

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

February 17, 1989



ALL-COUNTY LETTER NO. 89- 20

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY AUDITORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY ADMINISTRATIVE SERVICE OFFICERS

SUBJECT: QUARTERLY REPORT OF RECOVERIES OF OVERPAYMENTS
(AFDC) - FORM SSA 4972

The purpose of this letter is to provide clarifying information on the completion of the SSA 4972. In accordance with Section 402(a)(22) of the Social Security Act and 45 CFR 233.20(a)(13), State agencies administering or supervising the administration of the Aid to Families with Dependent Children Program under Title IV-A of the Social Security Act are required to recover overpayments from former and current recipients. The SSA 4972 provides for the reporting of these activities and is mandated by Public Law 97-35 effective the quarter ending September 30, 1983.

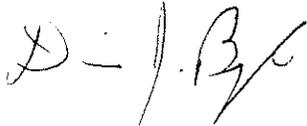
There have been questions from the counties on various issues surrounding the SSA 4972. To assist counties in the completion of this form, two attachments are being sent with this letter. The first attachment is a line by line description on how to properly complete the SSA 4972. The second attachment contains answers to commonly asked questions received from the counties.

The SSA 4972 reports are to be received in Sacramento on or before the twelfth working day of the calendar month following the end of the quarter. Send the report to:

Department of Social Services
Statistical Services
744 P Street, Mail Station 19-81
Sacramento, CA 95814

It is imperative that this report be submitted in an accurate, complete, and timely manner in order to meet federal requirements. If there are any questions regarding the reporting process, please contact Ms. Cheryl Mello of the Data Processing and Statistical Services Bureau at (916) 445-1854. If there are specific questions regarding fiscal systems and procedures,

contact Ms. Stephanie Davis of the Fiscal Policy and Procedures Bureau, Assistance Policy Unit at (916) 323-0267. Please direct specific policy questions such as those dealing with Intercounty transfers to Ms. Eva L. Lopez of the Overpayment Recovery Bureau at (916) 323-7233.

A handwritten signature in dark ink, appearing to read "D. J. Boyle". The signature is written in a cursive style with a large, sweeping flourish at the end.

DENNIS J. BOYLE
Deputy Director

cc: CWDA

Attachments

ATTACHMENT I

The following instructions serve to clarify specific line entries found on the SSA 4972:

1. Line 1 should reflect the total number of cases and dollars for overpayments identified prior to the quarter being reported. These figures should correspond with the balances found on Line 7 of the previous quarter's report. All efforts should be made to reconcile the closing and opening balances if they do not match.
2. Line 2 should contain newly discovered overpayment cases and overpayments transferred from other counties after the 30 day transfer period. It should also include the amounts of additional overpayments identified during the reporting quarter for existing cases included in the Line 1 balance. The case count however, should not be increased because the amount corresponds to a case already included in the case count found on Line 1.
3. A case count is taken once for each method of recovery that occurred during the quarter. For example, if grant reductions were made twice for a current case, and cash was collected once for the same case, the case would be counted once on Line 3 and once on Line 4.
4. A case is considered "current" or "former" based on the status of the case on the last day of the quarter. Special reporting is required for a case which is terminated during the quarter but had a grant reduction while still a current case.
 - a. The amount of the grant reduction would be reported on Line 3, Column 3.
 - b. A case count for the grant reduction would be reported on Line 4, Column 2.
 - c. Line 3, Column 3, is to be footnoted to reflect the amount of grant reduction for the former case. Line 4, Column 2, is to be footnoted to reflect the case count for the grant reduction. The footnote should read, "Includes \$ _____ and _____ number of cases which changed status from 'current' to 'former'." If there are no such cases, enter "0s" in the footnote.
 - d. If a case that was terminated during the quarter had both a grant reduction and cash collection, the grant reduction would be reported as in Step c above. The cash collection amount would be reported on Line 4, Column 4, with a case count reported on Line 4, Column 2. The

Attachment I Cont'd.

amount for the grant reduction on Line 3, Column 3, and the case count on Line 4, Column 2, would be footnoted as described in Step c. above. Note: Two case counts would be reported on Line 4, Column 2, to reflect the two methods of recovery. This is a change from prior instructions issued in All-County Letter No. 84-67.

- e. Such a case would be reported as a former case on Line 7.
5. Line 5 is used to reflect cases and dollars that have been determined to be uncollectable pursuant to Manual of Policies and Procedures (MPP) 25-475 and 25-480, MPP 44-350.14 and 45 CFR 233.20(a)(13)(vi). Although these entries are commonly referred to as being "written off" and will be subtracted from the balance on the SSA 4972, the county must maintain information on the cases to enable collection of the overpayments if the client subsequently becomes a recipient.
 6. Line 6 contains the number of cases either current or former for which overpayments have been fully recovered.
 7. Line 7 of the report must continue to reflect caseload movement between "current" status and "former" status. Edit Line 7 of Form SSA 4972 to reflect an "adjustment" line for cases and dollars which have changed status during the period covered by the report; i.e., they were current cases on the first day of the reporting period and were later discontinued, thus becoming former cases on the last day of the reporting period. Line 7 is also used to reflect cases and balances transferred to other counties after the 30 day period. Line 7 will appear as follows:

Balance at end of quarter	_____
Adjustments (plus or minus)	_____
Net	_____

The net balance (both case counts and money) of Line 7 will then be carried forward to Line 1 for the next quarter. Adjustments similar to that required in Line 7 may be necessary for certain other required data; e.g., a previously reported repayment may be increased or decreased because of original miscalculation, court decision, etc. When this happens, the adjustment should be footnoted.

ATTACHMENT II

The following questions are frequently asked by counties:

Question #1:

What is the definition of an overpayment?

Answer:

An overpayment is defined as a financial assistance payment received by or for an assistance unit for the payment month which exceeds the amount for which that unit was eligible. An account receivable should be created and reported on the SSA 4972 at the time the overpayment is established.

Question #2:

What is the criteria for purging a case with a low dollar amount or no collection activity?

Answer:

Counties must follow the procedures outlined in MPP Sections 25-475 and 25-480.

Question #3:

Should accounts receivable begin when an agreement is signed by the client, or should it begin after judgement in small claims court?

Answer:

The county shall take all reasonable steps necessary to promptly correct and collect any overpayments that are known to the county, including recovery of overpayments due to either applicant/recipient and/or county administrative errors. See MPP 44.350.141. An accounts receivable should be established upon discovery of the overpayment.

Question #4:

In the process of prosecuting a client for fraud, when should a county begin to show the case on the SSA 4972? After the plea bargain? When the payment is actually received by the client? When a judgement is handed down?

Answer:

Such a case should be reported on the SSA 4972 when the overpayment has been identified. Referrals to the district

Attachment II Cont'd.

attorney of suspected cases of fraud do not modify the welfare department's normal responsibilities for collection. Action by the district attorney on the fraud referral, and collection action by the welfare department or county collection unit pursuant to establishment of a collectible overpayment, are to proceed concurrently, unless a different arrangement has been agreed upon. (See MPP Section 25-441.)

Question #5:

How are counties to report Intercounty transfer amounts on the SSA 4972?

Answer:

Cases and their corresponding amounts transferred in from other counties are to be reflected by the receiving county on Line 2 following the one month transfer period. Discontinued cases returned to the county where the overpayment originated would be reported by that county on Line 2.

When an individual is receiving Aid to Families with Dependent Children (AFDC), the county responsible for issuing the aid payment will report any outstanding overpayment on the SSA 4972. When a recipient moves from one county to another, the county that the recipient is moving from (county A) continues to report the outstanding overpayment on the SSA 4972 during the one month transfer period.

Following the one month transfer period the county to which the recipient has transferred (county B) should report the balance of the overpayment and any collections made on the SSA 4972.

When county B discontinues the AFDC case, county B should notify county A of the status of the case. County B should discontinue reporting the overpayment on the SSA 4972. County A, upon being notified of case status, should assess the remaining balance to determine whether it is cost effective to continue collection or write-off. County A will then report the overpayment in the former case column on the SSA 4972.

Please ensure that your county reviews all overpayment balances so that the procedure on intercounty transfers is properly followed. Failure to follow this procedure could result in duplicate reporting, inflated receivable balances and an inaccurate portrayal of the county's recovery progress.