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Local Commissioners Memorandum

Section 1

Transmittal:	03 LCM 5
To:	Local District Commissioners
Issuing Division/Office:	Division of Temporary Assistance
Date:	April 8, 2003 Revision, Original Release dated April 7, 2003
Subject:	Termination of Certain Food Stamp Overissuance Claims
Contact Person(s):	Eastern Regional Team at 1-800-343-8859, extension 3-1469 Bureau of Financial Services at extension 47549
Attachments:	None
Attachment Available On – Line:	

Section 2

- I. **Purpose:** The purpose of this directive is to inform local districts of a significant reduction in the food stamp overissuance claims inventory that occurred as the result of an agreement between the United States Department of Agriculture (USDA) and the Office of Temporary and Disability Assistance (OTDA). The agreement targets claims not currently under collection that may either be many years old or are for comparatively small amounts. Districts will be apprised through BICS of claims that are being systemically terminated. Cases affected by this process will be removed from collection status in CAMS but, at districts' discretion, may be re-established after creating the claim again and providing a new client notice.
- II. **Background:** With the ability of automated systems to assist in the collection of food stamp claims, manually established claims that may have, in some cases, been on the books for many years were loaded for processing. The older cases often saw no collection but remained on the statewide claims inventory and became part of a flawed measure of New York State's collection effectiveness. As USDA moves toward taking action based upon states' ratios of cases to collection, the need to ensure that our claims inventory is not only current, but also collectible, became increasingly important. New collection standards permit termination of certain claims and eliminate a large portion of cases whose balances are likely to represent bad debt and do not merit further pursuit. Reducing the collection inventory, coupled with the impending re-design and re-implementation of the Treasury Offset Program (TOP), will ensure more efficient and less labor-intensive claims collection in the future.
- III. **Program Implications:** As of April 11, 2003, all food stamp claims currently on CAMS and WMS will be reviewed to determine if they meet agreed-upon standards in order to remain active and subject to collection. Those failing to meet the standard will be terminated as of that date.

Only closed cases with no current collection histories will be considered for termination. Cases removed from the inventory will include:

- closed cases with Agency Error (AE) claims established in 1999 and earlier, with no payment activities within sixty (60) days of the above date;
- closed Inadvertent Household Error (IHE) claims established in 1997 and earlier, with no payment activities within sixty (60) days of the above date;
- closed IHE cases established in 1998 and 1999 with balances of less than \$750; and
- closed IHE cases established in 2000 and 2001 with balances of less than \$500.

Note: Closed AE cases established in 2000 and 2001 with no payment activities within 60 days of the above date will, at a future date, be re-noticed centrally by OTDA and returned to active collection status. Agencies will be informed of the re-establishment of these cases in a future transmittal.

- IV. **Required Action:** Upon receipt of the listing of cases culled from the food stamp claims inventory, districts may begin to review the cases to determine if the claims are suitable for re-establishment. While no administrative sanction is considered for failing to do so, unless the claim is re-established, it will remain uncollectible and not considered for statistical purposes. Districts have the discretion to re-establish cases or, if the claims are deemed administratively uncollectible, leave their status unchanged. No time limit is attached to this activity. Districts should bear in mind that claims over 10 years of age are not certifiable to TOP.
- V. **Re-Establishment Procedures:** Re-establishing a terminated claim is in fact the same as creating the claim again and will require the same steps as the original establishment. Households are entitled to proper notice, complete with the reason for the claim, period covered and the amount of the overissuance less any payments made. For the re-established claim, the period of overissuance remains the same as the original claim unless the subsequent review of the record results in adjustment of the overissuance period. The review of the household's case record must produce documentation supporting the claim in question, inclusive of notices and budget information sufficient to reconstruct the overissuance. Re-established claims are entitled to a new notice as well as the offer of compromise on the current balance in accordance with 03 INF-15. Further, the issues of both the claim re-establishment and denial of compromise requests are fair hearable. The LDSS-3156 Notice of Food Stamp Overpayment has been revised to accommodate this policy.

Households whose claims have been terminated and who subsequently re-apply for food stamp benefits may have their claims re-established by the district with re-noticing, and automatically recovered via allotment reduction. Again, the standards required to re-establish the claim remain mainly the same. For the re-established claim, the period of overissuance also remains the same. In this instance, case documentation standards are unchanged but, for active cases, no offer of compromise is required.

VI. Systems Implications: CAMS Implications

These cases will be terminated by the system on April 11 and, as of April 14, will appear on a CAMS inquiry with a system termination status of 30. They will no longer be counted as outstanding claims for statistical purposes. The report "CAMS REPORT OF FOOD STAMP CLAIMS SYSTEMATICALLY TERMINATED ON 4/11/03" (FTTERMREPT00) will be sent via the normal BICS print queue.

If CAMS is not used to track all food stamp claims, districts must review their claims inventory to determine which claims are to be terminated in accordance with the criteria in Section III. The terminated claims will be reported on line 9 of the DSS-3214 report.

For CAMS questions, please contact:

Regions I-IV: Roland Levie: e-mail Roland.Levie@dfa.state.ny.us

or by calling 1-800-343-8859 ext 47549 or (518)-474-7549

Regions V-VI: Michael Borenstein: e-mail 89A665@dfa.state.ny.us by calling 212-383-1733.

VI. Effective Date

April 11, 2003

Issued By

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