

- 1) Adopt new Section 16-705 to read:
- 2) Amend Sections 16-705.32, .42, .614, .615, and .62; and Handbook Sections 16-705.412, and .63 through .66 to read:

16-705 Benefit Adjustments for EBT System Errors

16-705

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- .1 Benefit adjustment for EBT system errors is the process whereby a debit or credit is applied to an EBT account to correct a system error that is identified in the settlement process.
 - .11 A system error is an auditable processing failure resulting in an improper crediting or debiting of an account, or in the failure to credit or debit an account.
 - .12 A system error can affect either a cash benefit account or a food stamp benefit account.
- .2 The EBT Contractor will correct (adjust) out-of-balance conditions which occur during the benefit redemption or settlement process as a result of a system error.
 - .21 The adjustment amount will be equal to the amount of the original error transaction, and may result in either a credit or a debit to the recipient's account.

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.3 Recipient-Initiated Food Stamp Adjustment

- .31 A recipient-initiated food stamp adjustment must be requested within 90 calendar days of the original error transaction.

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- .311 Within 15 calendar days of the date of the adjustment request, the EBT Contractor must investigate the request, render a decision, and, if warranted, move funds into the recipient's account.
- .312 If the recipient's request is determined to be valid, their account is credited within 15 calendar days.

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.32 If the recipient's food stamp adjustment request is denied, the CWD shall send a Notice of Action to the recipient with notification of the denial and information regarding the right to apply for a ~~fair~~ State hearing within 90 calendar days of the date of the notice. No aid paid pending is provided.

.4 Recipient-Initiated Cash Adjustment

.41 Recipient-initiated cash adjustments must be requested within 90 calendar days of the original error transaction.

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.411 The EBT Contractor will respond to the adjustment request in accordance with the time lines expressed in the Quest Operating Rules.

.412 If the recipient's request is determined to be valid, their account is credited within 15 calendar days.

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.42 If the recipient's cash adjustment request is determined to be invalid, the CWD shall send a Notice of Action to the recipient with notification of the denial and information regarding the right to apply for a ~~fair~~ State hearing within 90 calendar days of the date of the notice. No aid paid pending is provided prior to the hearing.

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.5 Retailer- or Commercial Institution-Initiated Food Stamp or Cash Benefit Adjustment

.51 Retailer- or commercial institution-initiated food stamp or cash benefit adjustment requests shall be addressed by the EBT Contractor no later than 15 calendar days from the date of the original error transaction. Notification requirements are described in and the actual account adjustment shall be performed in accordance with Section 16-705.6.

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.6 For retailer- or commercial institution-initiated food stamp or cash benefit adjustments, the EBT Contractor will provide a claim activity report to the CWD. Subsequently, the CWD shall send a notice to the recipient within two days of receipt of the claim activity report.

.61 The notice shall specify:

.611 That a retailer or commercial institution has requested a debit adjustment from the recipient's account;

- .612 The full amount and type (debit) of the adjustment, including the date, time, and location of the erroneous transaction;
 - .613 That the adjustment amount may be debited from the current balance or from the next future month's benefits;
 - .614 Where the recipient may call to dispute the adjustment and request a ~~fair~~ State hearing; and
 - .615 That the recipient has the right to postpone the adjustment debit pending the outcome of a ~~fair~~ State hearing, provided that the hearing is requested within 15 calendar days from the date of the notice.
- .62 The recipient shall have 90 calendar days from the date of the notice of adjustment to request a ~~fair~~ State hearing.

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- .63 If the recipient disputes the adjustment and requests a ~~fair~~ State hearing within 15 calendar days from the date of the notice, no further action by the EBT Contractor shall be taken to adjust (debit) the recipient's account until the ~~fair~~ State hearing decision is rendered.
- .631 If the ~~fair~~ State hearing decision is rendered in the recipient's favor, no notice is required.
 - .632 If the adjustment is upheld by the ~~fair~~ State hearing decision, the EBT Contractor shall debit the recipient's account immediately for the total amount of the adjustment.
- .64 If the recipient does not request a ~~fair~~ State hearing within 15 calendar days from the date of the notice, the EBT Contractor shall debit the recipient's account for the total amount of the adjustment.
- .65 If the recipient requests a ~~fair~~ State hearing after the 15th calendar day but within 90 calendar days from the date of the notice, the ~~fair~~ State hearing request shall be granted but the adjustment process will continue resulting in a debit against the recipient's account.
- .66 Subsequent transactions to complete the adjustment does not require additional notification to the recipient.
- .67 No notice to the recipient is required if an adjustment initiated by a retailer or commercial institution results in a credit to the recipient's account.

- .7 For a retailer- or commercial institution-initiated food stamp or cash benefit adjustment, if at the time that the first debit attempt is made, the recipient's account does not contain sufficient benefits to cover the total debit amount of the adjustment, the EBT Contractor will attempt daily to make the adjustment until the end of the next calendar month. If the adjustment cannot be completed by that time, the adjustment shall be cancelled. No debit adjustment will occur unless the account contains sufficient balance for the total amount of the adjustment.
- .71 All adjustments must remain within their specific program account. A food stamp adjustment can only be transacted against a food stamp account and a cash adjustment transaction can only be transacted against a cash account.
- .8 If a certified food stamp retailer refuses to fund a legitimate adjustment or is out of business, the State is ultimately responsible for the crediting of a recipient account.

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Authority Cited: Sections 10077, 10553, 10554, 18904, and 18904.1, Welfare and Institutions Code.

Reference: Section 10072(i), Welfare and Institutions Code; 7 CFR 274.12(g)(4)(ii); and California Approved Waiver Request #2010167 for 7 CFR 274.12(f)(4)(ii)(B) [subsequently renumbered to 7 CFR 274.12(g)(4)(ii)(B)].