
ENERGY PROGRAMS
EP-142 Inadvertent Household Error (IHE) Claims

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CHANGE #4-2025

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142.01 GENERAL POLICY

Inadvertent Household Error (IHE) claims are federal debts and must be collected.

- A. The Payment Request Date cannot be older than 12 months from the date the claim is being created.
- B. Claims must be established within 12 months from the date the referral was created in NC FAST.
- C. Date of Discovery means that the agency is aware of sufficient facts to suspect that an over-issuance occurred and is auto populated when the investigation case is created.
- D. Use policy in effect at the time the over issuance occurred.
- E. Regardless of the detection source, all potential Energy over issuances must be reviewed timely to determine if a referral to Program Integrity is required. The referral must be investigated and if appropriate, a claim established within the required time frames.
- F. All potential over issuances must be investigated even if the timeliness standards cannot be met. If the process of establishing a claim is not completed within this timeframe the case is considered overdue.

Creating and Establishing a Claim

- 1. Create a referral in NC FAST within 10 business days of detection of a potential over issuance. This establishes a file in NC FAST 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 and allow 30 calendar days for the return of the requested verification.
- 3. Once a DSS 1682 is completed, the claim should be established into NC FAST. All documentation including the DSS -1682 must be uploaded into the Investigation Case in NC FAST.
- 4. When a claim is established and there are multiple debtors (head of household and authorized representative), enter all debtors in NC FAST on the same day the claim is established.

142.02 DETERMINING THE OVER-ISSUANCE AMOUNT

- A. Verify participation. Check the Energy payment in NC FAST on the Energy Application under the Programs tab.

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- B. Use the actual income received in the Energy household in the month of application (this includes ineligible household members).
- C. Count money from means-tested state and federal assistance payments (such as Work First and SSI) intended for the month of application.
- D. Count the actual amount of Work First, SSI, RSDI, or Veterans Administration (VA) received in the month of application.
- E. 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.
- F. Complete a DSS-1682, Report of Erroneous Issuance.
 - 1. Document the DSS-1682 to substantiate the determination of the over-issuance.
 - 2. Attach appropriate verification.
 - 3. Attach documentation of eligibility.
 - 4. A second party review of the DSS-1682 is required to ensure its accuracy and completeness.
 - 5. Upload the DSS-1682 into the Investigation Case in NC FAST.
- G. Enter the claim information in NC FAST as an IHE claim and enter remaining information concerning the claim. The establishment date is the date the worker determines the over-issuance amount and enters the claim into NC FAST.

**142.03 DETERMINING THE OVER-ISSUANCE 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 2nd request is not received within 15 calendar days, contact the client. Use a DSS-8231, Request for Information to request necessary verification or assistance obtaining the verification.
- 3. If the client is unable or unwilling to provide the required verification, calculate the over-issuance using wage match or other readily available sources.

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4. It is not possible to establish a claim if verification cannot be obtained from any source. Document and flag the record that there is an outstanding claim which cannot be established.
5. Do not deny future participation if the claim cannot be established due to failure or refusal of a third party or client to cooperate.
6. Document the partially completed DSS-1682 as a suspected over-issuance and the reason the claim has not been established. Unsubstantiate and close the referral in NC FAST. 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 over-issuance 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 over-issuance 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 record and document the claims file.
3. Document the partially completed DSS-1682 as a suspected over-issuance and the reason the claim cannot be established. Close the referral as unsubstantiated in NC FAST.
4. Open a new referral and establish the claim if the client subsequently cooperates.

142.04 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 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 over-issuance.

Example: Client applied for CIP on 5/23/25. He listed that his household consisted of himself and his two minor children. He provided proof of his wages, and his gross income was \$315 bi-weekly. The amount needed to

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prevent his disconnection was \$432.26. He applied for CIP and was approved on 5/27/25 for \$432.26. On 6/13/25 the client applied for FNS, he indicated that his household consisted of himself, his wife, and their two minor children. After reviewing his wife's wages, it was determined that her income would have put the household over the income for CIP. This would be considered an IHE claim, and the client would be responsible for paying back \$432.26.

Example: Client applied for LIEAP on 3/01/25 and reported no income. He was approved for \$300. On 5/27/2025 his electricity was disconnected, and he applied for CIP. He submitted his electric bill and his check stubs for May. The client had been employed since January 2025 but failed to report his income on his March 2025 LIEAP application. He was determined to be over the income limit for CIP and would have been over the income for LIEAP had he reported his income. This would be considered an IHE claim, and the client would be responsible for paying back \$300.

142.05 COLLECTING THE IHE CLAIM

A. Initiating Collection Action

1. Collection action is initiated when the claim information is entered into NC FAST. Enter each claim separately.
2. NC FAST sends the DSS – 8179 Energy Notice of Overpayment, to each debtor. Note: If the amount due is less than \$35, do not establish a claim.
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.
4. The head of household and/or authorized representative at the time of the over-issuance are debtors on the claim.

142.06 REQUEST FOR A HEARING

A. Local Hearing

1. A household may request a local hearing within 60 calendar days from the date of the LOI if it disagrees with the amount of the claim established, or the household states the claim has been previously paid in full if it is.
2. If a local hearing is requested, fax the state office a request to block the debtor from DOR/NCEL interception until a hearing decision is received. The request must be signed by the PI Investigator and PI Supervisor and contain justification for the request. Fax another request to the State Office to remove the DOR/NCEL blocks once a hearing decision is received and document in NC FAST.
3. The hearing must take place within 5 calendar days from the date of the request, unless postponed for good reason. Postponement can be up to ten more calendar days with good reason.

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B. State Hearing

1. If a household requests a State Fair Hearing within the ninety-calendar day period cease all collection action once a Fair Hearing is requested. When a Fair Hearing is requested, fax the State Office a written request to block the debtor from DOR/NCEL interception until a hearing decision is received. The request must be signed by the PI Investigator and PI Supervisor and contain justification for the request. Request removal of the DOR/NCEL blocks once the hearing decision is received and document in NC FAST. Counties must send a post hearing repayment notice after the 10th day once the local agency has verified the debtor did not contest the Fair Hearing decision.
2. The local agency must verify that the Fair Hearing Decision has not been contested with the Hearing and Appeals Section by phone if a notice is not received by the 10th day. Do not allow a Fair Hearing past the 90th day.
3. The following should occur when a Fair Hearing decision is remanded back to the local agency:
 - a. The local agency should recalculate the over-issuance.
 - 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 post hearing repayment notice with a repayment Agreement.
 - c. Attach a copy of the post hearing repayment notice with repayment agreement in NC FAST and document NC FAST case accordingly.

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

142.07 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 NC FAST. Once a DSS-8604 is signed by the debtor and local agency representative, it is considered binding unless the debtor defaults.

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Give a copy of the signed and accepted DSS-8604 to the debtor and authorized representative. Any VRA activity must be documented in NC FAST.

3. Department of Revenue (DOR) setoff through the NC Department of Revenue
 - a. Delinquent debts are automatically submitted to the NC Department of Revenue for interception of NC Income Tax Refunds.
4. North Carolina Education Lottery (NCEL)
 - a. Delinquent debts are automatically submitted to the NC Education Lottery for interception of lottery winnings.
 - b. The selection criteria for NCEL and DOR interception are the same.

142.08 DOR INTERCEPT REQUIREMENTS

1. DHHS provides a file to DOR each week on Tuesday. Each weekly file replaces the previous week's file. It reflects NC FAST latest claim balance and adds or drops records depending on current balance and selection criteria.
2. DHHS receives a file back from DOR reporting the offset amounts. DOR sends a notice directly to the taxpayer as soon as they make the intercept. In the time frame it takes DHHS to apply the payment, other payments by the debtor may reduce the claim balance, which may result in a refund.
3. The following procedure explains the time frame for posting payments in NC Fast.
 - A. DHHS creates a file of the current Energy claim balances each weekend.
 - B. DOR decides which tax refunds can be intercepted and processes the refund job on the following weekend.
 - C. The following Monday, DHHS receives the file from DOR to show individual offset amounts by SSN.
 - D. DOR sends bi-weekly electronic funds transfers to the Controller's Office. The Controller's Office and State DSS reconcile balances. The State Controller then notifies NC Fast to run the 30-day notices.
 - E. NC Fast mails the 30-day notice to the debtor using DOR address and waits 35 calendar days (30-days for the client to request a hearing, plus 5 days for mailing). NC Fast displays the referral on the NC Debt Setoff Pending Intercept screen during this timeframe.
 - F. Unless the setoff is appealed, NC Fast automatically applies payments 35 calendar day notice date. The payment may be applied earlier if the debtor waives the right to hearing and the status is updated in the NC Debt Setoff field on the Debtor Indicator screen.

142.09 NORTH CAROLINA EDUCATION LOTTERY (NCEL) INTERCEPTIONS

1. NCEL uses the same rules for selecting debtors as the NC Department of Revenue (DOR). Refer to section 3B in policy section 142.06.

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2. The DHHS provides a file to NCEL each week. Each weekly file replaces the previous week's file. It reflects NC Fast latest claim balances and drops or adds claims depending on the current balance and selection criteria.
3. NCEL provides a file to DHHS as money is intercepted. NC Fast or DHHS sends a DSS-8234 to the debtor regarding the interception and the claim balance. The notice will state the following.
 - a. The amount intercepted, was applied and the claim is now paid in full or
 - b. The amount intercepted, was applied, and what is the remaining balance of the claim
 - c. The amount intercepted, was applied, and the amount to be refunded.

142.10

CLAIMS RECORD RETENTION

- A. Follow policy in Section 125 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 IHE claims may be maintained electronically.