

June 16, 2023

## GENERAL LETTER NO. 7-H-35

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

SUBJECT: Employees' Manual, Title 7, Chapter H, **SNAP Adjustments**, Contents I, 7, 12-21, revised;  
22 and 23, new.

### Summary

This chapter is revised to

- Change DHS to HHS
- Change DIA to DIAL
- Add instructions for replacement of stolen SNAP benefits

### Effective Date

Upon receipt.

### Material Superseded

Remove the following pages from Employees' Manual, Title 7, Chapter H, and destroy them:

<u>Page</u>	<u>Date</u>
Contents I	November 18, 2022
7, 12-21	November 18, 2022

### Additional Information

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

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## **Intentional Program Violation (IPV) Claims**

Legal reference: 7 CFR 273.18(b) and (c)

**Policy:** Establish an intentional program violation (IPV) claim when it is determined through an administrative hearing decision that a household member committed an IPV.

Consider a claim to be an inadvertent household error (IHE) claim until a hearing decision has established that an IPV has occurred.

### **Months an IPV Claim Covers**

Legal reference: 7 CFR 273.18(c)(1)

**Policy:** Calculate the amount of an IPV claim back to the month when the error occurred, but not beyond six years from the date that the overissuance was discovered.

**Procedure:** To determine which month the claim starts, see [Months an IHE Claim Covers](#). However, keep in mind an IPV claim can cover a longer time period than an IHE claim.

### **Trafficking-Related Claims**

Legal reference: 7 CFR 273.18(c)(2)

**Policy:** The Department of Inspections, Appeals, and Licensing establishes an IPV claim when an overissuance occurs as a result of a trafficking-related offense. (For a definition of “trafficking,” see 7-A, [Definitions](#).) Base the amount of the claim on:

- The person’s admission.
- The amount identified in the adjudication.
- The amount identified in the documentation that is the basis for the trafficking determination.

## **Agency Error (AE) Claims**

Legal reference: 7 CFR 273.18(b)

**Policy:** Establish an agency error (AE) claim when Department action or failure to act caused an overpayment. Examples of AE errors are:

- Failing to act timely on a change the household reported that would have reduced benefits, whether the household was required to report the change or not.
- Incorrectly calculating the household’s income or deductions, or otherwise issuing an incorrect benefit amount.
- Incorrectly issuing duplicate benefits.
- Continuing benefits after a household’s certification period has expired.

## **Establishing the Debtor on a Claim**

Legal reference: 7 CFR 273.18(a)

The following people are liable for repayment of an overpayment:

- Each adult member of the household when the overpayment or trafficking occurred. A child age 21 and under who is a member of a parent's SNAP household is not considered an "adult member".

NOTE: This includes adults who were mandatory household members when the overpayment occurred, even if the adult was not included in the SNAP household.

- A sponsor of an alien household member if the sponsor was at fault.
- A person connected to the household, such as an authorized representative, who actually traffics or otherwise causes an overpayment or trafficking. See [7-A](#) for a definition of trafficking.

Ms. Adams receives SNAP benefits with her child Paige as a household of two. It is later discovered that Paige's father, Mr. Jones, was also in the home and the household has an overpayment for the time period he was in the home. Both Ms. Adams and Mr. Jones are liable for the claim and must both be coded as debtors.

Forward information on all adult household members to the Department of Inspections, Appeals, and Licensing (DIAL).

The recoupment system can concurrently collect from all debtors associated with the claim. Adult household members are still liable even if they move to another household.

Confer with DIAL before changing a debtor on a claim. To revise an existing claim, make changes in red ink on a copy of the appropriate document as described below and mail to DIAL.

Make the changes on:

- A copy of the Overpayment Recovery Information Input Summary screen if the claim was entered through direct claim entry, or
- A copy of the previously completed form 470-0464, *Overpayment Recovery Information Input*, for an older claim not entered through direct claim entry.

Complete the Fraud Referral screen whenever:

- The total SNAP overpayment is greater than \$1,000.
- DIAL requests the information to pursue recovery action.
- You want legal action pursued.
- Recovery will be attempted from the resources of an alien sponsor.

## **Collection Action**

Legal reference: 7 CFR 273.18(d)(1), (2)

The Department of Inspections, Appeals, and Licensing (DIAL) initiates collection action against the household on all inadvertent household or administrative error claims. DIAL also initiates collection action against the household when a household member is found to have committed an intentional program violation.

NOTE: Collection action is postponed when an overissuance is referred to the Economic Fraud Control Unit for investigation for possible court action. See 7-J, [Court Referrals](#).

When a court finds a household member guilty of misrepresentation or fraud, DIAL will make a request to the court regarding restitution. Collection action is initiated for an unpaid or partially paid claim, even if collection action was previously initiated against the household as an inadvertent household error claim.

The Overpayment Recovery System initiates recovery by sending a *Notice of SNAP Overpayment*, form 470-4668.

See 6-G, [Issuing Notice for Repayment](#), for more information on these procedures.

Apply any lost benefits against a claim (including a claim in suspension) before issuing lost benefits to the household.

The following sections explain:

- [Procedures when a household fails to respond to a Notice of SNAP Overpayment](#)
- [Procedures when a household requests a settlement, adjustment, or compromise](#)
- [Methods of collecting payments](#)
- [Suspending or ending collections](#)
- [Effect of changes in household composition](#)
- [Overpaid claims](#)
- [Interstate claims collection](#)

### **If a Household Fails to Respond to a Notice of SNAP Overpayment**

Legal reference: 7 CFR 273.18(d)(4), 441 IAC 65.21(4)

If a household that is currently participating in the program does not respond to the *Notice of SNAP Overpayment* within 20 days of the date the notice is mailed, the household's SNAP is reduced for the next month.

EXCEPTION: Benefits may continue with no reduction when the household files an appeal of an inadvertent household or agency error claim. (See I-E, [Continuation of Assistance Pending Final Appeal Decision](#).) If the Department is upheld, a second *Notice of SNAP Overpayment* is sent to the household. If the household is currently participating in the program and does not respond within 20 days of this notice, the allotment is reduced the next month.

Revise the claim to alert DIAL when an appeal has been filed and when a final decision is received, in order to stop recovery or to start it again. (See [6-Appendix](#) for instructions.)

DIAL may also pursue other collection actions to obtain restitution of a claim against any household that fails to respond to a *Notice of SNAP Overpayment* for repayment of any inadvertent household error, administrative error, or intentional program violation claim. Other collection actions may include, but are not limited to, withholding of income tax refunds and civil court action.

### **If a Household Requests a Settlement, Adjustment, or Compromise**

Legal reference: 441 IAC 65

Any household with a claim has the right to ask the Department to settle for an amount less than the total amount of the overissuance. The household must send a letter to the Department asking for such a settlement. The request for settlement is a request for an exception to policy. See criteria at I-B, [Exceptions to Policy](#).

The letter shall include:

- The name, address, and case number or state identification number of the person requesting the settlement.
- The specific reason why the household thinks the amount they owe should be reduced.

The Department will review the household's request and make a decision to reduce or eliminate the claim or deny the request for a settlement.

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## **Methods of Collecting Payments**

Legal reference: 7 CFR 273.18(g) and 441 IAC 11.5(234)

If a person has been referred to DIAL for prosecution through the court system, contact DIAL before accepting any full or partial payment on that claim. DIAL will decide if the payment should be accepted. Document your contact and DIAL's decision.

There are several methods by which payments on claims are collected. These are:

- **Lump-sum payments.** Acceptable methods of lump-sum payments are:
  - A lump-sum cash payment for the entire claim, if the household is financially able to pay the whole claim at one time. (The household cannot be required to liquidate all of its resources to make this repayment.)
  - A lump-sum cash payment as partial payment, if the household is financially unable to pay the entire amount of the claim at one time.
  - A lump-sum payment of SNAP as full or partial payment.

- **Installments.** If the household cannot pay the claim in one lump sum, DIAL negotiates a payment schedule with the household. Payments are accepted in regular installments. Once negotiated, the amount to be repaid each month through installment payments remains unchanged, regardless of changes in the household's monthly allotment.

When the household is currently getting benefits, monthly installment payments must be at least the amount that can be recovered through allotment reduction. The household may use SNAP as full or partial payment of any installment.

Either DIAL or the household can initiate renegotiation of the payment schedule if the household's economic circumstances have changed enough to warrant it.

If the household fails to make the full payment, DIAL sends the household a notice to inform the household that:

- It may contact DIAL to discuss renegotiation of the payment schedule, and
  - If it does not either make the overdue payment or contact DIAL to renegotiate the payment schedule, its allotment may be reduced.
- **Allotment reductions.** If the household does not repay the full amount of the claim with a lump sum or negotiate a payment schedule, collection is made through reduction of the household's SNAP. Allotment reduction could reduce the amount of benefits that a one- or two-member household receives to zero.
    - For inadvertent household error claims and administrative error claims, the monthly allotment is reduced by 10%, or \$10 per month, whichever is more.
    - For intentional program violation claims, the potential monthly allotment is reduced by 20% or \$20 per month, whichever is more. (The potential allotment is the amount the household would have received if the disqualified person had not been removed from the household.) This amount is then deducted from the amount of benefits the household will actually receive.

- Federal and state **income tax refund** offset.
- Federal and state **payments withholding**.
- Any other means available to DIAL.

### **Suspending or Terminating Collections**

Legal reference: 7 CFR 273.18(e), (j), 498 IAC 65.21(3) and (4)

After collection action has been initiated, DIAL may decide to suspend collection action if:

- The household cannot be located, or
- The cost of further collection action is likely to exceed the amount that can be recovered.

After a claim has been in suspension for three years, DIAL may determine that the claim is uncollectible.

Collection action is also affected by a bankruptcy. Notify DIAL of any bankruptcy action by a household owing a SNAP claim. The Department acts through DIAL on behalf of the Food and Nutrition Service in any bankruptcy proceeding against households owing SNAP claims. Once court action has been taken and a bankruptcy judgment has been obtained, collection action beyond that ordered by the court is prohibited.

### **Effect of Changes in Household Composition**

Legal reference: 7 CFR 273.18(f)

Collection action is initiated against any or all of the adult members of a household at the time an overissuance occurred. If a change in household composition occurs, collection action may be pursued against any household that includes a member who was an adult member of the household that received the overissuance.

NOTE: For inadvertent household or administrative error claims established before June 20, 1986, collection action is taken against the household containing a majority of the people who were household members when the error occurred.

If the household with the majority of household members cannot be determined or located, collection action is taken against the household containing the person who was the head of the household at the time of the overissuance.

For households with IPV claims established before June 20, 1986, collection action is initiated against the household containing a majority of the people who were household members when the IPV occurred. DIAL also has the option to initiate collection action against the household currently containing the person who committed the IPV.

If DIAL cannot determine or locate the household with the majority of household members and chooses not to initiate action against the person who committed the IPV, collection action is taken against the household containing the person who was the head of the household at the time of the overissuance.



### **Overpaid Claims**

Legal reference: 7 CFR 273.18(i)(4)

If a household has overpaid a claim, the household must be repaid the amount of the overpayment as soon as possible after the overpayment becomes known. Department of Inspections, Appeals, and Licensing (DIAL) determines the method of repayment based on the household's circumstances. Contact DIAL before initiating any action to repay the client for an overpayment.

### **Interstate Claims Collection**

Legal reference: 7 CFR 273.18(1)

When a household moves out of a state in which an overissuance occurs, the state agency that overissued the benefits has the first opportunity to collect the overissuance. If that state agency does not take prompt action to collect, the state to which the household moves should initiation action to collect the overissuance. Any allotment reduction on these claims is retained by the state that issues the reduced allotment.

Contact DIAL if you become aware that another state wants to collect on a claim established in Iowa or that another state wants to give Iowa the opportunity to collect on a claim established in that state. Also contact DIAL if you become aware that a client who now lives in Iowa owes a claim in another state, and no payments are being made.

### **Report of Stolen SNAP Benefits**

Legal reference: H.R.2617 Title IV, Section 501 — 117th Congress (2021-2022)

**Policy:** Specific types of fraudulent practices that result in a household having their SNAP benefits stolen may be eligible for replacement.

These fraudulent practices include, but are not limited to:

- Cloning: The creation of an unauthorized copy of a card.
- Skimming: A device is installed to see and collect card information, including the card number and PIN.
- Phishing: The fraudulent practice of texting or emailing claiming to be from a known company (HHS or the EBT Customer Service Center) to convince someone to reveal their personal information, such as their EBT card number or PIN.

NOTE: These policies don't apply to SNAP benefits that were taken because:

- their physical EBT card was lost or stolen, or
- they let someone use their card, or card number, and they spent more than they should have or purchased items not for the household.

In these instances, see [Replacement of Food When an EBT Card is Lost or Stolen](#).

Households must report that their SNAP benefits were stolen within 10 days of the date they discover their benefits were stolen. After reporting the loss, a household member or household's authorized representative has 10 calendar days to sign and return form 470-5771, *Report of Stolen SNAP Benefits*. When the 10<sup>th</sup> day falls on a weekend or holiday, the signed form must be received by the next working day.

The household must attest to their benefit loss on form 470-5771, *Report of Stolen SNAP Benefits*. Review the information provided by the client and validate the claim which can be done through various methods, including but not limited to: comparing the client's self-attested information to EPPIC transactions, retailer or news media reports of identified skimming devices, etc.

Replacement benefits must be received by the household within 10 calendar days of the report of loss or within 10 calendar days of receiving the completed form, whichever date is later. The amount of replaced benefits cannot be more than the lesser of the amount of benefits stolen or the amount equal to two months of allotment immediately prior to the date the benefits were stolen. P-EBT benefits cannot be replaced.

Benefits can only be replaced if the fraud occurred between **October 1, 2022 and September 30, 2024**. A household can only have benefits replaced due to fraud **two times per federal fiscal year (FFY)**. The FFYs stolen benefits can be replaced are **October 1, 2022-September 30, 2023** and **October 1, 2023-September 30, 2024**.

**Procedure:** When a household reports they had SNAP benefits stolen by fraudulent practices:

1. Have they replaced their EBT card and changed their PIN yet? If not, let them know why that's important and issue them a new EBT card.
2. Send form 470-5771, *Report of Stolen SNAP Benefits* to the household for completion. Before sending the form, complete as much as possible in the "HHS Use Only" section, but do not make a decision on the replacement until the signed form is returned.
3. After the signed form is returned:
  - a. Determine if the report is timely. Households must report the loss within 10 calendar days of the date they discovered their benefits were stolen. (The household has until the next workday when the 10th day falls on a weekend or legal holiday.)
    - i. If the report wasn't made within 10 calendar days, deny the request. Complete the *HHS Use Only* section of the form and include the reason for the denial. Upload the completed form in the casefile, document in WISE, and mail the client a copy of the denial NOD. Email your IMA a copy of the completed *Report of Stolen SNAP Benefits* form to notify them of the denial for tracking purposes.
    - ii. If the report was made timely, continue to the next step.
  - b. Check WISE, ISSV, and the *Stolen Benefits Replacement Requests* spreadsheet to see if the client has already received replacement benefits due to fraud during the FFY.
    - i. If the client has already received replacement benefits due to fraud twice in the FFY, deny the request. Complete the *HHS Use Only* section of the form and include the reason for the denial. Upload the completed form in the casefile, document in WISE, and mail the client a copy of the denial NOD. Email your IMA a copy of the completed *Report of Stolen SNAP Benefits* form to notify them of the denial for tracking purposes.
    - ii. If the client has not already received two replacements in the FFY due to fraud, continue to the next step.

- c. Check ISSV to verify the amount of SNAP benefits issued in the months immediately prior to the date the benefits were stolen.
  - d. Review the information provided by the client to determine if they meet the requirements to have their stolen benefits replaced. Document the source used to validate the claim. The claim validation can be done through various methods, including but not limited to: comparing the client's self-attested information to the EPPIC transactions, retailer or news media reports of identified skimming devices, etc.
  - e. Complete the rest of the *HHS Use Only* section of the form.
  - f. Send the completed *Report of Stolen SNAP Benefits* form to your IMA so they can review your recommendation and make a decision. The IMA will track the case information on the *Stolen Benefits Replacement Requests* spreadsheet.
4. When a replacement is approved: Enter an authorization on the ABC TD06 screen to replace the appropriate amount of SNAP.
- Use a C code in the IMM/CAN field and an E in the LOC/TYPE field.
  - Issue the replacement for the benefit month the loss was for.
  - Issue whole dollar amounts only, rounding up to the nearest dollar if needed. There must be an existing SNAP issuance for that month, and the replacement amount cannot exceed the total SNAP amount for that month.
5. Catalog the completed *Report of Stolen SNAP Benefits* form in WISE and document the replacement in the narrative. Mail the client a copy of the NOD.

EXAMPLE: Dorothy is active on SNAP benefits. On June 17, 2023, she received a text message from someone claiming to work for HHS asking for her EBT card and PIN. Dorothy clicked on the link and provided the information. She realized later that day that it was a scam. When she checked her EBT card balance, she noticed all remaining SNAP benefits in her account (\$100) were used in another state. She reported the loss that day to HHS. Dorothy returned the completed *Report of Stolen SNAP Benefits* form timely.

After submitting the approval recommendation to their IMA, the worker proceeds with replacing her benefits. Dorothy's SNAP allotment was \$20/month. The amount of replaced benefits cannot be more than the lesser of the amount of benefits stolen or the amount equal to two months of allotment immediately prior to the date the benefits were stolen. Therefore, Dorothy is only entitled to receive a replacement of \$40.

## **Request for Replacement of SNAP**

Legal reference: 7 CFR 274.6(f)(5)(iv)

### **Replacement of Food When an EBT Card is Lost or Stolen**

**Policy:** A SNAP household's EBT card must be deactivated immediately upon receipt of the household's report that its EBT card was lost or stolen. If a lost or stolen EBT card is not immediately deactivated upon receipt of the report, and the household reported its loss or theft to:

- EBT customer service, the EBT service provider, Conduent, is responsible to replace benefits used after the household's report.
- The Department of Health and Human Services (HHS), the Department is responsible to replace benefits used after the household's report.

The Department is prohibited from replacing SNAP benefits used from an EBT account before the household reported a lost or stolen EBT card.

**Procedure:** Do not replace SNAP benefits that a household claims were used without its permission. Send the details of this type of complaint to the SPIRS Help Desk. Central office will research it. If it is appropriate, central office will tell you to make a replacement and the amount to replace.

Benefits used after the card is reported as lost or stolen can be replaced. Therefore, it is important to immediately deactivate a lost or stolen EBT card in EPPIC™.

A report of a lost or stolen EBT card left on voice mail or by email is considered received when the message is retrieved. The household is responsible for loss of benefits used up to the time the Department actually retrieves a message. Document when the message was left and when retrieved.

**Comment:** Conduent is Iowa's electronic benefits transfer service provider. EBT customer service is available to all households 24 hours a day, 7 days a week.

All SNAP households are provided with the EBT customer service phone number at the time the card is issued. That number is also on the back of the card.

## **Replacement of Food Destroyed in a Household Misfortune**

Legal reference: 7 CFR 274.6

A household misfortune may cause a household's food to be destroyed. Examples of household misfortunes are fire, flood, tornado, power outage, accident, or other similar events. The disaster could affect only that household or any number of households.

When the client reports that food purchased with SNAP was destroyed in a household misfortune, issue a replacement unless:

- The household failed to report the loss within 10 days of the date the household discovered their food loss, or
- The household was issued an allotment under special FNS-approved disaster-issuance procedures in the same month as the replacement request.
- The loss is questionable.

Determine if the amount of the loss is reasonable in relation to the nature of the loss. A power outage will generally only spoil refrigerated and frozen foods. Water damage or fire can spoil all types of food.

Households must report the loss of food within 10 days of the date the household discovered their food loss and verify the loss. After reporting the loss, a household member or the household's authorized representative has 10 days to sign and return form 470-2920, *Request for Replacement of Spoiled Food*. When the 10th day falls on a weekend or holiday, the signed form must be received by the next working day.

The food that was destroyed did not have to have been purchased out of the current month's SNAP to be eligible for a replacement.

When processing a *Request for Replacement of Spoiled Food, 470-2920*, be sure you do not issue a replacement of benefits for a month in which a replacement has already been issued. Exception: If the client contacts you with another loss or to report additional losses for the same month, another replacement may be issued as long as the total allotment for one month is not exceeded. Document all actions clearly in the case narrative.

Replacement issuances must be provided to households within 10 days of report of loss or within two working days of receiving the signed household statement, whichever date is later. If the household takes the full amount of days to provide the statement, issue the replacement within two days.

The amount replaced cannot exceed the household's monthly allotment at the time the misfortune occurred, plus any lost benefits issued to the household during that month. In addition, the replacement cannot exceed the amount they claim to have lost, if it is less than the full allotment.

NOTE: A household is not eligible for replacement benefits that are approved after the date of loss.

EXAMPLE: The household completed a SNAP application on 08/02/2021 and the interview was held on 08/03/2021. The household experienced a power outage on 08/04/2021 and lost all of their food. The SNAP application was not approved until 08/16/2021. The household was not entitled to replacement benefits for 08/2021 benefits because they had not received SNAP benefits prior to their loss. The food that they lost was not food purchased with their 08/2021 SNAP benefits.

When a household reports that food was destroyed in a household misfortune:

1. Send form 470-2920, *Request for Replacement of Spoiled Food* to the household for signature. Before sending, complete as much as possible in the “HHS Use Only” section, but do not make a decision on the replacement until the signed form is returned. The case number should be complete and accurate. Document the source used to verify the cause of the food loss. Verification may include a collateral contact, website, news source or documentation from a community agency, such as the fire department or the Red Cross.
2. Check ISSV to verify the amount of SNAP issued for the month in which the loss occurred.
3. Before sending the form for completion and signature, determine whether the client reported the loss within 10 calendar days of the date the household discovered the loss. (The household has until the next workday when the 10th day falls on a weekend or legal holiday.) Deny the replacement if the report was not made within 10 calendar days.
4. If a replacement issuance is approved, enter an authorization on the ABC TD06 screen to replace the appropriate amount of SNAP. Use the appropriate code of N in the IMM/CAN field. Issue the replacement for the benefit month the loss was for. Issue whole dollar amounts only, rounding up to the nearest dollar if needed.
5. File the completed *Request for Replacement of Spoiled Food* in the case record and document the replacement in the narrative.

### **SNAP Benefits Returned to HHS**

Legal reference: 7CFR 274.7(f) and 274.7(g)

**Policy:** Unused benefits in the SNAP EBT account may be returned when:

- The household no longer wants the benefits.
- The household is a one-person household, and the person is deceased.
- The owner or the whereabouts of the owner is unknown.
- The household is using the benefits to repay a claim.

NOTE: Central Office will apply benefits that would otherwise be expunged to existing claims.

**Procedure:** If the benefits are being returned because the household no longer wants them or because of a death, check first to see if a claim exists against the household to which the benefits can be applied. Process the return as a claim repayment. Benefits returned in excess of the claim amount should be processed as returned benefits.

Fill out form 470-2574, *EBT Adjustment Request*, to document the return. See [6-Appendix](#) for instructions.

For benefits returned for reasons other than repayment of a claim, make an entry to the ABC system as instructed in 14-B(5), [Recording Returned SNAP](#), and [14-B-Appendix](#). Do **not** make an entry for a claim repayment.

When accepting benefits returned as payment on a claim, fill out form 470-0010, *Adjustment to Overpayment Balance*. Send forms 470-0010 and 470-2574 (original) to:

HHS Bureau of Purchasing, Payments, Receipts and Payroll  
Recoupment Clerk, 1<sup>st</sup> Floor  
1305 E Walnut Street  
Des Moines, IA 50319-0114.