

Families First Overpayments and Underpayments

Policy 23.19

Effective: November 15, 2023

Introduction

The Tennessee Department of Human Services must correctly and accurately determine eligibility for Families First assistance and provide the correct grant to each assistance unit. When an overpayment of thirty-five dollars (\$35) or more is discovered, the Tennessee Department of Human Services must recover the amount overpaid promptly. When an underpayment is discovered, the Tennessee Department of Human Services must issue supplemental payments to provide the amount the assistance unit should have received.

Scope

The purpose of this policy is to establish the responsibilities of the Tennessee Department of Human Services when an error resulting in an assistance unit receiving the incorrect grant amount is discovered.

Policy

Overpayments and Underpayments

When an overpayment or underpayment is suspected, the Eligibility Counselor or TANF Case Manager must review the case to:

1. Determine the eligibility period in question.
2. Request all necessary verification needed to accurately determine the assistance amount the customer would have been eligible to receive ;
3. Determine the correct assistance amount the customer was eligible to receive during the time period in question; and
4. Compare the amount actually received to the eligible amount to determine if there was an overpayment or an underpayment and the amount in error.

Overpayment

1. A Families First overpayment occurs when an assistance unit (AU) receives more cash assistance than they were eligible to receive.
2. Corrective action must be taken promptly to establish the correct ongoing assistance amount any time an overpayment is discovered.
3. The amount of the overpayment is the difference between the grant the AU received and the amount they were eligible to receive.
4. A claim must be established when any AU receives more Families First assistance than it was eligible to receive, regardless of the reason for the overpayment.
5. Overpayments may occur as a result of:
 - a. Administrative (agency) error (AE).
 - b. Inadvertent client error (ICE).
 - c. Suspected intentional program violation (SIPV).
6. If a change results in either ineligibility or a reduction in the net cash grant amount and the payment is not correctly adjusted the next calendar month, then a claim reporting the overpayment for the next calendar month, as well as any prior months affected, must be prepared when the total claim amount is thirty-five dollars (\$35) or more.

Underpayment

1. A Families First underpayment occurs when an AU receives less cash assistance than they were eligible to receive.
2. Corrective action must be taken promptly to restore assistance retroactively when an underpayment for any prior period is discovered.
3. The amount of the underpayment is the difference between the grant the AU received and

the amount of assistance they were eligible to receive.

Establishing the Period and Amount of the Overpayment or Underpayment

An overpayment or underpayment must be established for any period if the circumstances and overpayment/underpayment can be determined. The policies and need/payment standards that were in effect during the affected time period must be used to establish the period and the amount of the overpayment or underpayment.

1. Calculate an offline budget to determine the amount of Families First cash the AU was eligible to receive.
2. Establish the difference between the Families First cash grant the AU received and the corrected assistance amount they were eligible to receive. The difference is the overpayment or underpayment amount.

Start Date of Overpayment Claim

To establish the begin date of the overpayment claim:

1. Allow ten (10) calendar days to report the change from the date the change became known to the AU;
2. Allow ten (10) calendar days for the case worker to have acted on the change;

3. Allow ten (10) calendar days for the advance notice of the adverse action.
4. The begin date of the claim will be the first (1st) month after the adverse action period ends.

Earned Income Penalty

When calculating the amount of an overpayment due to the customer's failure to timely report income, without good cause as outlined in [Families First Good Cause for Non-Compliance](#), do not allow the earned income disregard or the child care deduction.

Case Maintenance

The Eligibility Counselor and/or TANF Case Manager will also continue to take any necessary action on a case awaiting investigation, administrative hearing, or court hearing. The Eligibility Counselor/TANF Case Manager will make changes including:

1. The addition of individuals to the AU.
2. The removal of individuals from the AU.
3. Grant changes.
4. Renewal of eligibility.
5. All other necessary case maintenance activities.

Supporting Documents

[Families First Good Cause for Non-Compliance](#)
[Families First Overpayment and Underpayment Procedures](#)

Definitions/Acronyms

Term	Definition
Overpayment	A payment that is in excess of what is due.
Underpayment	A payment that is less than what is due,
Acronym	Expansion
AE	Administrative (Agency) Error
AU	Assistance Unit
ICE	Inadvertent Client Error
SIPV	Suspected Intentional Program Violation
TANF	Temporary Assistance to Needy Families
TDHS	Tennessee Department of Human Services

Supersedes

Date of Last Review: 11/08/2023
 Date of Next Review: 11/08/2026

Effective Date: 11/15/2023
 RDA SW22
 Page 2 of 3

Policy 23.31 Families First Overpayments and Underpayments effective 02/01/2018

Approval History

Approved By	Approver Title	Approved Date	Effective Date
Clarence Carter	Commissioner	11/08/2023	11/15/2023
Danielle Barnes	Commissioner	01/26/2018	02/01/2018

Revision History

Date	Version	Location of Change	Description/Reason for Change
11/08/2023	11/15/2023	Introduction, Scope, Policy Section	Renumbered the policy document, Made some minor language changes for clarity.
01/26/2018	02/01/2018	New Document	New Document

Approved By	<i>Clarence H. Carter</i>	Approval Date	11/08/2023
Authority	Tenn. Comp. R. & Regs. 1240-01-52	Effective Date	11/15/2023
Application	All TDHS Family Assistance Staff and Contractors		