



Administrative Policies and Procedures: 23.31

Subject Families First Overpayments and Underpayments

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Authority 45 C.F.R. § 233.20 (a) (13)
T.C.A. § 71-1-105

Application Family Assistance Staff

Policy Statement

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

Purpose

The purpose of this policy is to establish the responsibilities of TDHS when it is discovered that an error resulted in an AU receiving the incorrect grant amount.

Procedures

A. Overpayments and Underpayments

When an overpayment or underpayment is suspected, the caseworker or client representative must review the case to:

1. Determine the eligibility period in question;
2. Request all necessary verification in order to accurately determine the benefit amount the customer would have been eligible for;
3. Determine the correct benefit amount the customer was eligible for during the questioned time period; 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.

B. Underpayments

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 benefits 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 benefits they were eligible to receive.

C. Overpayments

1. A Families First overpayment occurs when an AU receives more cash assistance than they were eligible to receive.
2. Corrective action must be taken promptly to establish the correct ongoing benefits any time an overpayment is discovered when the AU is currently receiving benefits.
3. The amount of the overpayment is the difference between the grant the AU received and the amount of benefits they were eligible to receive.
4. A claim must be established when any AU receives more Families First benefits 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 using [HS-2028 FA Claim Determination](#) when the total claim amount is thirty-five dollars (\$35) or more.

D. Establishing the Period and Amount of the Overpayment

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

To determine the amount of the overpayment:

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 benefits they were eligible to receive. The difference is the overpayment amount.

E. Start Date of Claim

To establish the begin date of the claim:

1. Allow ten days to report the change from the date the change became known to the AU;
2. Allow ten days for the caseworker to have acted on the change;
3. Allow ten days for the advance notice of adverse action.

The begin date of the claim will be the first month after the adverse action

period ends.

F. Earned Income Penalty When calculating the amount of the overpayment because of the customer’s failure to timely report income, without good cause, do not allow the earned income disregard or the child care deduction.

G. Case Maintenance Pending the outcome of disqualification proceedings, the caseworker may take any necessary action to discontinue, terminate, suspend or reduce assistance, or change the manner or form of payment to a protective payee, vendor or two-party payment for reasons unrelated to the reasons for the disqualification hearing. The caseworker will also continue to take any necessary action on a case awaiting investigation, administrative hearing, or court hearing. The caseworker/client rep 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.

Forms [HS-2028 FA Claim Determination](#)

Collateral Documents [Families First Overpayments and Underpayments Procedures](#)

Additional Resources None

Retention of Records Pending

Glossary

Term **Definition**

NONE

Acronyms

Abbreviation **Expansion**

AE	Administrative Error
AU	Assistance Unit
ICE	Inadvertent Client Error
SIPV	Suspected Intentional Program Violation
TDHS	Tennessee Department of Human Services

- Supersedes**
- Families First Online Policy Manual chapter 39
 - Families First Handbook pp 250-266