

Employees' Manual

Title 7, Chapter H

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# SNAP Adjustments

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## **Overview**

This chapter provides instructions for what to do when an incorrect SNAP allotment has been issued and how to replace SNAP destroyed in a household misfortune. The first section covers when and how to restore lost benefits, followed by an explanation of claims and collection actions. The remaining sections review policies relating to handling requests for replacement of SNAP.

## **Restoration of Lost Benefits**

Legal reference: 7 CFR 273.17

If a household is entitled to lost benefits, take the necessary action to restore the benefits. A household does not need to do anything before the Department can restore lost benefits, nor does the household need to be currently eligible for SNAP in order to receive lost benefits.

The following sections give more information on:

- [When to restore lost benefits](#)
- [Time limits for restoring benefits](#)
- [How to restore benefits](#)
- [Disputed benefits](#)

## **When to Restore Benefits**

Legal reference: 7 CFR 273.17(a)(1)(e)

Restore benefits only when:

- The Department made an error; or
- Judicial action found that household benefits were wrongfully withheld; or
- An intentional program violation (IPV) determination was reversed.

A person who is disqualified because of an IPV is not eligible for restoration of lost benefits just because a criminal conviction was not obtained. The IPV determination still needs to be reversed before the person can get lost benefits.

There may also be other specific situations cited in sections of Title 7 where a household is entitled to restoration of lost benefits. “Restored” benefits apply only when issuing additional benefits for months other than the current month. (To issue additional benefits during the current month, see [7-G, Issuing Supplemental Allotments.](#))

Do not restore benefits when the household got less SNAP than it should have because of a household error.

### **Time Limits for Restoring Benefits**

Legal reference: 7 CFR 273.17

Restore benefits for up to 12 months before whichever of the following occurred first:

- A household asks for restoration
- The state or county office finds out that a loss has occurred
- The household initiated court action

When the judicial action is a review of a state agency action, restore benefits up to 12 months before whichever of the following occurred first:

- The Department receives a request for restoration
- The hearing action was initiated, even if the household did not request restoration
- The Department is notified of or discovers the loss

### **How to Restore Benefits**

Legal reference: 7 CFR 273.17

1. Determine if the household was eligible during each of the months affected by the loss. Ask for additional information from the household if there is not enough information in the case file to determine eligibility for any of the affected months.
2. Decide which month to start with, depending on the situation:
  - If the household was eligible but received an incorrect amount of SNAP, calculate benefits only for those months that the household was certified.
  - If benefits were stopped by mistake, start with the first month that benefits were not issued.
  - If an eligible household's application was denied by mistake, start with the month of application. If an eligible household filed a timely reapplication that was denied by mistake, start with the month following the expiration of its certification period.
  - If an eligible household's application was delayed, use the procedure in [7-B, Processing Standards](#) relating to delays in processing.
3. After deciding which month to start with, calculate the loss for that month and each following month up to:
  - The month the mistake was corrected, **or**
  - The first month the household was found ineligible for SNAP.
4. Calculate the amount of SNAP the household should have received, and subtract the amount the household was authorized to receive.

The system will show the amount the household actually received. This may be less than the benefits issued to the household if there was a recoupment for that month. Use the amount **before** recoupment as the amount received when calculating the amount to restore.

To correct an error in income or deductions, calculate lost benefits based on the income or deduction amount that would have been used if the error had not occurred. Consider changes subsequent to the error only if the change was reported or required to be reported.

5. Check to see if the household has unpaid claims or claims in suspension. See [Claims](#) in this chapter. Apply the amount of the restored benefits to the balance of the unpaid claims before returning any lost benefits to the household.
6. Use form 470-0318, *Record of Lost Benefits Restored*, to document restored benefits. Also complete form 470-0010, *Adjustment to Overpayment Balance*, when lost benefits are used toward paying off a claim. See [6-Appendix](#).
7. Use form 470-0334, *Notice of Lost Benefits*, to let the household know about any restoration of lost benefit action. See [6-Appendix](#) for instructions. For instructions on issuing lost benefits, see [14-B\(5\), Supplemental Issuances](#).
8. Restore lost benefits to a household by issuing an allotment equal to the amount of lost benefits. If the household is currently eligible, issue lost benefits in addition to the household's allotment.

### **Disputed Benefits**

Legal reference: 7 CFR 273.17(c)

A household can ask for a hearing if the household is entitled to lost benefits but disagrees with the amount or any other actions taken to restore lost benefits. The household must ask for a hearing within 90 days of the date it is notified that it is entitled to lost benefits.

If a household asks for a hearing before or during the time lost benefits are being restored, restore lost benefits at the level that has been determined while waiting for the appeal decision. Follow the direction order in the final hearing decision once it is issued.

If the household believes it is entitled to lost benefits but the county office reviews the case record and does not agree, the household has 90 days from the date of this determination to request a hearing. Restore lost benefits only if directed by the hearing decision.

## **Claims**

Legal reference: 7 CFR 273.18

**Policy:** Establish a SNAP claim or overpayment when a household:

- Received more benefits than it was eligible to receive.
- Has been found to have trafficked benefits.

Establish a claim within 90 days after the date the overpayment is discovered. However, if this is not done within 90 days (for whatever reason), you must still establish a claim.

The following definitions apply when establishing claims:

- “Date of discovery” means the date on which you first determine that an overpayment occurred. You must enter this date when you submit the claim into the Overpayment Recovery System. (For instructions, see 6-G, [Making Referrals to DIA.](#))
- “Date claim established” means the date the first *Notice of SNAP Overpayment* is sent to the debtor. The Overpayment Recovery System enters and tracks this date.

The following sections explain:

- [When not to establish a claim](#)
- [Procedures for inadvertent household error claims](#)
- [Procedures for intentional program violation claims](#)
- [Procedures for agency error claims](#)
- [Procedures for calculating the amount of a claim](#)
- [Procedures for documenting claims](#)
- [Procedures for establishing the debtor for a claim](#)

### **When Not to Establish a Claim**

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

**Policy:** Do **not** establish a claim when the household does not complete procedural requirements such as signing the correct application form.

Do not establish a claim on a categorically eligible case for excess resources.

Do not establish a claim if the household is not currently participating and the claim is for \$125 or less.

EXCEPTIONS:

Establish a claim if the overissuance was discovered through a Quality Control review.

Establish the claim regardless of the amount if you anticipate that the household will be reinstated for the current month or the following month.

Do not apply this policy to claims that are already established.

### **Inadvertent Household Error (IHE) Claims**

Legal reference: 7 CFR 273.18(b)

**Policy:** Establish an inadvertent household error (IHE) claim when an overpayment was caused by a misunderstanding or unintended error on the part of the household. Some examples are:

The household unintentionally gave incorrect or incomplete information.

- The household unintentionally failed to report changes as required.
- The household asked that benefits continue while waiting for an appeal decision and the decision reached is not in favor of the household.

### **Months an IHE Claim Covers**

Legal reference: 7 CFR 273.18, 44I IAC 65.21(1)

**Policy:** Calculate an IHE claim back to the month the error occurred, but not beyond three years from the date that the overpayment was discovered.

### **Errors at Application or Recertification**

Legal reference: 7 CFR 273.18

**Procedure:** If an overpayment occurred at application or recertification because incomplete or incorrect information was provided, calculate a claim from the beginning of the certification period.

### **Comment:**

1. Household B applied for SNAP on May 8. The household reported unearned income of \$500 monthly and was certified for the months of May through October.

It is discovered in July that the household had earnings that should have been reported on the application. Benefits are adjusted for August to count the earned income. A claim must be done for the months of May through July.

2. Mr. and Mrs. D and their child received ongoing SNAP when Mr. D started work in April. The household was not required to report Mr. D's new job because the change did not result in the household's income going over its gross income limit.

In July, the household filed a RRED to recertify benefits for August. Mr. D's job was not reported and his earnings were not counted when the household was recertified.

The earnings are discovered in September and benefits are adjusted for October. Because the earnings should have been reported at recertification, a claim must be done starting with August.

### **Errors After Certification**

Legal reference: 7 CFR 273.18

**Procedure:** When a simplified reporting household failed to report that its income exceeded the gross income limit listed on its *Reporting SNAP Changes*, form 470-2960 or 470-2960(S), calculate the amount of the claim starting two months after the month the income exceeded the gross amount.

Do not establish a claim for changes that simplified reporting households are not required to report.

### **Comment:**

1. At the end of February, household P's income exceeds its gross income limit. The household does not report this. The income is discovered in May. The first month of the SNAP overpayment is April.

<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>
Household's income exceeds its gross limit.	Household is required to report by March 10th.	First month change should have been used to determine assistance.  April is the first month of the claim.	Change discovered and adjustment is made for June. A claim is also needed for May.

2. Household J, a three-person household consisting of a parent and two children, is certified for May through October. When the household applies for recertification, they report that one of the children moved out of the home in July.

Because the household is required to report only if its gross income exceeds the limit listed on its form 470-2960, *Reporting SNAP Changes*, the household was not required to report the child moving out until recertification. There is no claim.

3. Ms. T is certified for March through August. Due to a new job, her income goes over the household's gross income limit in April. Ms. T complies with the requirement to report this by May 10. Her household is categorically eligible and is still entitled to benefits, which are reduced for June.

Ms. T's income goes up in June due to an increase in both her hours and her hourly wage. Ms. T does not report this change until she files her RRED in August. There is no claim, because a categorically eligible household does not have to keep reporting going over its gross income limit.



## **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.

### **Months an AE Claim Covers**

Legal reference: 7 CFR 273.18(c)(1), 441 IAC 65.21(1), Bliet v. Palmer, 102 F.3d 1472 (8th Cir. 1997)

**Policy:** Calculate the amount of an AE claim back to the month when the error occurred, but not beyond 12 months from the date the overpayment was discovered.

Do not include any month before February 2007. AE claims for months before February 2007 were forgiven as part of the Bliet lawsuit settlement.

**Procedure:** If an overpayment occurred at application or recertification due to an agency error, calculate a claim from the beginning of the certification period.

If a household receiving ongoing benefits reported a change but the agency did not act on the change within the required period, complete a claim starting the month the change would have been effective if the agency had acted timely. To determine the month the change would have been effective, start with the report date and add:

Ten days for the agency to issue a notice of decision, and

- Ten days for timely notice unless acting on the change would not have required timely notice.

The first month of the claim cannot be later than two months from the month the change was reported.

### **Comment:**

Household T reported on April 12 that a household member moved out, which would have reduced benefits. The household was not required to report this change until recertification, but the agency was required to act since it was reported.

Due to a delay by the agency in acting, benefits are reduced for August. From the April 12 report date, adding 10 days for the Department to issue a notice and 10 days for timely notice, benefits should have been reduced no later than June. Because benefits were not reduced until August, an AE claim must be done for June and July.

## **Calculating the Amount of the Claim**

Legal reference: 7 CFR 273.18

**Policy:** To calculate the claim:

Determine the correct benefit amount for each month overpaid. When determining the correct benefit amount for IHE and IPV claims, do not allow the 20% earned income deduction from earned income that was not timely reported.

Subtract the correct benefit amount from the benefits actually received. The difference is the claim amount.

NOTE: If a recoupment was withheld, use the amount **before** recoupment as the amount the household received.

**Procedure:** When benefits were overpaid, whether due to an agency error or client error, complete a claim. To determine the first month for which there is a claim, see [Months an IHE Claim Covers](#), [Months an IPV Claim Covers](#), or [Months an AE Claim Covers](#).

To correct an error in income or deductions, calculate the claim based on the income or deduction amount that would have been used if the error had not occurred. Income is generally projected based on income the household received in the past 30 days, unless changes have occurred or are anticipated. See [7-F, Anticipating Income](#).

To correct an error for the month of application, see [7-F, Income in the Application Month](#) for how to determine income.

To correct an error in the amount of income counted for months after the application month, use the amount of income that should have been projected for the remainder of the certification period. If the claim continues into a new certification period, you must determine the income amount that should have been projected starting with the first month of the new certification period.

Calculate a corrected benefit amount for each month of the claim by using *Scratch Pad* (SPAD). You must indicate in SPAD if the household was categorically eligible. You do this by checking the box for:

- All HH Members Receive SSI or FIP, or
- Household in PHMP

Categorical eligibility cannot be rescinded retroactively. If it is later determined a household was over the income limits for SSI, FIP or Promoting a Healthy Marriage Program (PHMP) for the past month, this does not void categorical eligibility for the month.

A household cannot be over the income or resource limit for a month in which they were categorically eligible. This means:

- A one-person or two-person household is entitled to at least the minimum benefit amount; and
- A household with three or more members is entitled to the calculated benefit amount. If the corrected monthly benefit calculates to zero, do a claim for the full amount of benefits issued.

When calculating the claim, consider changes subsequent to the error only if the change was reported or required to be reported. EXCEPTION: For the claim, consider when an unreported income source ends. Do not continue to count income from an unreported source after the month the income ended.

When recalculating a month's benefits that involve both an overpayment and an underpayment (something you would be restoring lost benefits for), calculate the amount of benefits the household should have received using the factors that contributed to the overpayment and underpayment.

- If the final calculation results in an underpayment, do a restoration of lost benefits.
- If the final calculation results in an overpayment, do a claim.

When a household refuses or fails to provide verification necessary to calculate the amount of a claim, use the best information available for the calculation. When the best information available is a wage matching report, it is not known how much was earned in each month. Determine countable income for the claim by assuming an equal amount received in each month.

**Comment:**

1. Due to a new job, household K's income went over its gross income limit for the first time in February. The household was required to report this by March 10 but failed to do so.  
  
The household's unreported earnings are discovered in May. Benefits are adjusted for June. A claim must be completed for the months of April and May. The claim for April and May is calculated by using earnings that would have been projected if the household had reported the change at the required time.
2. Mr. J started a new job in March. Because his household's income did not go over its gross income limit, the new job did not have to be reported until recertification.  
  
A RRED is filed in July to recertify benefits for August. Mr. J's job is still not reported. Mr. J's earnings are discovered in October and benefits are adjusted for November. A claim must be completed for the months of August through October. Earnings in the 30-day period before the RRED are used to project income to be used in calculating the claim for August through October.
3. Due to a new job, household P's income went over its gross income limit for the first time in March. The household was required to report this by April 10 but failed to do so.  
  
The household's unreported earnings are discovered in July. The new job has ended and the final pay was received in June. No adjustment is needed to ongoing benefits since the income has stopped. However, a claim must be completed for May and June, as earnings should have been counted for those months. Because the earnings ended in June, there is no claim for July.  
  
Calculate a claim for May and June by using earnings that would have been projected if the household had reported the change at the required time.

4. Due to a new job, household C's income went over its gross income limit for the first time in March. The household was required to report this by April 10 but failed to do so. The household also failed to report the job when benefits were recertified for July through December.

The household's unreported earnings are discovered in August. Benefits are adjusted for September. Because the earnings should have been counted starting in May, a claim must be completed for the months of May through August.

Calculate the claim for May and June by using earnings that would have been projected if the household had reported the change at the time they were required to.

Because July was the start of a new certification period, a new income projection should have been made for July. Use earnings in the 30-day period before the RRED to project income to be used in calculating the claim for July and August.

NOTE: Because there is an overpayment in every month of the period of May through August, there is only one claim even though the claim spans two certification periods.

### **Documentation Requirements for Claims**

Legal reference: 7 CFR 273.18, 273.2(f)(6)

**Policy:** Document the case file to support the months a claim covers and the amount.

**Procedure:** Upload to the electronic case file all information required to document establishment of a claim including:

The reason for the overpayment.

How you determined the start and end dates of the claim.

A copy of the *Overpayment Recovery Information Input Summary* (from the direct claim entry screen).

Verification used to determine the claim (such as pay stubs or *Employer's Statement of Earnings* form, proof of unearned income, etc.).

Calculation of the correct benefit amount for each month (*Scratch Pad*, including any relevant comments to explain the calculation such as sources of income, who had the income, determination of countable income amounts, etc.).

Any other documents, such as email messages, that support or explain the overpayment decision.

**Comment:** When a household appeals the establishment of a claim, make sure the appeal record contains all of the above information to document the basis of the claim. You must also include proof of benefits issued for the months of the claim (such as ISSV information). Failure to include this information in the appeal record may result in the Department's establishment of a claim being reversed.

## **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 [Z-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 [1-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 30 calendar days to sign and return form 470-5771, *Report of Stolen SNAP Benefits*. When the 30<sup>th</sup> day falls on a weekend or holiday, the signed form must be received by the next working day. If the client fails to report the stolen benefits within 10 days of discovery or if form is returned after the 30<sup>th</sup> day, the request will be denied as untimely.

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 10<sup>th</sup> 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 or supervisor 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.