

V. CLAIMS AND RECOVERY

A. Legal Basis:

208.210. Undeclared income or property benefits may be recovered by division of family services, when -

s Responsibility of Claimant:

"If at any time during the continuance of public assistance to any person, the recipient thereof, or the husband or wife of the recipient with whom he is living, is possessed or becomes possessed of any property or income in excess of the amount declared at the time of application or reinvestigation of his case and in such amount as would affect his needs or right to receive benefits, it shall be the duty of the recipient, or the husband or the wife of the recipient, to notify the county welfare office of the receipt or possession of such property or income, and the division of family services may, after investigation, either cancel the benefits or alter the amount thereof in accordance with the circumstances."

s Recovery:

"Any benefits paid when the recipient or his spouse is in possession of such undeclared property or income shall be recoverable by the division of family services as a debt due to the state. If during the life, or upon the death, of any person who is receiving or has received benefits, it is found that the recipient or his spouse was possessed of any property or income in excess of the amount reported that would affect his needs or right to receive benefits, nondisclosure of material facts, or through mistake of fact, the amount of benefits, without interest, may be recovered from him or his estate by the division of family services as a debt due the state."

Responsibility of Claimant:

"The possession of undeclared property by a recipient or his spouse with whom he is living shall be prima facie evidence of its ownership during the time benefits were granted, and the burden to prove otherwise shall be upon the recipient or his legal representative."

s Recovery of Federal Funds:

"The federal government shall be entitled to share in any amount collected under the provisions of this section, however, not to exceed the amount contributed by the federal government in each case. The amount due the United States shall be promptly paid or credited upon collection of the designated agency of the federal government by the division of family services."

B. Reporting Responsibilities Related to the Receipt of Assistance:

Assistance payments or Medicaid benefits are payable or paid on behalf of only those applicants and recipients who meet certain statutory eligibil-

ity requirements and are in need of assistance. Under State Law, it is the legal duty and a requirement that a recipient of assistance payments or Medicaid benefits and the husband or wife with whom he is living report to the County Office the acquisition of, or change in income, property, or other resources. Upon being notified, the County Office may either cancel the benefits or alter the amount, depending upon the circumstances.

Any benefits paid to or on behalf of a recipient while ineligible is recoverable as a debt due the state through a civil action. There are also provisions in the law for a penalty through a criminal action against persons who by means of any willfully false statement or impersonation or other fraudulent act obtain or aid or abet any person to obtain benefits to which he is not entitled.

Notification Requirements

At the time of application and reapplication, the claimant will be asked to sign two copies of Form IM-3, Reporting Changes in Circumstances. One copy will be given to the claimant, and the other copy will be filed in the case record. At the time of reinvestigation and monthly if a case is in the MSR system, the claimant is advised of what to report on the Modified IM-2, IM-2D or MSR form. If the IM-2 is used for the reinvestigation, the IM-3 must be used for notification.

With the Monthly Status Reporting (MSR) system, AFDC cases receive an MSR-1 form each month. This form addresses the fraud provisions and the necessity of reporting any changes in circumstances.

Client Reporting Requirements

Each Income Maintenance household must report all changes in income or use of household circumstances within ten calendar days of the change.

AFDC claimants have the responsibility of reporting changes on the MSR form as well as reporting changes within a 10 day period. MSR does not indicate this requirement.

If the changes are not reported by the household within ten calendar days of the change and the amount of grant or continued eligibility is affected resulting in an overpayment; a claim summary for Income Maintenance households is necessary.

C. Identifying Overpayment Cases:

In general, overpayments occur when claimants receive cash and/or Medicaid benefits for which they are ineligible. If a check is subsequently returned, and cancelled, an overpayment has not occurred. If the case was totally ineligible, assure that the Medicaid card was returned with the check or a Medicaid claim will need to be explored.

In AFDC cases in the MSR system, an overpayment occurs if any of the following apply and the client received cash and/or Medicaid benefits for which ineligible:

- The claimant was approved while ineligible.
- The claimant reports, or the worker discovers, a change in circumstances which causes ineligibility (other than for the one month only, suspension situations) and the closing or removal of persons is not effective with the

month following the month in which the change occurred. The exception is lump sums which are effective in the corresponding payment month.

- The claimant received an incorrect benefit amount in a prospective month because the claimant failed to report income or circumstances known prior to the date of approval, or reinstatement, or because the caseworker made an incorrect decision based on available information.
- The claimant received an incorrect benefit amount in a retrospective month because a change was not reported, or action taken timely, in order for the situation in the report month to affect the grant for the payment month.

In all other Income Maintenance cases, an overpayment occurs if any of the following apply:

- The claimant was approved while ineligible.
- The claimant fails to report a change in 10 days and action cannot be taken to close or reduce the grant effective the month following the month the change occurred.
- - The claimant reports a change within the 10 day limit and the worker has an IM-80A signed but does not take action to affect the grant for the month following the month the IM-80A was signed.
- The claimant reports a change within the 10 day limit but the caseworker fails to take appropriate action and send an IM-80 within 10 days of the report and the action is not taken to affect the grant for the appropriate month. The appropriate month will be the first month the action could have been effective had an IM-80 been sent within 10 days of the report of the change.

The claimant reports a change within the 10 day limit and the caseworker sends an IM-80 within 10 days of the report but fails to take the required action to affect the grant for the month following the expiration of the IM-80, if no hearing is requested, or the month following receipt of a hearing decision.

Note: On AFDC cases, if a change in circumstances requires an adjustment, resulting in any decrease in grant, and the Change of Status Form (IM-5) cannot be submitted in time to prevent the mailing of the next payroll check, the worker must request that the check be pulled.

On Income Maintenance cases, other than AFDC, if a change in circumstances requires an adjustment resulting in a decrease in grant of more than \$5.00 and the Change of Status Form (IM-5) cannot be submitted in time to prevent the mailing of the next payroll check; the worker must request that the check be pulled.

These procedures should be used to prevent overpayments.

D. Determining Amount of Overpayment:

1. Computation

The amount of the claim will be computed by:

- ° Determining the number of months an overpayment was received;

- Comparing the amount actually received with the amount for which client was eligible each month; and
- Offsetting the overpayment with any outstanding underpayment.

The eligibility factors and budget process in affect during the period of the claim will be used in determining the amount Dic overpayment.

2. Other Related Policies

To determine the amount for which client was eligible the following policies apply:

- Receipt of Duplicate Assistance Payments:

If a claimant receives two assistance grants for the same month, whether the grants are both from Missouri or from Missouri and another State, the claimant received an overpayment for that month.

If another State is involved, coordination. with that other State will be required to determine in which State the overpayment occurred.

- Optional Inclusion in Assistance-Group:

In those cases where an IM assistance group receives an overpayment because of income received by a member of the assistance group that the payee could have elected to have removed from the group, the overpayment will be the lesser amount of the correct grant, after determining the amount of grant, if the person:

had been left in the assistance group; or

-were removed from the assistance group.

This will be followed even in those cases where additional income was not reported.

Examples of optional inclusions in an assistance group include 18 to 21 year old children of GR payees; and in AFDC cases, examples are a NPCR, a legal guardian, and nieces and nephews.

- Overpayments During the Hearing Process:

A request for a fair hearing does not absolve a recipient from overpayment curing the hearing process.

Payments made during the 10 day advance notice of a proposed reduction or closing, or during the hearing process, will be included in the total amount to be recovered if they meet the definition of overpayments in C. above.

- Recovery Restrictions (Time Limits):

In AFDC cases, there are no time limits. Recovery will be attempted on any overpayment. The state is restricted when applying the 90%

rule to recoupment cases in which the date of the overpayment was discovered on or after October 1, 1981.

In SSI-SP or SP only cases, the time limits for recovery will be 60 months.

In all other cases, except where willful withholding of information has been established, recovery of overpayments will be limited to 12 months.

The 12 or 60 month period includes the month of

discovery. E. Possible Actions on Overpayments

The following are possible actions that may be taken by county staff:

- Establish claim in CARS;
- On active AFDC cases, reduction in future assistance payments for cash overpayment only (Recoupment);
- A demand made for voluntary restitution of benefits;
- to A written voluntary repayment agreement accepted if it is determined that full payment or periodical partial payments can be made from potential resources within a reasonable time; and/or
- On types of assistance other than AFDC, request approval to reduce future assistance payments (recoup) if the claimant:
 - willfully withheld information, thus allowing him to receive benefits to which he is not entitled; and
 - willfully refused to make payments; and
 - could make payment; or
 - has resources or
 - income other than a public assistance grant.

Whenever a case is closed on the basis of fraud, misrepresentation, or failure to report facts in regard to ownership of property, life insurance, cash and securities, available resources, change in household composition or of income from employment or other sources, the IM-5 should show when the individual became ineligible. (Refer to Section VI for additional information on fraud and WIU referrals).

In these situations WIU may initiate any of the following:

- A civil suit in Circuit or Associate Circuit court to recover benefits;
- Refer the case to the Prosecuting Attorney to criminal prosecution;
- Negotiate a repayment agreement; or

- If the recipient dies leaving an estate, file a claim against the estate in Probate Court. See "Methods of Recovery" in this Section.

F. Overview of CARS and Effect on Claims Process

Effective June 1, 1984 the Division of Family Services implemented the Claims Accounting Restitution System (CARS). CARS is a computer system which assists the Department of Social Services in recovering claims made against individuals or providers. The functions of CARS are summarized below:

- Provides a means to store data concerning individuals and providers which owe a debt to the Department. These individuals or providers are called debtors.
- Allows multiple claims for each debtor. One instance of overpayment is called a claim. Multiple claims for multiple programs are accepted as well as multiple claims for a single program.
- Produces a daily listing of claims with certain cause codes for referral to the Welfare Investigation Unit and provides bi-monthly listings to the counties of the WIU decision on the referrals.
- Produces a billing statement to each debtor each month if appropriate fields are coded.
- Records payments and adjustments to show repayment of the claim. Repayment can be accomplished by various methods.
- Retains a listing of claims and payments.
- Produces reports. The reports furnish the information necessary for federal reporting, aid in monitoring the system, and provide data for planning and program evaluation.

CARS interacts with the claims process in the following manner:

Once the claim is established, the county must input the CARS-1/1A - Claims Accounting Restitution System Form, of the debtor and the claim into CARS. The CARS-1 establishes a debtor record against the client and a claim record for one claim. The CARS-1A establishes multiple claims against the client. The claims record allows the agency to track the number of claims due to the agency and the balance due. The claims record is updated as payments are made or other changes occur.

- With the exception of AFDC recoupment cases, CARS will generate monthly bills informing the client of the month's beginning balance; any payments credited to the claim during the month; any offsets, and the month's ending balance. This CARS-4 (bill) will instruct the client to make its payments to the Division of Budget and Finance.
- When the client makes a payment, the payment may be made to the county office. The County Director or his/her designee is responsible for forwarding the payment(s) to the Division of Budget and Finance with an accompanying CARS-2 explaining the repayment. The client should be given a receipt. The CARS-2 is the control document for the Claims

Accounting Restitution System. Any decrease in the balance due carried in CARS must be submitted on the CARS-2. Any offset, termination and payment, must be recorded on the CARS-2. The CARS-2 record is entered into the Claims Accounting Restitution System monthly to decrease the balance due the state. The CARS-2 instructions explain how to split payments on multiple claims. On any claim the record must be on file in the CARS system before a payment will be accepted by Finance.

- Any time the information given to CARS changes, the CARS information must be updated by input on the appropriate CARS screen. The CARS forms instructions are in the IM Forms Manual and instructions for use of the CARS terminal screens are in the Teleprocessing Handbook and the Terminal Operator Handbook.

CARS terminal screens should be used for inquiry and update as appropriate:

Debtor Screens:

- OVDA (Debtor Add) - Used to establish debtor record from CARS-1.
- OVDI (Debtor Inquiry) - Used to clear if a client has a debtor record on file in CARS. -
- OVOC (Debtor Change) - Used to make changes in debtor information including tickler messages.

Claim Screens:

- OVCA (Claim Add) - Used to establish claim record from CARS-1/1A.
- OVCI (Claim Inquiry) - Used to obtain information about a specific claim or multiple claims on a debtor; :
- OVCC (Claim Change) = Used to make changes in claim

information. Payment/Transaction Screens:

- OVTA (Daily Payment Transactions) - Used by Finance and Claims and Restitution only.
- OVPI (Payment Inquiry) - Used to obtain specific information on payments/transactions.
- OVPT (Transaction inquiry) - Lists all transactions for a debtor to make a payment history file.
- OVLB (Last Bill) - Provides information on amount due and debtor status as of the last bill.

Miscellaneous Screens:

- OVPY (Menu Screen) - Used to determine which screen is needed for transaction desired.
- OVCD (Code Display) - Identifies all codes in the CARS system.
- OVMT (Monthly Tickler) - Statistical information

only. G. Processing of Claims by the County Office:

Four (4) types of circumstances have been identified, once an overpayment has been made, that will identify the procedure the county office will follow:

- Claimant remains eligible for a reduced AFDC grant and there is no Medicaid overpayment;
- Claimant is currently eligible for AFDC, but there is a likelihood that a Medicaid as well as cash overpayment was made;
- The AFDC-case is closed and an overpayment of cash and/or Medicaid was made_ and recoupment was in effect at the time of closing; and
- The overpayment is in an IM case other than an AFDC case or in a closed AFDC case with no recoupment in effect at the time of closing.

1. Active AFDC Case: Cash But No Medicaid Overpayment:

The following actions will be taken by the county when there is a grant overpayment only (no Medicaid overpayment) and the claimant is currently receiving AFDC.

- a. Determine the amount of overpayment (see "Determining Amount of Overpayment"), and complete an IM-86.
- b. Discuss overpayment with the claimant including the cause of the overpayment and the action to be taken *by* the state.
- c. Complete the CARS-1/1A and input the data on the CARS screens.
- d. Determine recoupment amount. Do not wait for Computer Fraud Referral (CFR) decision.
- e. Notify the claimant (IM-80). Include:
 - The amount of grant overpayment;
 - The reason the overpayment was made;
 - The amount of proposed grant reduction to recoup the overpayment; and
 - The length of time (number of months) for which the grant will be reduced.
- f. If a hearing is requested, follow hearings procedures.

- g. After advanced notification period or after hearing decision (if upheld), take the appropriate action to recoup overpayment from the grant.
- Complete IM-5/IMU5 transaction identifying the number of months and the monthly amount to be recouped from the grant. (See IM-5 Procedures.)
 - Send a notification letter (IM-33) to the claimant including in the explanation the:
 - amount of overpayment;
 - reason for the overpayment;
 - monthly amount being recouped from the grant;
 - and number of months recoupment will be sought.

2. Active AFDC Case: Cash Grant and Possible or Confirmed Medicaid Overpayment:

The following action will be taken by the county when there is a grant overpayment; the possibility of a Medicaid overpayment exists, and the claimant remains eligible for assistance.

- a. Determine the amount of grant overpayment (see "Determining Amount of Overpayment") and complete an IM-86.
- b. Discuss overpayment with claimant.
- c. Complete the CARS-1/1A and input: the data on the CARS screens.
- d. Determine recoupment amount. Do not wait for Computer Fraud Referral (CFR) decision.
- e. Notify the claimant via the IM-80: Include the

- amount of cash grant overpayment;

Note: Only the cash grant overpayment will be addressed in this notice. A separate notice must be used if there is a Medicaid overpayment. The claimant must be made aware on the initial notice that the recoupment from the grant is only for, the cash grant overpayment and not for the total (Cash and XIX) overpayment.

- reason for the overpayment.
- amount of proposed grant reduction to recoup overpayment;
- number of months for which recoupment will be sought.

Note: Whenever there is a change adversely affecting the amount of grant reduction, number of months or total overpayment amount from what the claimant was previously advised, another IM-80 must be sent.

If a hearing is requested, follow hearing procedures.

- g. After advanced notification period or after hearings decision (if upheld), take the appropriate action to recoup the overpayment from the grant.
 - e Complete IM-5/IMUS transaction identifying the number of months and the monthly amount to be recouped from the grant (See IM-5 Procedures).
 - o Send notification letter (IM-33) to claimant including in the explanation the:
 - amount of overpayment;
 - reason for the overpayment;
 - monthly amount being recouped from the grant; and
 - number of months recoupment will be sought.

Note: When the county office receives the notification from the-SOCRU as to the amount of Medicaid overpayment, the, claimant, again, will be advised of their rights to a hearing for the Medicaid. overpayment by IM-80. The notification must contain:

- e the amount of Medicaid overpayment; and
- e the reason for the overpayment.

Overpayments of Medicaid cannot be recouped through the grant.-re-duction process. Use voluntary payments as the ffiethod of:recovery.

3. Closed AFDC Case: Cash Grant With or Without Medicaid-Overpayment: Recoupment in Effect

Take the following actions when the case is currently closed, there is an outstanding overpayment, and recoupment was in effect at the time of closing:

- Determine if WIU case is active.
- If WIU has active case, complete CARS-1 update and take no further action.
 - to If not active in WIU, contact client to discuss change in method of recovery and make arrangements for voluntary repayment.
- Update CARS to begin billing process.

Note: An IM-80 will not be necessary as the claimant has been previously advised of rights and the amount of overpayment.

4. All GR, SAB, BP, MA, NC, SSI-SP and SP Overpayments; and Overpayments in Closed AFDC Cases With No Recoupment in Effect at Closure require procedures as follows:

- Determine the amount of cash overpayment or period of ineligibility in Title XIX Only cases (see "Determining Amount of Overpayment").
- If all the following criteria are met no further action is required:
 - a. The overpayment is not in an AFDC case:
 - b. The overpayment is not a result of any period of total ineligibility (i.e. no potential Medicaid overpayment); and
 - c. The total overpayment is \$150.00 or less.

Note: If a claimant has a pattern of repeated small overpayments an IM-86 may be completed at the discretion of the county.

- If the above criteria are not met, complete an IM-86. Discuss overpayment with claimant.
- Complete the CARS-1/1A and input the data on the CARS screens.
- SOCRU determines whether XIX overpayment has occurred and notifies county office.--

s If Title XIX only case and no XIX liability established, CARS will terminate claim:

Worker: adds -XIX overpayment to determine total overpayment and sends IM-80

the amount of overpayment (cash and/or XIX);
and the reason for the overpayment.

- If the cause code in Field 32 results in a WIU referral, take no further action until the WIU decision on the referral is received. (See Section VI.)

If the WIU referral is accepted, take no further action.
- If the WIU referral is not accepted and the hearing process is completed, contact the client in person or by mail and:
 - a. Request repayment;
 - b. Explain repayment methods;
 - c. Advise client that if repayment is not made, collection action will be initiated; and
 - d. Initiate billing through CARS.

Exception: No action will be taken to recover the overpayment and the claim will be put in suspended status in CARS if:

- e The overpayment is not in an AFDC case;
- e The claimant owns no real or personal property and has no available resources other than his/her home and household goods; and
- e The claimant has no net budgetable income other than public assistance.

This exception also applies to non-fraud claims that have been referred to WIU. If it becomes known at a later date that a claimant has acquired additional income or resources, recovery attempts should be initiated.

Important Notes: On all AFDC overpayments it is required that the IM-86 and CARS-1 be completed by the county and that recovery be attempted by either the county or WIU.

On all cases of potential Title XIX liability it is required that an IM-86 and CARS-1 be completed. When a CARS-1 is processed with a "10" or "20" code in field 34, CARS-sets up a-XIX claim with program code 21 or 22. If it is later determined by CARS that no XIX liability exists, that claim is terminated. If XIX liability does exist it is carried in CARS as a separate claim even though it may have been established from a CARS-1 also establishing-a cash claim.

H. Possible Action on Claims

The CARS provides for updating OVDC:anth-OVCC-screens. _when updating by OVDC or OVCC, file a print-of the change in the case record. Policy is outlined here for changesuhi-Ch require a different claim status code and for offsetting. Some of these changes are-automatic and others require action by the county.

1. Offsetting

If it is established that an underpayment has occurred due to an error and the claimant also has a claim due to an overpayment, the amount of the claim must be offset by the amount of the underpayment. Suspended claims may be offset. The action will be taken by the county and is applicable to all IM categories providing cash benefits. See CARS-1/1A and CARS-2 instructions.

Exception: Prior to offsetting, check the codes on the OVCI screen for WIU Status and WIU Legal Action. WIU approval is necessary for any offset if:

- s The WIU Status is code 2 or 4; or e The WIU Legal Action is code 02, 03 or 04.

2. Compromising

This action is applicable to all categories but can be taken only by WIU or by judicial determination.

3. Suspending Collection Action

Suspending collection action is appropriate when the address of the claimant is unknown. The guidelines for other situations involving suspensions are in Exceptions under G. 4. The county initiates this action.

In addition to these county initiated suspensions, the CARS system will automatically suspend a claim if:

e The Method of Repayment is blank or code(K;_2

e WIU Status is code 1 or 3;

e The Claim Status is code A and the claim status date is four months or older; and

There has been no payment transaction for four months.

4. Reinstating Collection Action.

Collection action should be reinstated by changing the claim status to Active (A), and regenerating bills in the following situations:

to A paymptjs.maaeron a suspended claim;

whereabolitire knowii.of a debtor we previously were unable to - locatk;

Prior:to. be§Tnning Tkoupment when a closed case and suspended claim is reopened; and

If recovery was not attempted previously due to'circumstances in G. 4. and it is later learned claimant has resources other than home and furnishings and income other than public assistance.

5. Termination Claims

Claim "n all categories are automatically terminated by CARS when paid in full.
Note: This is the ~~only~~ reason an AFDC claim may be terminated.

Claims in all categories- except AFDC will be terminated by CARS when the claim has been in.s.u.suspension for three years. If a payment is made while the claim is in suspension, the claim will not be terminated until three years from the last payment.

6. Overcollections

When a payment is received from a debtor which exceeds the balance owed by the debtor, overcollection has occurred and the amount will appear on the Negative Balance Report until appropriate action is taken

a. AFDC, GR, BP, MA, NC, SAB, SSI-SP, SP and Medicaid

If, the amount of the refund is \$10 or more and the debtor can be located, the procedures for the refund are as follows:

- SOCRU receives the Negative Balance Report, reviews it, and requests the Income Maintenance Unit in State Office to refund the overpayment.
- e The Income Maintenance Unit in State Office notifies the Division of Budget and Finance of the request for refund and identifies the appropriate funding source.
- The Division of Budget and Finance processes the refund.
- The Income Maintenance Unit in State Office sends a copy of the client refund letter to the county office. Effective with .refunds made February 10, 1986, a transaction code of 50 appears on the OVPT screen with the amount of the refund.

Note: Refunds must not be [made by](#) deficiency payments.

If the amount to be refunded is under \$10 and/or the debtor cannot be located,--SOCRU enters a transaction code "99" and the amount of the overcollection.. The -transaction appears on the OVAT screen,.

Important Note: . ish-code-994oes not always mean that we continue to owe the debtor.. that aAmount.--, Prior to February 10, 1986, a code 99 caused the claim to:have- a zero balance, the claim was closed, and no further action on the claim was recorded in the CARS system.

b. Child Care

SOCRU sends the Negative Balance Report to the county office. The county is responsible for issuing refunds. Consult Chapter XIII, Section IV, for the procedures on requesting refunds.

If the client's current mailing address is unknown to staff, do not issue ,a refund. Complete and submit a CARS-2 form that includes code "99" in the "Trans Type" field and the amount of the overpayment in the "Debit Amount" field. When the Division of Budget and Finance enters this information into CARS, it removes the negative balance amount and prevents further Negative Balance Reports.

If the county discovers the client's whereabouts at a later date, complete and submit a CARS-2 form that includes code "99" in the "Trans Type" field and the amount of the overpayment in the "Credit Amount" field_ This will cause a negative balance and will allow staff to make a refund.

7. Child Support Credit

The State Office Claims and Restitution Unit (SOCRU) identifies all AFDC claims with possible child support credits. They screen CSEU files and credit IV-D payments:

e not exceeding the obligated amount,

e which are coded P (current support payment), U (UC intercept), or K (assignment),

c with a payment date during the months of the claim.

These credits appear on the OVPT screen with a transaction code 35. SOCRU notifies the county by IOC when the transaction is posted. If recoupment is in progress, it is necessary for the county to recalculate the number of months based on the revised balance due.

8. CARS Annual Claim Purge

At the end of each fiscal year, the claims that are in closed status are purged from the CARS system. The purged information is kept on tape. It is accessible, if needed, by contacting SOCRU.

I. Methods of Recovery-

The methods of recovery include recoupment, voluntary payments, recovery from an estate and interception of state income tax refunds.

1. Recoupment through the Reduction of Current Benefits in AFDC Cases

Federal regulations provide that whenever a state is involved in the recovery of AFDC overpayments, the state must actively attempt to collect any and all such payments, unless it is determined to be too costly to justify recovery... This regulation also defines the maximum amount of recovery which can be sought through reductions in the AFDC grant. This maximum is known as the 90% rule.

The state, in recouping overpayments through a grant reduction, must insure that the claimant maintain at least 90% of the same income amount, as an AFDC family with the same number in the assistance group would receive, with no income.

The following tables have been developed to assist in determining the monthly amount to be recovered, in low and fluctuating income cases. These tables are to be used in determining the amount of monthly grant reduction needed to recoup the overpayment amount.

The amounts shown in tables 1 and 2 represent the maximum amount which can be deducted from a grant in any given month, to recoup the overpayment. In many situations, the total amount of overpayment is not evenly divisible by the monthly amount of reduction, thus requiring an adjustment in the final month of recoupment, i.e. an assistance group of two with no income was overpaid \$50. The recoupment with adjustment would be \$19 in the first month; \$19 the second; and \$12 in the third.

To eliminate the need for an adjustment, a recoupment amount of \$10 per month, spread over five months, could be used. The extended period of time needed to recoup the overpayment should be limited to no more than three months. In some situations, there will always be a need for an adjustment in the final month and, therefore, recoupment should be sought in the minimum length of time.

a. TABLE NO. 1: This table must be used in the following situations: Cases with:

- e No income;
- o unearned income only;
- o fluctuating earned income, of less than \$75 per month; or
- e a combination of unearned income, and fluctuating earned income of less than \$75 per month.

Assistance Group			Amount of Reduction up to *
1			\$12
2			21
3			27
4			32
5			36
6			40
7			44
8			48
9	5	2	
10			" --55
11			or more-
add \$4 for each additional person			

b. TABLE NO. 2: This table must be used for cases **with:**

- e fluctuating earned income of \$75 or more per month; or
- o a combination of fluctuating earned income of \$75 or more and unearned income.

Assistance Group	Amount of Reduction up to*
1	\$ 88
2	97
3	102
4	107
5	111
6	115
7	119
8	123
9	127
10	131
11 or more	add \$4 for each additional person

*Note: Obviously the amount of reduction cannot exceed the amount of grant. For grants less than the amount of reduction, shown in the table, the county will recoup the total amount of the grant the claimant is eligible to receive, (within \$1.00 of the eligible grant) until the entire amount is recouped.

Due to a systems problem, restitution cannot be sought for the full amount of grant, The county is instructed to recoup all but \$1.00 in cases which require this action. The case will then remain ThoperT: Medicaid. In cases where the recovery amount process results in a payment of less than \$10; a check must continue to be issued, to assure that payment is made to the claimant.

c. TABLE NO. 3: The following procedures will be used

in: Non-Fluctuating earned income; or

a combination of non-fluctuating earned and unearned income cases.

- (1) Compute the claimant's total gross income (including the amount of grant for which the claimant is eligible to receive);
- (2) Subtract ninety percent (90%) of the payment standard for the size of the claimant's assistance group;

Assistance Group	90% of Payment Standard
1	\$114
2	197
3	247
4	288
5	327
6	364
7	400
8	434
9	468
10	501
11 or more	add \$34 for each additional person

- (3) Deduct the remainder (gross income minus 90% of payment standard) from the grant, each month until the overpayment is satisfied. (See Note above).

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2. Voluntary Payment

Voluntary payments may be made to the Division of Family Services by bank draft, cashiers check, money order or endorsed returned checks. Payments may be sent to the county office, Claims and Restitution Unit, WIU or the Division of Budget & Finance. It is preferable that payments are mailed to the Division of Budget & Finance. If payment is made at the County Office, it should be forwarded to the Division of Budget & Finance with the CARS-2 and the client given a receipt. Endorsed returned checks must be attached to a CARS-2 in overpayment situations. Unendorsed returned checks will be cancelled by the Division of Budget & Finance and will not be credited in CARS. Return unendorsed checks with an IM-206.

If the client is unable to make a lump sum payment to satisfy the claim, there is a CARS billing process that may be initiated. See CARS-I instructions.

There is no formal agreement process in IM, but the client should be asked to voluntarily sign a written agreement including the total amount of the claim, the amount the client and worker have agreed should be paid each month, and the number of months payments will be due'.

Note: -For' CARS coding purposes, bOth lump _sum anthmonthly.payments are coded as cash although we cannot accept tash payments in IM cases.

3. Recoupment through the Reduction of Current Benefit in Any Case Other than: AFDC and for. AFDC Overpayments Discovered Prior to October 1, 1981

Recoupment wilronly be _considered for situations in which:

- 4= ;:Vajtant _has 'made. no positive response to billing process; --
- .There)maS-Willful withholding of information on the part of the
- Oaimant to-receive benefits for which he/she was not eligible; and
- . The claimant.has resources or income, other than the assistance grant, and can be reasonably expected to make repayment.

When these conditions are met the worker will prepare a summary and submit it to the Income Maintenance Section in State Office for approval. If recoupment is approved the response will include:

- Monthly amount to be recouped; and
- 'Number of months recoupment will be sought.

If recoupment is not approved, enter code 8I in the Referral Source field on the OVCC screen.

4. Interception of State Income Tax Refunds (AFDC)

Legal Basis:

Missouri Law, Section 143.781 RSMo, provides that Missouri state individual income tax refunds may be intercepted and kept as payment towards a debt owed to the state. Acting in accordance with this

statute, the Division of Family Services (DFS) currently intercepts individual state income tax refunds from the following:

- Individuals who owe the state past due child support; and
- Individuals who owe AFDC restitution.

The DFS/Child Support Enforcement Unit (CSEU) is responsible for the interception for individuals who owe the state past due child support. The DES Claims and Restitution Unit is responsible for the interception for individuals who owe AFDC restitution.

The following process has been established for AFDC restitution cases:

- A listing of individuals who have an AFDC restitution claim on file is matched against the state income tax refunds, being prepared by the Department of Revenue.
- As individuals are matched, the Department of Revenue puts a hold on the individual's refund check and notifies The Claims and Restitution Unit.
- The Claims and Restitution Unit screens these cases and recommends release of the income tax refund when the recipient has paid their claim or is making regular payments on their claim.
- The Claims and Restitution Unit sends a notice, by certified mail (no return receipt), to the recipients who have not been making payments on their AFDC claim to inform them that their refund checks have been intercepted. The notice indicates the amount of restitution owed and informs individuals of their right to request a hearing, in writing, within 30 days of receipt of the notice. All hearing requests must be submitted in writing to The Claims and Restitution Unit. The Claims and Restitution Unit will send a copy of the notice to the appropriate County Office. The county must file the notice in the claimant's case record.

If the individual filed a combined tax return, the entire refund check will be intercepted. Since in some cases the state will have no claim against the spouse, the spouse may be entitled to a portion of the refund. To secure their portion, the spouse must request a hearing as instructed in the first notice. Should a spouse request a hearing to recover his/her share of the tax refund, this will be refunded without going through the actual hearing.

- If no hearing request has been received by The Claims and Restitution Unit after 40 days, a second notice will be sent to the individual informing them of the final disposition of their income tax refund. The individual's tax refund will then be paid to the state as payment towards the individual's restitution amount. Thereafter, The Claims and Restitution Unit will send a copy of this notice to the County Office. The county must file the notice in the claimant's case record.

- If a hearing request is received by The Claims and Restitution Unit, The Claims and Restitution Unit will refer the request to the Hearings Unit in State Office via the IM-87. The Claims and Restitution Unit will also send a copy of the IM-87 to the County Office where the hearing is to be held. The hearing will be held in the county where the claimant lives, not necessarily where the case was last active. This will alert the County Office to prepare for the hearing (i.e. obtain a closed case record, or a record from another county; obtain information from The Claims and Restitution Unit; file, if necessary). The Hearings Unit will then set up a hearing. The only issue that will be considered at the hearing is the accuracy of the restitution amount.

The Hearings Unit will send a copy of the decision to The Claims and Restitution Unit and the County Office. Based on the hearing decision, The Claims and Restitution Unit will send a second notice to the individual telling them of the final disposition of their income tax refund, with a copy to the County Office. The copies of the decision and notice must be filed in the case record.

5. Recovery from an Estate - Legal Basis 205.967 (5)

If W.I.U is taking action on a claim and the claimant subsequently dies, the amount may be recovered as a claim-against the estate.

For non-fraud claims against estates, see VII Claims Against

Estates. J. Affect-Upon Reapplication or Reinstatement of Benefits: 1.

Ali Cases. Except AFDC

..When a claimant reappplies for public assistance and there is a pending claim or a prior request for repayment which has not been completed according to screen, the application for Income Maintenance will be processed without regard to the claim. If the claimant's eligibility determination establishes eligibility, the application will be approved and benefits provided. Federal and State Regulations do not allow for delays in the processing of pending applications because of prior overpayments. In those situations where a case has been reopened or remains open and the recipient refuses to make repayment on a prior claim, authorization to apply a penalty to the current grant may be requested provided two conditions are met. These are:

- There was willful withholding of information on the part of the recipient to receive benefits for which he/she was not eligible, and
- The recipient has resources or income, other than the assistance grant, and could be expected to make some repayment.

Before a penalty is applied, the County Office will need to receive authorization for application of the penalty from State Office. The summary requesting authorization should be sent to the Income Maintenance Section.

If authorized, the penalty will be applied by following recoupment procedures.

2. AFDC Cases:

Reapplication:

The processing of the application must be completed before any determination is made with regard to restitution. Whenever an application is registered, the county office will be responsible for determining if there is an outstanding overpayment by checking OVDI screen. If there is an outstanding overpayment and the claim is not active with WIU, the county will:

- Use OVCI, OVPT and/or OVLB Screens to determine the total amount of payments received on the claim and the balance due on the claim.
- Determine the amount of recoupment and the number of months of this reduction for any claim with program code 01 (cash) in the CARS. For any claim with program code 21 (Medicaid), voluntary repayment must be explored.

Exception: Prior to March, 1982 when current recoupment procedures were implemented, payment plans may have been established by the Claims and Restitution Unit and/or WIU. If the claimant is regularly making restitution according to one of those established plans, the county will not impose recoupment procedures. These cases should be monitored to insure repayment is being made. If repayment is not being made the county should begin recoupment procedures unless the claim is active with WIU and has not been referred back to DFS for recovery.

Discuss recoupment and/or voluntary repayment with client.

-Send notice (IM-80) to claimant.

s -If a hearing is requested, follow hearing procedures.

s After the notification period or after the hearing decision (if upheld) is received, reduce grant to the appropriate level:

s Complete IM-5/IMU5 transaction; and s

Send notification (IM-33) to the claimant.

Note: Whenever a restitution amount is imposed on an AFDC case, which results in the amount of child support collected by SEU to exceed the amount of the grant received by the claimant, the case is not to be closed. The amount of child support collected by SEU should be compared with the amount of AFDC grant before the restitution amount is applied.

Reinstatement:

When an AFDC case with recoupment in progress is suspended, the worker will begin restitution at the same time the case is reinstated by entering the adjusted number of months and amount in the IMU5 system. No IM-80 is necessary, as the client will have previously received notice of adverse action. The MSR-6 adjustment letter will be considered adequate notice in these cases.

K. CARS Management Reports

The CARS system produces management reports. The Tickler Message/Exception Report, the Active AFDC Cases with AFDC Claims-Recoupment Not in Progress Report, and the Negative Balance Report require action. The remaining reports are for informational purposes in the Income Maintenance programs.

1. Tickler Message/Exception Report FCLX306-01

This report is generated at mid-month to CARS and forwarded to the county office. It is a two part report which lists both the tickler messages and CARS-1/1A exceptions. Both require action by the county.

The tickler messages for the month following the month of the report will appear. The cases involved should be included in the work plan of the caseworker for appropriate action.

The CARS-1/1A exceptions (edit errors) will also be listed on this report. These should be reviewed immediately to assure that the action taken was correct.

If not, necessary action should be taken before the end of the month. Further instructions are included in the CARS-1/1A instructions.

2. Negative Balance Report FCLX3601-01

This monthly report is prepared when a payment is received for which there is no claim registered in CARS or the payment made exceeds the balance due on the claim identified on the CARS-2.

This report is sent to SOCRU and contains the claim identifier (I and DCN of debtor), the name of the debtor, the program code, the date the claim was established, the from and to dates of the claim, the beginning balance of the claim (total owed) and the negative balance on the claim. SOCRU will only send a copy to the county if the payment is in a child care case.

Each report must be worked immediately and **the following action taken** as appropriate:

- If the county finds a claim should have been prepared and years not, the county must prepare a claim, complete a CARS-1/1A, and input the data. The Data Established as shown on the report must be entered in Field 28 of the CARS-1/1A.
- If the payment made exceeds the balance due on the claim and there is no other claim to which the excess payment should be credited, follow instructions for overcollections outlined on pages 13-13a, and Chapter XIII, Section IV.
- If there is another claim to which the payment should be credited, the State Office Claims and Restitution Unit should be notified. Return the report with the letter to the State Office Claims and Restitution Unit.
- If the case record of the person(s) who has made the payment is in another county, the report must be forwarded to that county with an IOC of explanation.

When the above instructions have been followed and a negative balance continues to appear on this report, call SOCRU to determine action needed to resolve the discrepancy.

3. Closed Claims FCLX3751-D1

This report identifies claims that have been paid or terminated during the previous month.

This report contains the name of the debtor, the DCN of the debtor, the program code, the date the claim was established, the date the claim was closed and the reason for the closing.

4. Claims Not Accepted for Investigation FCLX3711-01

This report is produced two times a month. It is a listing of the claims referred to WIU by the Computer Fraud Referral System which are not accepted by WIU. It is the responsibility of the county office to initiate collection action on these claims.

One listing contains claims that were input between the 1st and 15th of the month and is produced about the 15th of the following month. The second listing contains claims input between the 15th and the end of the month and is produced at the end of the following month.

5. Claims Accepted by WIU FCLX3721, 22, 23, 24, 25-01

This report is produced two times a month. It is a listing of the claims referred to WIU by the Computer Fraud Referral System which are accepted by WIU. The county office takes no action on claims on this listing unless the D01-6 indicates action by the county is needed.

One listing contains claims that were input between the 1st and 15th of the month and is produced about the 15th of the following month. The second listing contains claims input between the 15th and the end of the month and is produced at the end of the following month... --

AFDC Recoupment Requested But Not Initiated in 45 Days FCLMR34531-

This report is produced once a month after the recoupments are posted in CARS. It is a listing of the claims referred to the county by WIU for recoupment in which recoupment is not occurring.

When the Welfare Investigation Unit (WIU) requests recoupment on a claim, the Claims and Restitution Unit sends an IOC to the appropriate county requesting this action. The Claims and Restitution Unit also enters a Code 77 in the Method of Repayment field. This code prevents posting of payments.

If the Code 77 is not changed within 45 days, the case appears on this report.. The purpose of this report is to remind the county that recoupment was requested but no action has occurred to change the Code 77

7. Active AFDC Cases with AFDC Claims-Recoupment Not in Progress FIMMR668-01

This report is produced once a month after payroll closing. It is a list of cases active in AFDC but not active with WIU which have AFDC claims with no recoupment in progress. This, report is, sorted by county and load. It includes case name, case ID, program code, date established, and balance for all applicable claims.

Determine if recoupment is appropriate. If the date of discovery was prior to 10-1-81, enter code 81 in the Referral Source field on OVCC to remove from this report. If recoupment is appropriate, initiate action immediately.

8. AFDC Checks Mailed with Recoupment FIM31446-02

This report is produced monthly when recoupments are posted. It replaces Report Number FIM31405-01. It is a listing of all checks mailed with recoupment. These recoupments have been posted on OVPT. It is sorted by county. Information provided on this report includes case name, case ID, check number, check amount, check date, and recoupment amount.

9. Pulled Checks with Recoupment FIM31446-04

This report identifies checks with recoupment which were pulled. It is produced monthly at the mail date for AFDC checks. These recoupments have not been posted. The report is sorted by county and load and is one check per page.

If recoupment is subsequently made from a retroactive check, notify the Claims and Restitution Unit of the amount of recoupment to be posted. If recoupment is not made and the case is still active, adjust the number of months for recoupment and file the report.

10. Check Status Code "U" and "W" Cases with Recoupment FIM31133-02

This report identifies checks with recoupment which are returned by the county office for cancellation. It is produced daily. The recoupments were originally posted but have been Aiebited by the Claim and Restitution Unit. This report is sorted by county-and load_ and is one check per page.

If recoupment is subsequently made from a retroactive check, notify the Claims and Restitution Unit of the amount-of recoupment to be posted. If recoupment is not made and the case.is still active, adjust the number of months for recoupment and file the report.

11. Referral to Caseworker Requesting Sanction FCLMU527-01

This report is generated monthly by the CARS unit, based on information provided by the Division of Child Support Enforcement, and sent to county DFS offices. It notifies the caseworker that an AFDC recipient is not cooperating in signing an agreement to repay retained child support and DCSE is requesting DES to determine if there is good cause for non-cooperation or whether sanctioning is appropriate. The report contains the pay county number, caseload number and recipient identifying information.

Distribute the report to the appropriate caseworker. When action has been taken this report may be destroyed.

12. Referral to Caseworker Requesting Sanction

FCLMU528-01

This report is generated monthly by the CARS unit, based on information in their system, and sent to the DFS county office. It notifies the caseworker that an AFDC recipient has failed to make at least two consecutive payments on a DCSE repayment agreement for retained child support. DCSE is requesting the caseworker to determine if good cause exists and whether sanctioning is appropriate. The report contains the pay county number, caseload number and recipient identifying information.

Distribute the report to the caseworker. When action has been taken, this report may be destroyed.

13. Notice to Caseworker to Discontinue Sanction

FCLMU529-01

This report notifies a caseworker to remove a sanction that has been applied against an AFDC recipient for non-cooperation in signing or paying a repayment agreement with DCSE for retained child support. Because CARS is not updated by IMU5, this report may be generated on cases where no sanction was applied. It contains pay county number, caseload number and recipient identifying information.

Distribute the report to the caseworker. When action has been taken, this report may be destroyed.

VI. FRAUD AND THE WELFARE INVESTIGATION UNIT

(WIU) A. Legal Basis

1. Claimant Fraud

Section 205.967 RSMo provides:

"Public assistance benefits, defined - obtaining benefits unlawfully, penalty - actions to recover. - I. As used in this section:

(1) "Public assistance benefits, programs and services" means anything of value, including money, food, food stamps, commodities, clothing, utilities, utilities payments, shelter, drugs and medicine, materials, goods, and any service, including institutional care, medical care, dental care, child care, psychiatric and psychological service, rehabilitation instruction, training, or counseling provided pursuant to chapters 198, 207, 208, 209, and 660, RSMo, or benefits, programs, and services provided or administered by the department of social services;

(2) The term "person" means any individual or corporation who received any form of public assistance benefit in any manner for any reason.

2. Any person or corporation who obtains or attempts to obtain, or aids or abets any other person to obtain, by means of willfully false statement or representation, or by willful concealment or failure to report any factor or event required to be reported by any law, regulation, or rule of this state or the United States, or: *by* impersonation, collusion, or other fraudulent means, any public assistance benefits, programs, and services, shall be guilty of the crime of stealing as defined *by* section 570.030, RSMo, and shall be punished as provided in section 570.030, RSMo.

4. In an action or proceeding for the recovery of public assistance benefits, programs, and services or criminal prosecution for illegal receipt thereof, paid to or received by an alleged ineligible recipient, person, or corporation, proof that the recipient, person, or corporation possesses or did possess property or income that does or would have rendered that person or corporation ineligible to receive such assistance shall be deemed prima facie evidence that such assistance was unlawfully received.

5. If during the life or on the death of any person, or during the life or at the dissolution of a corporation, it is found that the recipient was possessed of income or property in excess of the amount reported or ascertained at the time of granting assistance, and if it be shown that such assistance was obtained by an ineligible recipient, the total amount of the assistance may be recoverable by the director of the department of social services as a seventh class claim from the estate of the recipient or in an

action brought against the recipient while living."

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2. Title XIX Provider Fraud

See Section IV of this Chapter and Section 198.139, 198.142, 198.155 and 198.158 RSMo. The RSMo provide:

"198.139. Medicaid moneys not to be used for other purposes. - A health care provider or vendor shall not knowingly use any moneys paid to him under Medicaid for services provided to any resident for any purpose other than that permitted by the provisions of chapter 208, RSMo, or state regulations or federal regulations or statutes governing Medicaid reimbursement.

198.142. Health care provider and vendor not to misrepresent or conceal facts or convert benefits for payments. - A health care provider or vendor shall not knowingly:

(1) Make or cause to be made any false statement or representation of a material fact in any application for any benefit or payment under Medicaid for services provided to any resident;

(2) Make or cause to be made any false statement or representation of any material fact for Use in-determinitig the-person's eligibility for any benefit-or payment under_ Medicaid for services-provided to any resident;

(3) Conceal or fail to disclose any material fact that affects his eligibility for any benefit or payment under Medicaid for services' provided to any resident or affects the eligibility of another for whom he applies or for whom he receives such benefit or payment,; with-the intent to secure the benefit or payment-in.a greater .- quantity than is due or to secure the benefit or payment_ whennoie-: is permitted;

(4) Convert a benefit or payment he receives under Medicaid for services provided to a resident for a use or benefit other than that for which it was specifically intended.

198.155. False statements by health care provider prohibited, when. - 1. A health care provider shall not knowingly make or cause to be made any false statement or representation of material fact in order to qualify either upon initial certification or upon recertification to receive funds under Medicaid.

2. A health care provider shall not knowingly induce or seek to induce any such false statement or representation of material fact for consideration, whether the consideration is direct or indirect.

198.158. Penalties for violation of sections 198.139 to 198.155. - 1. A person committing any act in violation of any provision of sections 198.139 to 198.155 is guilty of a class D felony.

2. A vendor or health care provider convicted of a criminal violation of sections 198.139 to 198.155 shall be prohibited from receiving future moneys under Medicaid or from providing services

under Medicaid for or on behalf of any other health care provider. However, the director of the department or his designee shall review this prohibition upon the petition of a vendor or health care provider so convicted and, for good cause shown, may reinstate the vendor or health care provider as being eligible to receive funds under Medicaid. The decision of the director or his designee shall be made in writing after the director of the fraud investigation division is allowed the opportunity to state his position concerning such petition.

3. A vendor or health care provider committing any act or omission in violation of sections 198.139 to 198.155 shall be civilly liable to the state for any moneys obtained under Medicaid as a result of such act or omission."

3. Welfare Investigation Unit a.

Section 198 RSMo provides:

"198.161. Fraud investigation division created. - There is hereby created within the department of social services a "Fraud Investigation Division". The fraud investigation division shall be headed by a division director appointed by the director of the department of social services. The director of the fraud investigation division shall be an attorney at law licensed to practice in this state and shall have substantial experience in criminal prosecution or defense. The director, of the fraud investigation division shall receive such compensation as the director of the department of social services may designate to appropriation by the general assembly. The director of the fraud investigation division may employ such attorneys, accountants, investigators and such other personnel as are necessary to conduct the activities of the division. A team approach to the operations of the division shall be utilized wherever practicable.

2. The director of the fraud investigation division, with such assistance as he may require from the appropriate county prosecuting attorney, shall investigate suspected violations of sections 198.139 to 198.155 and any civil liabilities due the state as a result of any such violations. Evidence of actions which may constitute criminal violations under sections 198.139 to 198.155 shall be referred to the appropriate county prosecuting attorney. If the prosecuting attorney fails or refuses to initiate prosecution on a cause referred to him by the director of the fraud investigation division within sixty days after he is made aware by complaint of an alleged violation, the prosecuting attorney shall so notify the attorney general, who may take full charge of the prosecution and may initiate prosecution by information or indictment for the violation.

198.171. Civil restitution of Medicaid funds, when. - The director of the fraud investigation division may seek civil

restitution of any moneys dispensed under Medicaid for services provided to any resident or under section 208.030, RSMo, which have been misappropriated, fraudulently obtained, or constitute overpayments. The authority of the director of the fraud investigation division under sections 198.139 to 198.186 to seek civil restitution does not diminish the authority of the department to seek restitution.

198.183. State agencies and law enforcement officers to cooperate with fraud investigation division. - 1. All state agencies shall cooperate with the director of the fraud investigation division in his efforts to enforce the provisions of sections 198.139 to 198.186. All officers of the state of Missouri charged with the enforcement of criminal law shall also render and furnish to the director of the fraud investigation division, when requested, all information and assistance in their possession or within their power relating to section 198.139 to 198.186.

2. The department and all of its other divisions' shall promptly notify the director of the fraud investigation division_ of any substantial complaint or allegation of possible fraudulent activity on the part of a health care provider or vendor under Medicaid and shall refer to the director of the fraud investigation division all suspected cases of fraud in Medicaid' services provided to any resident.

3. The director of the fraud investigation div-ision shall be allowed access to all inforMationjitthe:possession of the department which relates to Medjcaid:serviceProvi4e0.to any resident. The department shall make: available to--the director of the fraud investigatioh'divisiotCelectrobtCdata. processing services pertaining to such Medicaid iriforrilatoh;'!:- -

b. An Executive Order charges the Welfareinvestigation Unit with the responsibility of inquiry, investigation, and case prepara-tion regarding suspected public assistance program fraud, stealing and abuse in all Department of Social Services pro-grams.

4. 

No person shall knowingly:

- Make or assist another person in making any false statements or misrepresentation(s) of fact.
- conceal or fail to report or assist another person in concealing any pertinent fact(s) or event(s).

- Convert any public assistance benefit

for the use of another.

July, 1985

Any person who willfully defrauds the state shall be guilty of:

- A felony if he defrauds the state of a sum of \$150.00 or more, by one act or a series of acts accumulating to the sum of \$150.00;

6 A misdemeanor if the amount is less than \$150.00.

Anyone who is found guilty of a felony in defrauding the state shall be punished by:

- Imprisonment by the Division of Corrections for a period not to exceed five years; or
- Confinement in the county jail for a period not to exceed one year; or
- A fine not to exceed \$1,000.00; or

Both confinement in the county jail and by fine.,

When fraud is suspected, the Welfare Investigation Unit is responsible for investigation and further necessary action.

B. Worker, Responsibility for Client Notification of the Law

It will be the responsibility of the caseworker to inform each applicant and recipient of assistance benefits of the eligibility factors regarding the granting of such benefits; •- They •must- also inform the claimant of the possible penalties for the fraudulent receipt of cash assistance and Medicaid, . This information must be given to the claimant at the time of each application, reapplication, and reinvestigation.

a The IM-3 Notification and Acknowledgement of Fraud Provision is a mandatory form for each application, reapplication and/or reinvestigation. A copy is given to the client, and the original is made a permanent part of the case record.

- The Modified IM-2, IM-2D and the MSR-1 contain sections with the necessary fraud provisions. When reinvestigations are completed using these forms, the separate IM-3 is not necessary.

C. Referral to Welfare Investigation

Unit 1. Computer Fraud Referral

System a. Referral Procedures

The CARS system generates a daily listing to WIU of claims entered which have the following cause codes in Field 32:

- 01-Unreported Earned Income
- 02-Unreported Social Security
- 03-Unreported Unemployment Compensation

- 04-Unreported Veteran Benefits
- 05-Unreported Child Support
- 06-Absent Parent in Home
- 07-Assistance Received for Child Not in Home
- 08-Unreported Resources
- 09-Check Forgery (Not referred in Central WIU Region)
- 10-Unreported Marriage
- 11-Duplicate Assistance
- 12-Unable to Locate Client (Not referred in Central, Southwest, or Southeast WIU Region)
- 13-Child Not Attending School (Not referred in Southeast WIU Region)
- 15-Agency Error (Not referred in Central or Southwest WIU Region)
- 16-False Information
- 17-Failure to Report Change
- 19-Duplicate Issuance/Client Error
- 20-Other Unearned Income
- 22-Duplicate Warrants (Not referred in Central, Southwest, or Southeast WIU Region)
- 30-Fraudulent Reporting
- 31-Misrepresented Household Size

The claims on this listing are considered referred to WIU. WIU evaluates the claims on the daily listings and decides within 45 days to accept or not accept the referral.

b. Notification of WIU Decision on Referral-

CARS sends two listings to the county- office based-on the coded entries indicating the decision. The two listings are titled 'Claims Accepted by WIU' and 'Claim Not Accepted for Investigation'. Referred claims that are entered in CARS between the 1st and the 15th of the month appear on one of the two bi-monthly lists run about the 15th of the following month. Referred claims entered between the 15th and the end of the month appear on one of the two listings run at the end of the following month.

DOI-1 Referral Form

If the claim is on the Not Accepted listing but the county wants WIU to reconsider the referral, send a DOI-1 form. Also send a DOI-1 if assistance is needed in obtaining verification.

D. Affect of WIU Referral on Recovery Efforts

with the exception of active AFDC cases, do not accept repayment, initiate billing procedures, or take any other collection action on any case referred to WIU until the case appears on one of the two listings.

In active AFDC cases, initiate recoupment procedures immediately. Do not wait for Computer Fraud Referral (CFR) listing. Indicate this action in CARS when the claim is input as WIU needs this information if the cause code results in a computer referral.

If the claim is on the listing titled "Claims Accepted by WIU" not in an active and is AFDC case, take no further action.

If the claim is on the listing titled "Claims Not Accepted for Investigation", take appropriate action as provided in Section V of this Chapter.

E. Action Taken by WIU

I. When WIU accepts the referral, they will change the WIU status in CARS to "2" and send the county office form D01-6 explaining disposition and/or further action on the referral:

- voluntary restitution initiated on a promissory note;
- Criminal conviction obtained;
- Civil judgment obtained;
- Prosecution declined the case;
- WIU attorney is proceeding;
- WIU attorney has declined the case; or
- Case not submitted to the prosecutor.

If WIU has accepted the referral the county office will take no recovery action unless they receive a D01-6 stating "Restitution is Incomplete, No Further Attempts will be Made" by WIU.

WIU will also notify the county office by D01-6 if restitution is in progress or completed. -- If a promissory note or court judgment is involved, a copy will be attached to the D01-6.

If the county office needs information or current status of the case referral because no D01-6 has been received, contact the WIU Regional Representative.

2. When WIU does not accept the referral, they assure that the WIU status in CARS is "1" or "3".

F. Cooperation Between WIU and DFS Staff

In all county offices, contact between WIU and county staff will be through regular supervisory channels.

All claim determination forms will be completed by the county office. In civil or criminal prosecution cases, the county office will assist WIU in obtaining necessary forms and information for the prosecutor. Information requested for prosecution shall be accorded priority. The following apply:

- In cases where fraud has been established, original papers may be needed by the prosecutor;
- Original documents requested by the WIU will be supplied to them after copies have been made and placed in the case record; and
- The WIU investigator will issue a receipt for original documents and be responsible for them.

while procedures dictate the exchange of written information between the two units, to assist in the investigation and recoupment of fraudulently received benefits, occasionally additional efforts may be required.

When court action is necessary on a case, agency staff will be required to testify. No subpoena is required. DFS staff will also assist WIU in efforts which may be necessary in the pursuit of an investigation. This may occasionally include such assistance as accompanying an investigator in the identification of a claimant. If a worker feels that a request is outside the job description, this should be cleared immediately through channels.

G. Questioned Document Lab

The Welfare Investigation Unit maintains a Questioned Document Lab to provide handwriting analysis of possible forged documents. Checks that have allegedly been forged will be sent to the Questioned Document Lab by the Division of Finance.

Other documents may be submitted for handwriting analysts by the county staff. The document in question must be submitted with original copies of other known writings of the person whose handwriting is in question. The documents should be sent to the Regional office for review. If sufficient information has been provided, it will be forwarded to the Questioned Document Lab.