



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

YVONNE COPELAND • Director, Division of Child and Family Well  
Being

**Date:** December 20, 2022  
**Attention:** Program Integrity Managers, Supervisors, and Investigators  
**Subject:** Terminate and Write off Claims for Pandemic-Caused Overissuances  
**Effective:** December 20, 2022  
**Priority:** Information Only

**Dear County Directors of Social Services**

**I. General Information**

The United States Department of Agriculture (USDA) has allowed additional flexibilities regarding Program Integrity, allowing states to review the criteria for terminating and writing off claims under 7 CFR 273.18(e)(8)(ii). A terminated claim is a claim for which all collection action has stopped. A written-off claim is a claim that is no longer subject to our reporting and collection requirements. Specifically, the USDA has allowed state agencies to terminate and write off claims in situations where:

- Implementation of procedural requirements was an unintentional contributing factor that led to the overissuance
- The collection of the claim may cause undue economic hardship on the household; or
- It is impractical to accurately establish a claim amount or reasonably collect the funds due to the unique circumstances of responding to the COVID-19 Public Health Emergency.

To alleviate financial hardship on households as a result of the COVID-19 pandemic, North Carolina Department of Health and Human Services (NCDHHS) intends to implement Administrative Regulatory Flexibility III as outlined in the November 10, 2021 memo from USDA to terminate and write-off claims for pandemic-caused overissuances. This flexibility had been requested due to numerous changes in federal legislation (e.g., through the Families First Coronavirus Response Act) during the COVID-19 pandemic that required state agencies to quickly implement new programs and increase benefits to support the increased need from the pandemic, causing confusion among SNAP households and local FNS caseworkers that resulted in overissuances. This approval to implement Flexibility III is intended to be implemented in conjunction with North Carolina's Administrative Waiver for Pandemic-Caused Overissuances (Flexibility I) that was approved in June 2022.

As part of Administrative Regulatory Flexibility III, North Carolina will terminate and write off FNS claims for pandemic-caused overissuances. Specifically, the state will terminate and write

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off the following FNS claims that have overissuance periods that started on or after March 1, 2020 for:

- Claims with overissuances due to Agency Errors (AE)
- Claims with overissuances due to Inadvertent Household Errors (IHE)
- Claims with overissuances discovered in Quality Control (QC) reviews that were due to AE or IHE

Claims that were established due to Intentional Program Violations (IPVs) will be excluded from the flexibility to terminate and write-off pandemic-caused overissuance claims. Also, any overpayments related to the State System Outage October 2022 will not be considered Pandemic-caused, and therefore will not be closed. Any overpayments established due to this should have the referral source code of State System Outage October 2022.

USDA has granted this flexibility through the end of the federal public health emergency to reduce administrative burden for the state in reducing time spent by state staff preparing requests for extensions.

To reduce administrative burden for local FNS staff, North Carolina will implement this flexibility by programming its eligibility system, NC Families Accessing Services through Technology (NC FAST), to systematically evaluate FNS claims that meet the criteria outlined above and automatically reduce the balance to zero for overissuance periods that started on or after March 1, 2020.

## II. Implementation Instructions

No action will be needed by Program Integrity Investigators. Any overpayments meeting the criteria outlined above will be closed by NC FAST and a comment will be added to the Product Liability Case Closure reason "**COVID-19 Waiver**".

NCDHHS will implement the Terminate/Write-Off claims by cases being automatically closed beginning December 20. The system will close Pandemic-Caused overpayment claims with overpayment periods 3/1/2020-previous month end (first run through 11/30/2022). A monthly batch run will be ran each month until the conclusion of the Public Health Emergency (PHE).

**Per guidance from USDA, this waiver does not permit refunds for claims that have already been established.**

***Notices will be sent to debtors informing them of the deletion of this debt.***

This policy is effective immediately. If you have any questions, please contact [dss.pi.questions@dhhs.nc.gov](mailto:dss.pi.questions@dhhs.nc.gov) for assistance.

Sincerely,



**Madhu Vulimiri, MPP**  
Deputy Director  
Division of Child and Family Well-Being

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