1998 Special Session I

Budget Bill - SB4001 (Introduced)

Item 408

A. In the operation of any program of public assistance, including benefit and service programs in any locality, for which program appropriations are made to the Department of Social Services, it is provided that if a payment or overpayment is made to an individual who is ineligible therefor under federal and/or state statutes and regulations, the amount of such payment or overpayment shall be returned to the Department of Social Services by the locality.

B. Within federal authorities and guidelines regarding retention by states of fraud collections and recoveries of inadvertent client error claims, a local department of social services participating in the Department's enhanced fraud control and collections program shall be reimbursed from collections made by such local department for fraud and inadvertent client error claims. Any such local department that meets or exceeds program expectations as defined in the enhanced fraud control and collections planning guide may receive up to 110 percent of the nonfederal share of administrative expenses associated with such local fraud control and collection activities. Any local department participating in the enhanced program that does not achieve such program expectations may receive reduced reimbursement for the local share of such administrative expenses. The state's share of collections not reimbursed to a local department of social services may be retained by the Department in the amount needed to offset costs associated with fraud and error control and collection efforts, including privatization efforts to recover delinquent claims.

C. However, no such repayments may be required of the locality if the Department determines that such overpayment or payments to ineligibles resulted from the promulgation of vague or conflicting regulations by the Department's central or regional offices or from the failure of either of the offices to make timely distribution to the localities of the statutes, rules, regulations, and policy decisions, causing the overpayment or payment to ineligible(s) to be made by the locality or from situations where a locality exercised due diligence, yet received incomplete or incorrect information from the client which caused the overpayment or payment to ineligibles. If a locality fails to effect the return, the Department of Social Services shall withhold an equal amount from the next disbursement made by the Department to the locality for the same program.