

DEPARTMENT OF WORKFORCE  
DEVELOPMENT  
Secretary Roberta Gassman  
201 East Washington Avenue  
P.O. Box 7946  
Madison, WI 53707-7946  
Telephone: (608) 266-7552  
FAX: (608) 266-1784  
www.dwd.state.wi.us



State of Wisconsin  
Governor Jim Doyle

DEPARTMENT OF HEALTH AND FAMILY  
SERVICES  
Secretary Helene Nelson  
1 West Wilson Street  
P.O. Box 7850  
Madison, WI 53707-7850  
Telephone: (608) 266-9622  
FAX: (608) 266-7882  
www.dhfs.wisconsin.gov

TO: **Economic Support Supervisors  
Economic Support Lead Workers  
Training Staff  
Child Care Coordinators  
W-2 Agencies  
Workforce Development Boards  
Job Center Leads and Managers**

FROM: Amy Mendel-Clemens  
Communications Section  
Bureau of Eligibility Management  
Division of Health Care Financing

**BEM/DWS OPERATIONS MEMO**

No: 05-45

DATE: 11/02/2005

FS	<input type="checkbox"/>	MA	<input type="checkbox"/>	SC	<input type="checkbox"/>
CTS	<input type="checkbox"/>	CC	<input checked="" type="checkbox"/>	W-2	<input checked="" type="checkbox"/>
FSET	<input type="checkbox"/>	EA	<input type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input type="checkbox"/>	JC	<input type="checkbox"/>	RAP	<input type="checkbox"/>
WIA	<input type="checkbox"/>	Other	EP	<input type="checkbox"/>	★

**PRIORITY: HIGH**

SUBJECT: **Establishment of Non-Client Error W-2 and Child Care Recipient  
Overpayments**

**CROSS REFERENCE:** DWD 56.04 (5), DWD 12.23

**EFFECTIVE DATE:** August 1, 2005

**PURPOSE**

This memo explains a policy change in the establishment of non-client error (NC) W-2 and Child Care recipient overpayments.

**BACKGROUND**

On August 1, 2005 a new DWD Administrative Collection Rule went into effect (DWD 56). The rule was promulgated as described in Wisconsin statute 49.195 to regulate and define collections policies and procedures for public assistance programs including Wisconsin Works (W-2), Child Care (CC) and Aid to Families with Dependent Children (AFDC). The rule aligned the recovery of public assistance overpayments for all programs under a uniform policy. Benefit Recovery procedures now mirror the federal regulations for the establishment and collection of FoodShare overpayments.

Prior to the collection rule, W-2 and Child Care non-client error overpayments could be established without limitation to the overpayment period. As of August 1, 2005, the overpayment period for a

non-client error W-2 or Child Care overpayment can only extend 12 months back from the date of discovery which is the same as the overpayment claim notice date.

The Public Assistance Collection Unit, which is responsible for the collection of delinquent public assistance overpayments, has reviewed and identified all non-client error Child Care, and W-2 overpayments that were entered between August 1, 2005 and the release of this operations memo to ensure the claims meet the new guidelines. Therefore, local agencies do not need to take further action to review past records.

## **POLICY**

Agencies administering W-2 program funds shall take all steps necessary to recoup or recover payments incorrectly made to a W-2 participant regardless of error.

Agencies administering Child Care shall take all steps necessary to recoup or recover, from the parent, funds paid to the Child Care provider when the parent was ineligible for the level of benefits paid regardless of error.

A non-client error (also known as administrative error) is caused when the agency makes an error that results in incorrect payments or the system calculates an authorization or payment amount for more than the client was entitled.

Non-client error claims cannot be established if the end of the overpayment period exceeds 12 months from the date of discovery. The date of discovery is the notification date of the overpayment claim.

The overpayment period for non-client error claims ends with the month the error last occurred and extends back 12 months or when the error first became effective (for child care: the first full week an incorrect payment occurred), whichever is most recent. In other words, the overpayment period for W-2 and Child Care overpayments cannot begin more than 12 months prior to the notification date of the overpayment.

This policy change does not affect fraud (IPV) or client error (CE) claims which can extend back six years from the date of discovery.

### **Example**

A worker discovers on 10/5/05 that a W-2 participant was ineligible for Child Care due to a system authorization error beginning on 8/1/04. The participant continued to receive services through 12/31/04. If the worker establishes the overpayment on 10/5/05, the overpayment period cannot begin prior to 10/5/04. Therefore the overpayment period would be 10/5/04 through 12/31/04.

## **CONTACTS**

BHCE CARES Information & Problem Resolution Center 608-261-6378

★Program Categories – FS – FoodShare, MA – Medicaid, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – Food Stamp Employment and Training, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, Other EP – Other Employment Programs.

DWD/DWS/JB