Informational Letter

Section 1

Transmittal:	03 INF 15
To:	Local District Commissioners
Issuing Division/Office:	Division of Temporary Assistance
Date:	April 2, 2003
Subject:	Compromise of Food Stamp Claims for Overissuance
Suggested Distribution:	Food Stamp Directors TA Directors CAP Coordinators Fraud Coordinators Accounting Supervisors
Contact Person(s):	Eastern Regional Team at 800-343-8859, extension 3-1469
Attachments:	LDSS-3156, LDSS-3156 (NYC) - Notice of Food Stamp Overpayment (Rev 2/03)
Attachment Available On – Line:	☒

Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.

Section 2

I.   Purpose:

The purpose of this directive is to notify districts of new Food Stamp (FS) requirements regarding overissuance claims against households. This directive provides standards regarding districts' discretion to compromise (reduce) claim amounts in order to maximize and expedite client payments. Compromise is the term used to describe the administrative reduction of part of a FS claim amount.

II.   Background:

USDA Food and Nutrition Services (FNS) offers claims compromise as a collection tool and requires wording on certain notices regarding districts' option to compromise claims. The claims compromise process also is related to the Thompson vs. Wing litigation. Compromise, as an incentive to collection,

allows states to offer an accommodation to clients with outstanding debts, thereby encouraging payment directly to the district, and speeding receipt of payments at that level.

III.   Program Implications:

Effective immediately, local districts must destroy any existing stocks of the LDSS-3156 or LDSS-3156 NYC. Local districts must also reproduce the attached copies of the notices or access the electronic versions from the DTA Intranet Policy Directive Section at http://sdssnet5/otda/directives/2003/default.htm until these forms have been updated, printed and delivered.

The LDSS-3156 and LDSS-3156 NYC are expected to be printed and delivered to the Upstate (Albany) and HRA (New York City) warehouses in June 2003. All local districts will automatically receive an initial supply of these new forms. Spanish versions of these forms, LDSS-3156-SP (Spanish) and LDSS-3156-SP NYC (Spanish), will follow. Only NYC will automatically receive printed supplies of the Spanish version (LDSS-3156-SP NYC). Any of the "Rest of State" local districts that require a Spanish version of the LDSS-3156-SP can order a clear photocopied master using the procedures described below.

Any initial or future requests for the LDSS-3156 (1/03), LDSS-3156 NYC (1/03), LDSS-3156-SP NYC (1/03) (Spanish) or a camera ready copy of the LDSS-3156-SP (1/03) should be submitted on Form OTDA-876 (Rev. 6/98): "Request for Forms or Publications" and should be sent to:

Office of Temporary and Disability Assistance
Document Services
P.O. Box 1990
Albany, New York 12201

Questions concerning ordering forms should be directed to Document Services at 1-800-343-8859, ext. 4-9522.

Districts are reminded that they also may **terminate** claims that they deem to be administratively uncollectible. The criteria for termination of a claim and its outstanding balance on a closed case remain unchanged from those outlined in the Food Stamp Source Book Section XV-E –1.2-1.3, except that the outstanding balance threshold for the areas not currently under waiver is now raised to $500 and that suspension is no longer required. Districts should continue to use the termination provision to target uncollectible claims and avoid inflating FS claims inventories with bad debts.

Upon client request, districts will consider compromising a claim. As a rule, only claims that the district deems not to be fully collectible via a standard repayment agreement or by other means, are eligible for compromise. Decisions regarding compromise must be documented and maintained in the case record.

Compromise/Collection Methods: When cases are not collectible by ordinary methods, districts should consider compromise as a collection tool. To compute the compromised amount of a claim, a district will first compute the amount of potential payment available by determining the Thrifty Food Plan for the current household size for a three-year period. Ten (10) percent of that amount will be considered the figure that can be reasonably anticipated to be collected, and the amount of debt exceeding that would be vacated.

If the household becomes delinquent in its payment of the compromised amount, the debt will continue to be the compromised amount, less any payments made. No further compromise may be afforded on the same claim if the client has defaulted on paying the compromised amount. However, at the discretion of the local district, the repayment agreement may be renegotiated without impacting the compromise.

Delinquent accounts will be subject to collection through the Treasury Offset Program (TOP) as well as other collection methods.

IV. Fair Hearing Implications:

Claims Compromise is a collection method provided by USDA to increase and expedite collection of federal debt. While it is intended to be an administrative tool and it is not to be confused with a client right, Fair Hearing rights are afforded when a request for compromise is denied. For this purpose, additional compromise notification language has been added to the Notice of Food Stamp Overpayment (LDSS- 3156).

V.   CAMS Instructions for Compromising Claims:

a. From the BICS Menu (LDMIP), choose selection "20" CAMS Case Claims Menu.

b. From the CAMS Case Accounts Receivable Menu (LCMCCM), choose selection "CC" (Modify claim data). Enter the case number and claim number. Transmit.

c. This will return the CAMS Case Accounts Receivable Parameters (LCMC01) screen. Put "1" in RSN, "2" in CHG CLM-AMT, "2" in CHG CLM-ISS, and "1" in COMP. Transmit.

d. This will return the AR Module – Modify Claim/Issuance (LCMC13) screen. The new claim amount should be entered in the CLAIM-AMT field. The new claim amount is the original amount less the compromised amount. The system will calculate the PAYBACK-AMT field. Transmit. This will "compromise" the remaining amount of the claim. No other entry is required on this screen.

e. For claims established using specific BICS issuances, go to the CAMS Case Accounts Receivable Menu (LCMCCM) and choose selection "EE" (establish a compromised claim.) Enter the case number and the claim number of the claim compromised in step 3. This step will return the Accounts Receivable Acknowledgement (LCMARX) screen, with the message "Update Successful – Compromised Claim Established." When you do CAMS Case Accounts Receivable Summary (LIAR01) screen inquiry after this, it will show that a new claim has been created. This new claim will be the compromised portion of the claim and will have a status of "T" for terminated. The compromised posting that you saw in step 5 was reversed and this new compromised claim was created. The original claim still exists. The original claim will have a balance due unless the payback amount is $0 because of compromising the claim.

f. If you have any questions regarding this process, please contact the OTDA fiscal field staff:

Regions I-IV: Roland Levie: e-mail Roland.Levie@dfa.state.ny.us or

by calling 1-800-343-343-8859 ext 47549 or (518) 474-7549.

Regions V-VI: Marvin Gold: e-mail Marvin.Gold@dfa.state.ny.us or by calling 1-212-383-1733.

VI. **Effective Date: April 11, 2003**

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Issued By
Name: Patricia A. Stevens
Title: Deputy Commissioner
Division/Office: **Division of Temporary Assistance**