USDA

United States
Department of
Agriculture

Food and
Nutrition
Service

Northeast Region

10 Causeway St.
Room 501
Boston, MA 02222

MAR 30 2012

Dale J. Denno, Director
Office for Family Independence
442 Civic Center Drive
#11 State House Station
Augusta, ME 04333-0011

Dear ~~Mr. Denno~~: Dale

In November 2011, we became aware that Maine Department of Health and Human Services (DHHS) issued Supplemental Nutrition Assistance Program (SNAP) supplements totaling $4,861,920 to SNAP recipients due to the State's failure to adhere to your rules process. This is to inform you that your Agency must establish claims for these accounts.

Issue

Maine chose the option to extend its FY 2010 SUA for an additional three months with the condition that they updated their SUA on April 1, 2011. In April, the State made the annual SUA adjustment as required by FNS. In June, due to the State's rules procedures, DHHS decided that they should provide recipients with benefits calculated w it the higher SUA value. Restored were then provided to all affected households. SUA.

For the establishment of recipient claims as a result of these overpayments, the following procedures should be followed according to Federal regulations at CFR 273.18 and as described in DHHS's approved Recipient Claims Management Plan.

State Claim Referral Management Plan

Your plan provides a sixty-day period, from the Date of Discovery, for Eligibility staff to gather information and verification to determine if the potential claim should be established. If Eligibility Staff determines that there is an overpayment, there is a period of one hundred and eighty days in which the overpayment must be established. If claims cannot be established within these timeframes, DHHS must contact FNS and provide for a reasonable expected date of completion.

Date of Discovery

Because the Date of Discovery could be construed at different times, for the purpose of defining Date of Discovery for this population only, the Date of Discovery should be the date of this letter. Although overpayment information became known at an earlier date it was unclear as to whether clients would be responsible for repayment. FNS has evaluated the situation and has determined that overpayments should be established against households and that the date of this decision letter should be used as the Date of Discovery.

Claims Establishment Cost-Effectiveness Threshold
DHHS's Claims Management Plan does not require the establishment of overpayments less than $200 if the household is not participating in the program as of the discovery date. If the household is participating at the time of discovery, the overpayment must be established. There are no claims establishment thresholds established for participating households.

Date of Establishment
The definition of establishment is when the claims overpayment calculation is complete, a demand letter is sent to the debtor, and the debt is recorded on the FNS-209 Report, Status of Claims Against Households, during the quarter for which it was established.

Compromising Claims
You are authorized to compromise an overpayment, or any portion thereof, when it can be determined that the economic circumstances of the household indicate an unlikely prospect to repay the claim within three years. We strongly encourage States to consider such requests on a case-by-case basis. In addition, if hardship exists, a State agency may compromise a claim amount and/or adjust the installment payment to a lower amount. Compromising claims is a proven effective claims management tool widely used in both the public and private sectors. With compromising authority, State agencies can manage their outstanding receivables better by pursuing amounts that they can expect to collect.

Termination Plan
DHHS will terminate and write-off claims according to FNS policy outlined in 7 CFR 273.18(e)(8)(ii).

FNS-209 Reporting
Please contact Denise Daly at (617) 565-6404 if you need any assistance in reporting any of the above actions on the quarterly FNS-209 Report or questions concerning the claims process.

Sincerely,

Bonnie A. Brathwaite

Bonnie Brathwaite, Director
Supplemental Nutrition Assistance Program
Northeast Region

cc: Beth Hamm
Karen Curtis
Scott Fitts