed bankruptcy, and the bankruptcy court has discharged the debt:
 3. The system will not allow deletion as in 810.08, A, 4: or
 4. All debtors are in a nursing home, and it is unlikely they will ever pay on the debt.
- C. The request for deletion or closure must include:
1. Claim Name
 2. PDC Number
 3. EPICS Referral ID Number
 4. Individual ID Number
 5. Category of Claim
 6. Date Established
 7. Reason for deletion
 8. Name, Title, and Telephone Number of individual submitting claim for deletion
 9. Current balance as shown in EPICS.
 10. Investigator's signature
 11. Program Integrity Supervisor's signature
 12. The date of death, if applicable.
 13. Justification for the request. Justification includes, but is not limited to: copy of death certificate, copy of bankruptcy order, etc.

Mail or fax the request to:

North Carolina Division of Social Services Economic
and Family Services/Program Integrity
820 S. Boylan Ave.
Raleigh, NC 27603

2420 Mail Service Center
Raleigh, NC 27699-2420
Fax: (919) 334-1265

810.09 CLAIMS RECORD RETENTION

- A. Follow policy in Section 135 regarding retention of claims, with the following exception. Use the date of the last payment that paid the claim in full as the last transaction date.
- B. Records for AE claims may be maintained electronically.