

May 10, 2024

GENERAL LETTER NO. 6-H-6

ISSUED BY: Bureau of Financial, Food, and Work Supports
Division of Community Access

SUBJECT: Employees' Manual, Title 6, Chapter H, **Rent Reimbursement**, Contents 1, 2-5, 6, 13, 15, revised; 16-18, new.

Summary

This chapter is revised to update policy, procedure, and Overpayment information.

Effective Date

Immediately.

Material Superseded

Remove the following pages from Employees' Manual, Title 6, Chapter H, and destroy them:

<u>Page</u>	<u>Date</u>
Contents 1	December 29, 2023
2-5	October 13, 2023
6, 13, 15	December 29, 2023

Additional Information

Refer questions about this general letter to your area income maintenance administrator.

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“**Income**” means Iowa net income as calculated on the Iowa income tax return, plus all of the following if they are not already included in Iowa net income:

- Capital gains
- Alimony
- Child support
- Rent-related vendor payments from government-related sources includes:
 - HUD or Section 8 rent assistance
 - LIHEAP utility assistance
 - Iowa Finance Authority (IFA) rent assistance
 - Twenty percent of what Medicaid pays to a nursing home or long-term care facility. To obtain the Medicaid payment amount, contact the designated Medicaid representative. The entire amount of the Medicaid payment provided should be entered into WISE. The system calculates the twenty percent automatically.
 - USDA rental assistance
- Means-tested cash assistance received from a governmental agency
 - FIP
 - Supplemental Security Income (SSI)
- Money received from roommates or others living in the Homestead
- Self-employment
- Income from the Senior Community Service Employment Program (SCSEP), including training dollars
- Annuity, disability, pension, or retirement, including but not limited to:
 - Railroad retirement benefits
 - Social Security **received by Claimant or spouse, except children’s SSI**
 - Military retirement and veterans’ disability pensions
 - Interest received from the state or federal government or any of its instrumentalities
 - Workers’ compensation
 - Disability income or “loss of time” insurance

For any given source, always use net income if it is available. Otherwise use gross income.

“**Income**” does not include:

- Child Social Security insurance benefits (e.g., RSDI or children’s SSI) **received by a member of the Claimant’s Household**
- Gifts or loans from nongovernmental sources (i.e., financial help from family or friends who do not live in the Household)
- Surplus foods or other relief in kind supplied by a governmental agency

- Net operating losses
- Net capital losses
- State or federal income tax withheld

“Previous year” means the year before the Base Year.

“Totally disabled” means the inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or is reasonably expected to last for a continuous period of not less than twelve months. For Rent Reimbursement, total disability must be determined by the Social Security Administration, Railroad Retirement Board, or being paid or rated at 100% disability from the United States Department of Veterans Affairs.

Eligibility

Legal reference: Iowa Code Section 425.17; 441 IAC 62.1(425); IAC 62.20

To be eligible for Rent Reimbursement, a Claimant must be age 65 or older as of December 31 of the base year or be Totally Disabled as of December 31 of the Base Year. In addition, Claimants must:

- Have lived in Iowa for all or a portion of the Base Year;
- Live in Iowa at the time they submit the claim;
- Live in a property that is subject to property tax; and
- Not exceed the income threshold for the Base Year.

In the case of a deceased claimant who otherwise met all the eligibility criteria, a claim may be filed on their behalf by the person’s spouse, attorney, or guardian, or the executor or administrator of the person’s estate.

Filing Period

Legal reference: Iowa Code Section 425.20; 441 IAC 62.13(425)

Claimants may submit claims for reimbursement for the Base Year and the Previous Year. Anything older than that is outside the allowed timeframe.

For calendar year 2023, Claimants can submit claims for rent paid in **2023** and **2022**. Claims for two years must be submitted separately. Each year has a different income threshold for determining eligibility.

- For rent paid in 2022, Claimants should use form [470-5736](#).
- For rent paid in 2023, Claimants should use form [470-5735](#).

Income Threshold

Legal reference: Iowa Code Section 425.23(4); 441 IAC 62.1(1)(c)

The income thresholds are updated each year by the Iowa Department of Revenue (IDR).

For **Base Year 2023**, the maximum income a Claimant can have to qualify for Rent Reimbursement is **\$25,327.99**.

For **Base Year 2022**, the maximum income a Claimant can have to qualify for Rent Reimbursement is **\$25,327.99**.

Household Composition

Legal reference: Iowa Code Section 425.17; 441 IAC 62.1(2)(425)

Income is based upon the Household. Married spouses living together constitute one Household. When the spouses lived together for:

- The full 12 months of the Base Year, only one claim would be processed, and the income of both spouses is used to determine eligibility.
- Only a portion of the Base year, only the portion of the income earned by the spouse while living with the Claimant should be counted.

See the definition of Household Income on page I. This includes individuals who are common law married.

The spouse who meets all the qualifications should be the one who files the claim.

Mrs. Potter is 37 and Totally Disabled. She is married to Mr. Potter who is 40 and not disabled. They were married and lived together for all of the Base Year. Mrs. Potter may file a Rent Reimbursement claim, but she must count both her income and Mr. Potter's income as Household Income.

Mr. Goff is 66. In June of the Base Year, he married Mrs. Goff and she moved into the Household. When Mr. Goff files a Rent Reimbursement claim, he should only include the income Mrs. Goff earned from June to December as Household Income.

If married spouses both qualify but live in separate locations, both are eligible to submit a claim based on their respective income and rent paid.

Mr. and Mrs. Nickle are married and both are disabled. Although they are married, they live in separate apartments. In this case, they have separate households, so they may each file their own claim and report the rent they pay and their income. They do not need to report their spouse's income because they live in separate households.

For non-married individuals who share a rental, the individual who is on the lease or who is legally responsible to pay the rent is the only one who may make a claim for Rent Reimbursement. If they are both eligible and both on the lease, they may both file separate claims listing only their respective incomes. If they are both eligible but one individual is not on the lease and pays his share of rent to the other, only the eligible individual who is on the lease may file a claim, and he must report the money paid to him by the other individual as income.

1. Mr. Jones, who is disabled, shares an apartment with Mr. Smith, who is also disabled. Both of their names are on the lease. Because they both qualify for Rent Reimbursement, they should file separate claims listing their own income and the amount they individually pay for rent.
2. Ms. Johnson, who is disabled, shares an apartment with Ms. Lopez. Both of their names are on the lease. Their monthly rent is \$1,200, with each of them paying \$600 toward the total cost. Ms. Johnson qualifies for Rent Reimbursement, but Ms. Lopez does not. Ms. Johnson should file her own claim, listing only her income and the \$600 she pays toward the total rent.
3. Mr. Aveci, who is disabled, shares a rental house with Mr. Olsen. Mr. Aveci is the only one on the lease. The total rent is \$1,400 and Mr. Olsen pays his share, \$700, to Mr. Aveci. Mr. Aveci may file a claim for Rent Reimbursement, list his rent as \$700 and list the \$700 paid to him as income.
4. Ms. Jeffries and her son live in a trailer that Ms. Jeffries owns. Ms. Jeffries is the lease holder responsible to pay the lot rent. Ms. Jeffries' son pays rent to her to live in the trailer. Only Ms. Jeffries has a basis of eligibility for Rent Reimbursement. If she files a Rent Reimbursement claim, she must list the amount her son pays her in rent as income. Ms. Jeffries' son is not eligible for Rent Reimbursement.

Amount of Rent Reimbursement

Legal reference: Iowa Code Section 425.24

By law, the amount of rent that is attributable to property taxes paid is equal to twenty-three percent (23%) of gross rent paid. The system applies that calculation to the rent amount, with a maximum cap of \$1,000. The amount of reimbursement paid then ranges from zero to \$1,000 depending upon the Claimant's income level as follows:

Household Income - 2023	Reimbursement Percentage
\$0.00 – \$13,047.99	100%
\$13,048.00 – \$14,582.99	85%
\$14,583.00 – \$16,117.99	70%
\$16,118.00 – \$19,187.99	50%
\$19,188.00 – \$22,257.99	35%
\$22,258.00 – \$25,327.99	25%
\$25,328.00 or greater	Not allowed.

These income levels are adjusted annually. The table above reflects the income limits for claims for Base Year 2023. The table below reflects the income limits for claims for Base Year 2022.

Household Income - 2022	Reimbursement Percentage
\$0.00 – \$13,047.99	100%
\$13,048.00 – \$14,582.99	85%
\$14,583.00 – \$16,117.99	70%
\$16,118.00 – \$19,187.99	50%
\$19,188.00 – \$22,257.99	35%
\$22,258.00 – \$25,327.99	25%
\$25,328.00 or greater	Not allowed.

Ms. Gilman pays \$4,000 in rent annually and has an annual income of \$17,000. To calculate the amount of Rent Reimbursement she is eligible for, the system calculates twenty-three percent (23%) of \$4,000, which equals \$920. Then, the system multiplies \$920 by fifty percent (50%), which equals \$460. The amount of Rent Reimbursement Ms. Gilman is eligible for is \$460.

Ms. Petersen pays \$5,000 in rent annually and has an annual income of \$12,500. To calculate the amount of Rent Reimbursement she is eligible for, the system calculates twenty-three percent (23%) of \$5,000, which equals \$1,150. Since \$1,150 is more than \$1,000, the system takes \$1,000 and multiplies it by 100%, which equals \$1,000. The amount of Rent Reimbursement Ms. Petersen is eligible for is \$1,000.

Filing a Claim

Claimants are strongly encouraged to use the online application to file a claim. The Claimant will access the application via the Department's benefits portal at <https://benefits.stateofiowahhs.org/>. If Claimants need help filing a claim, there are two options:

- Claimants who are 60 years old or older may contact LifeLong Links by calling 1-866-468-7887 or by visiting their [website](https://lifelonglinks.org) at <https://lifelonglinks.org>, which can direct them to the appropriate Area Agency on Aging for assistance.
- Claimants who are under 60 years old can find a Community Action Agency that serves their county by visiting the Community Action Association's website at <https://iowacommunityaction.org>.

If the Claimant does not have access to the internet, you should ask them which county they live in and look up the appropriate agency's contact information for them. The Area Agencies on Aging and the Community Access Agencies also have access to a paper version of the application for Claimants who are unwilling or unable to file online.

Confidentiality

Legal reference: Iowa Code Section 425.28; 441 IAC 62.6

Information contained in a Rent Reimbursement claim is confidential except that the information may be released to an employee of the Department of Inspections, Appeals, and Licensing (DIAL) to assist in the performance of an audit or investigation.

Notification

Policy: Adequate notice must be provided whenever assistance is approved, denied, or changed.

Procedure: Issue form 470-0486, or 470-0486(S), *Notice of Decision*, when taking action on a case. To be an adequate notice, the notice must include:

- The action taken and the reasons for it.
- The Iowa Administrative Code citation describing the legal reference for the action.
- The right to request a fair hearing.

Direct Deposit

Policy: Claimants have the option to have their benefits deposited directly to their own account at a bank, savings and loan, or credit union. A payee who acts on behalf of a Claimant may also request direct deposit.

Procedure: A Claimant will enter their bank routing number and account number on the online application or provide them on the paper application. The payment information will be sent to the Electronic Payment System (EPS), which will initiate the transaction.

Prior to the payment being issued, a “pre-note,” will be sent with a \$0.00 deposit to the Claimant’s bank account to ensure the account is valid. The pre-note may fail if:

1. The numbers entered into the system are incorrect, or
2. The account is closed or does not exist

If the pre-note fails, a warrant will be issued. If the pre-note is successful, the direct deposit will be made to the Claimant’s bank account within 10 days.

Procedure for Handling Rejected Direct Deposits

Policy: Payments can be made to an open account at a financial institution. If a direct deposit payment is sent to a closed account, the bank will reject the payment and return the funds to the state.

Procedure: If the direct deposit fails, a warrant will be issued once the funds have been returned to the state.

Warrants

Policy: Rent Reimbursement payments must be issued by warrant when the payee has not requested direct deposit.

Procedure: When Rent Reimbursement is issued by warrant, the warrant is mailed to the Claimant’s current mailing address. Advise the Claimant that the post office may not deliver a warrant unless the Claimant’s name is on the mailbox. If a warrant is incorrectly issued because of a system entry error, determine the cause of the error and correct it. If the error does not stop the Claimant from cashing the warrant, the Claimant may do so. If the error stops the Claimant from cashing the warrant:

- Instruct the Claimant to return the warrant to the Department.
- Complete form 470-0009, *Official Receipt*.
- To issue a new warrant, forward the returned warrant, a copy of the receipt, and a note explaining the problem to:

Bureau of Purchasing, Payments, Receipts and Payroll
Lucas Building
321 E 12th Street, Des Moines, IA 50319

Procedure: Issue a corrective payment, including instances where a claim was denied in error. Make a retroactive corrective payment as long as the underpayment occurred within the Base Year or the Previous Year. The Claimant is responsible to provide all necessary verification that you need to determine the amount of the corrective underpayment. It is not necessary for a Claimant to appeal to receive a corrective payment.

When an appeal is filed, and you discover before a hearing that a Claimant has been underpaid, make the corrective payment without waiting for the appeal hearing. Provide the updated notice to the Appeals Unit and request to have the appeal withdrawn, if applicable.

Underpayment Due to Claimant Error

Policy: Claimant error can result from one or more of the following:

- Failure to correctly report information about the Claimant's income, resources, or other circumstances affecting eligibility or the amount of Rent Reimbursement received.
- Failure to report timely changes in income, resources, or other circumstances that may affect eligibility or the amount of Rent Reimbursement received.

Procedure: Issue corrective payments for underpayments due to Claimant errors. Enter the previously unknown information in WISE to force the system to recalculate the amount of Rent Reimbursement due and issue the corrective payment. It is not necessary for a Claimant to appeal to receive a corrective payment. When an appeal is filed, and you discover before a hearing that a Claimant has been underpaid, make the corrective payment without waiting for the appeal hearing. You need to provide the updated notice to the Appeals Unit and request to have the appeal withdrawn, if applicable.

Overpayments

Legal reference: 441 IAC 62.21(425)

Policy: If HHS discovers an overpayment, it must collect the overpayment, regardless of the cause. Income maintenance workers are responsible for entering overpayments in WOPR.

Procedure: Enter the overpayment in WOPR even if the client has already returned the warrant. This ensures proper accounting of the overpayment and repayment.

Clients who choose to voluntarily return a Rent Reimbursement warrant they were entitled to should not be entered into WOPR since this is not repayment of an overpayment.

Make referrals within 90 days of discovery of the debt. Use the WOPR Direct Claim Entry screens to make the referral. The claim section specifies:

- The program
- The debt amount
- The dates of the debt
- The reason for the debt
- The referral source
- The last information on the debtor for identification purposes

WOPR can collect from only one debtor at a time.

DIAL begins the recovery process once a “notice of debt” (demand letter) is issued to the debtor.

Creating Debtor and Claim Records

Debtor records are maintained permanently on the HHS Web-based Overpayment Recovery (WOPR) System. The debtor record includes the following information:

- Debtor name and Debtor ID
- SSN
- State ID
- Address
- Case number
- Fraud worker number

An identifier is used as a key to access the debtor record.

The identifier is based on the state identification number whenever possible. The Debtor ID is a unique identifier in addition to the above identifier.

After the “debtor” record is created, a “claim maintenance record” is created. This claim record contains information about a specific debt. It includes:

- A program code related to the category of assistance that was overpaid
- The primary cause of the debt
- The time frame of the debt
- The amount of the debt
- The referral source
- The date the claim became delinquent (if applicable)
- Active Payment Agreement (if applicable)
- The appeal status
- The fraud status
- The notice of debt record
- The claim status
- Any transaction applied to this debt
- Narrative relating to contacts and actions taken on an account

A debtor can have multiple claim records, since debts can occur for various programs or at different times.

Issuing Notice for Repayment

The repayment process begins with a notice to the debtor that a debt has occurred. A notice of debt is sent whether the case is active or closed. WOPR sends the notice of debt on the last working day of the month after the claim is entered into the system.

The debtor voluntarily completes the repayment agreement section. Failure to return the form may result in further collection action. For Rent Reimbursement debts, the debtor has 20 days to respond to Form 470-5783, *Notice of Rent Reimbursement Overpayment*.

This form informs the debtor that a debt has occurred. It identifies:

- The amount of the debt.
- The causes of the debt.
- The different options the debtor has to repay the debt.
- Due dates.

The notice of debt is sent initially for a new claim and then another notice is sent when changes are made to a claim (like a change in the amount owed).

The investigator may also send form 470-0495, *Agreement to Pay a Debt*, when there has been no response to a notice of debt. This form tells the amount and programs for the debt and gives the debtor a choice of repayment methods.

Debtor Appeal Rights

Legal reference: 441 IAC 62.26

If the debtor wants to contest a notice of debt, the debtor must submit an appeal request to HHS. Notify DIAL if a claim is certified for appeal so recovery actions are suspended until the appeal process is complete.

Forms used to notify the debtor of a debt have appeal rights on the back, if applicable, and constitute notices of adverse action. The Department grants a hearing according to policies and procedures in [I-E. Appeals Procedures](#). Time limits for filing appeals vary by program.

Rent Reimbursement claimants have 30 days from the date the form 470-578, *Notice of Rent Reimbursement Overpayment* is issued, as noted at [Issuing Notice for Repayment](#), to file an appeal on the existence, computation, and amount of a debt issued.

Time limits for appeals on recovery of the debt through recoupment begin with the notice of decision informing the person that a Rent Reimbursement payment will be recouped.

Payments

Making payments towards the debt is the primary repayment method available for Rent Reimbursement.

When a debtor returns an agreement indicating they will make payments, the DIAL investigator reviews the agreement and compares it to the recommended payment guidelines.

Debtors who have made payment agreements to repay their claim receive form 470-0130, *Billing Statement*, each month. WOPR issues these statements on the last working day of the month. Payments are due by the 25th of the following month.

Statements may also be sent in other situations like on newer debts or when a debt is paid off.

The *Billing Statement*:

- Tells the debtor the amount of the payment due for the month.
- Lists all payments received **during the current month**. (This billing cycle also determines delinquent accounts.)
- Serves as a receipt.

When the debtor makes a payment by check or money order, instruct the debtor to make the remittance payable to the Iowa Department of Health and Human Services.

Debtors should send payments directly to the Iowa Department of Health and Human Services, 321 E. 12th St, Des Moines, IA 50319-1002.

These payments should be accompanied with the first page of the *Billing Statement*. The statement contains identifying numbers so that a payment can be applied to the correct debtor's account. If there is no accompanying document or identifying numbers, the cashier must search the system to find the debtor record.

The Department's Bureau of Purchasing, Payments, and Receipts is responsible for entering the payments into WOPR. See [How Payments Are Applied](#).

Recoupment

Legal reference: 441 IAC 62.26

"Recoupment" is an amount withheld from a future Rent Reimbursement payment. Recoupment is automatic for active cases without a payment agreement. Even with a payment agreement, future Rent Reimbursement payments may be withheld to offset the amount of any remaining overpayment.

A computer interface between WOPR and WISE compares records. When the conditions for recoupment are met, the interface automatically reduces the debtor's Rent Reimbursement payment to pay the debtor's claim.

When a Rent Reimbursement payment is recouped, WISE generates a notice of decision telling the client that benefits are being reduced to recover a debt. WOPR produces form 470-0130, *Billing Statement* monthly to report repayment progress.