
FOOD AND NUTRITION SERVICES CERTIFICATION

BENEFIT ADJUSTMENTS

FNS 900 RESTORATION OF LOST BENEFITS

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CHANGE # 19-2021

OCTOBER 8, 2021

900.01 REQUIREMENT FOR RESTORING LOST BENEFITS

- A. Definitions:
1. Supplements are additional benefits that are due in the same month current benefits are issued.
 2. Restorations are benefits that are provided after the month they were originally due.
 3. It is recommended that both supplements and restorations be restored no later than the next normal issuance cycle following the discovery of an error that results in lost benefits to the FNS unit.
- B. Neither restorations nor supplements can be authorized when the debtor has an active claim.
- C. A Food and Nutrition Services (FNS) Unit is entitled to restored benefits:
1. When benefits have been lost due to an administrative error.
 2. When an administrative disqualification for Intentional Program Violation (IPV) was subsequently reversed.
 3. When a judicial action finds that benefits were wrongfully withheld.
 4. When benefits for an eligible household is severely delayed due to processing of application or recertification for more than one year.
 5. Whenever this manual specifically states that a FNS unit is entitled to restoration of lost benefits.
- D. When the loss to the FNS unit is caused by agency error or by an administrative disqualification penalty subsequently reversed, restore benefits for up to 12 months prior to whichever of the following occurred first.
1. The date the agency receives a verbal or written request from the FNS unit for restoration; **or**
 2. The date the agency is notified or otherwise discovers that a loss to the FNS unit has occurred.

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- E. When a judicial action finds that benefits have been wrongfully withheld and the judicial action is the first action filed by the FNS unit to obtain restoration of lost benefits, restore benefits for no more than 12 months prior to the first of the following dates.
 - 1. The date the agency receives a request for restoration; **or**
 - 2. If no request for restoration is received, the date the Fair Hearing action was initiated.
- F. Restore benefits even if the FNS unit is currently ineligible.
- G. Do not restore lost benefits when the loss is caused by a FNS unit error, such as failure to report a change that would result in increased benefits.

900.02 ERRORS DISCOVERED BY THE LOCAL AGENCY

- A. Restore any lost benefits when the agency determines that a loss has occurred and the FNS unit is entitled to a restoration of benefits.
- B. No action by the FNS unit is required in order to initiate restoration of lost benefits.
- C. Calculate the correct amount of benefits following instructions in FNS 900.04.
- D. Notify the FNS unit using the DSS-8551 Notice of Eligibility, Denial, or Pending Status of:
 - 1. The correct amount of benefits;
 - 2. Any offsetting that was done;
 - 3. The method of restoration; **and**
 - 4. The right to appeal through the Fair Hearing process if the FNS unit disagrees with any aspect of the proposed restoration of lost benefits. (See FNS 705 Fair Hearings.)

900.03 DISPUTED BENEFITS

- A. If a FNS unit does not agree with the calculated amount of benefits to be restored or any other action taken to restore lost benefits, the FNS unit may request a Fair Hearing within 90 calendar days of the date the FNS unit is notified of entitlement to restoration of lost benefits.

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NOTE: If a Fair Hearing is requested prior to or during the time restoration of lost benefits is being processed, the FNS unit will receive the restored benefits as determined by the agency pending the results of the Fair Hearing.

- B. If a FNS unit believes it is entitled to restored benefits, and after review of the case situation the agency does not agree, the FNS unit may request a Fair Hearing within 90 calendar days from the date of the local agency decision.
 - 1. Restore benefits only if the Fair Hearing decision is found favorable to the FNS unit.
 - 2. Restore benefits for up to 12 months prior to the date the agency initially discovered the FNS unit's possible entitlement to restored benefits.

900.04 CALCULATING BENEFITS TO BE RESTORED

After correcting the case for future months and excluding the months in which benefits may have been lost prior to the 12-month time limit described in 900.01, calculate the amount to be restored as follows.

- A. If the loss was caused by an incorrect delay, denial, or termination of benefits, calculate the months affected as follows.
 - 1. If an eligible FNS unit's application was erroneously denied, the month the loss initially occurred is the month of application or, for an eligible FNS unit filing a recertification, the month following the expiration of its certification period is the month of application.
 - 2. If an eligible FNS unit application or recertification was delayed due to local agency delay in the initial 30-day application-processing period or severely delayed processing for more than one year, the amount of benefits lost would be calculated from the month of application. If the FNS unit was at fault for the initial delay, the amount of benefits would be calculated from the month following the month of application.
 - 3. If benefits were erroneously terminated, the month the loss initially occurred is the first month benefits were not received as a result of the erroneous action.
 - 4. After determining the initial month of lost benefits, calculate lost benefits for each subsequent month until the error was corrected or until the FNS unit became ineligible.

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- B. If there is insufficient information in the case file to determine whether the FNS unit was eligible, request the FNS unit provide information for each month of potential lost benefits.

NOTE: Do not restore benefits for any month a FNS unit fails to provide necessary information to determine eligibility.

- C. Calculate the allotment the FNS unit should have received for the eligible months. If the FNS unit received a smaller allotment than it was eligible to receive, the difference between the actual and correct allotments equals the amount to be restored.
- D. If there is an outstanding claim, the amount to be restored or supplemented is offset against the amount due on the claim before the balance, if any, is restored or supplemented to the FNS unit. (Refer to FNS 800 Claims.)

NOTE: When a FNS unit is certified and receives an initial allotment, the initial allotment cannot be reduced to offset claims even if the initial allotment is paid retroactively.

- E. Document all calculation of restored benefits on the DSS-1682 Report of Erroneous Issuance. File the completed form in the North Carolina Families Accessing Services through Technology (NC FAST) case file.

900.05 REVERSALS OF INTENTIONAL PROGRAM VIOLATIONS (IPV)

- A. If an IPV decision is reversed, an individual disqualified for an IPV is entitled to restoration of any benefits lost during the months that the individual was disqualified (not to exceed 12 months prior to the notification of lost benefits).
- B. To determine the amount restored for these individuals, compare the allotment the FNS unit received with the allotment the FNS unit would have received had the disqualified member been allowed to participate. If the FNS unit received a smaller allotment than it should have received, the difference equals the amount to be restored.
- C. Participation in an administrative disqualification hearing in which the FNS unit contests the local agency assertion of an IPV shall be considered notification that the FNS unit is requesting restored benefits.

900.06 METHOD OF RESTORATION

- A. Authorize restored benefits to the FNS unit regardless of its current eligibility to participate.

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- B. Issue restored benefits in addition to the allotment authorized for a currently participating FNS unit.
- C. Using the DSS-8562 Effect of change to notify the FNS unit of the entitlement to restored benefits, the amount to be restored, the method of restoration (lump sum), and its right to request a Fair Hearing if it disagrees with any aspect of the proposed restoration.

900.07 CHANGES IN FNS UNIT'S COMPOSITION

- A. When a FNS unit's household composition has changed and there is at least one member of the original FNS unit active in the FNS program, restore the lost benefits to the FNS unit containing the majority of the individuals who were FNS unit members at the time the loss occurred, even if the majority of FNS unit members are minors.
- B. Restore lost benefits to the FNS unit containing the head of the FNS unit at the time the loss occurred when the agency cannot determine which FNS unit contains a majority of the FNS unit members.

900.08 AUTHORIZING RESTORED BENEFITS WHEN THE FNS UNIT MOVES

Restored benefits must be authorized by the local agency in the county where the FNS unit resides, regardless of where it lived when the benefits were lost. Take action to provide restored benefits using the procedures defined above once you discover or are notified that the FNS unit is entitled to restoration of lost benefits.

900.09 DOCUMENTATION

The worker must clearly document the reason for the benefits adjustment in the comments section of the appropriate restoration or supplement underpayment case in NC FAST.