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**FOOD STAMP CERTIFICATION  
CLAIMS  
NC Education Lottery Interception**

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**FS 865 NC Education Lottery Interceptions**  
**Change #1-2007**  
**January 1, 2007**

**865.01**      **What is NC Education Lottery Interception?**

**A.      Definition of NC Education Lottery Interception (NCEL).**

NC Education Lottery Interception is a process by which the NCEL intercepts lottery winnings to repay Intentional Program Violation (IPV) and Inadvertent Household Error (IHE) claims.

**B.      Legal Basis**

North Carolina General Statute 18C provides that prize payments may be used to satisfy debts owed to NC DHHS. NCGS 18C-133(a) states: By purchasing a ticket or share in a lottery game, a player agrees to abide by, and be bound by, the game-play rules adopted by the Commission that apply to any particular lottery game involved.

**865.02**      **RULES FOR SELECTING CLAIM DEBTORS FOR NCEL**

**A.      NCEL uses the same rules for selecting eligible debtors as the NC Department of Revenue. EPICS uses the same codes in the same fields for DOR and NCEL. Those rules and codes are:**

1.      Claim must be in Collection (CO) or Terminated (TE) Status.
2.      Claim Type must be IHE or IPV.
3.      Debtor must owe \$50.00 or more in total eligible claims.
4.      Debtor must not have been recouped in the past 60 days.
5.      Debtor must not have a NC Debt Setoff Indicator of H, L, S, or X.
6.      Debtor must be delinquent on NCEL eligible claims. Delinquent is defined as:
  - a.      The Claim Establishment Date must be at least 60 days prior to the current date, and
  - b.      The debtor has not made cash payments coded C totaling 10% of the balance of NCEL eligible claims, or \$25.00, whichever is greater, within 60 days of the current date, and
  - c.      The debtor has not been recouped in the past 60 days.

**B      The repayment approach information in EPICS such as the frequency of payment and the repayment amount has no impact on the determination of delinquency for NCEL selection. Delinquency is determined at the claim debtor level.**

**C.      In determining delinquency, EPICS examines the Payments and/or Adjustments (adjustments could offset a payment) that have been recorded in EPICS within the last 60 days.**

The following types of payments are considered:

- C    :    Cash**  
**R    :    Recoupment**

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EPICS considers the methods of collections (payments) and adjustments for the past 60 days, tracking the total dollar amounts of all payments versus adjustments. The only value that offsets a payment for delinquency determination is ADJ-Adjustment.

- D. NC Debt Setoff field on the Debtor Detail Screen must be blank for NCEL intercept to occur. A blank field indicates that the debtor has not been determined exempt from NC Debt Setoff or NCEL interception for the claim or he has already been selected for NC Debt Setoff. Key the appropriate exemption code below if a debtor is exempt from DOR Setoff and NCEL interception.

<u>H</u>	≡	<u>Hearing in progress (county use)</u>
<u>L</u>	≡	<u>Litigation in progress (county use)</u>
<u>S</u>	≡	<u>State controller waived (County will be notified by State DSS and instructed to enter this code.)</u>
<u>X</u>	≡	<u>Permanently excluded (State office use, only)</u>

- E. Enter H in the NC Debt Setoff Indicator field on the Debtor Detail screen in EPICS when a debtor negotiates a repayment agreement with the county to pay less than 10% of the balance or \$25.00; whichever is greater, and the debtor is paying accordingly. This blocks DOR and NCEL intercept. Set the H back to blank space in order to submit the claim for DOR and NCEL interception if the debtor later fails to pay according to the repayment agreement.
- F. A Claim Debtor is submitted for NCEL interception if he meets all requirements, and the current balance for all eligible claims in which he is a debtor totals \$50.00 or more.
- G. EPICS sets the NC Debt Setoff flag to Y on each claim debtor record that has been identified as eligible and forwarded for collection to NCEL. The NC Tax Debt Setoff field is on the Debtor Detail Screen.
- H. The claim is forwarded to NCEL without an address if a Claim Debtor does not have an EPICS mailing address. A debtor is not forwarded to NCEL if he has neither a Common Client ID (CCID) Name nor a SSN.
- I. FRD213 Claims Selected for NC Debt Setoff is produced for each investigator to report debtors and claims that were selected for DOR and NCEL interception. It is sorted by individual name and program. This report runs weekly and is in X/PTR. The report is not mailed.
- J. FRD429 Claims exempt from NC Debt Setoff is produced to report debtors who meet the selection criteria for DOR and NCEL interception, but were not submitted because the NC Debt Setoff field contains H, L, S, or X.

**865.03**

**HOW PAYMENTS ARE APPLIED**

- A. Money intercepted by NCEL is applied to all selected claims. It is possible for EPICS to receive up to three separate intercepts for a debtor. A NCEL intercept can only be applied to the designated program.
- B. A claim is closed by EPICS when it is paid in full by NCEL intercept.

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- C. EPICS applies intercepted payments to eligible claims as received. Claims are paid off by program in the order of oldest claim first according to the Claim Establishment Date. Payments are applied randomly when two or more claims in the same program have the same Claim Establishment Date.
- D. The debtor is refunded any money intercepted that exceeds the total of eligible claims owed by the debtor for that program. The remainder is not applied to any other claim or program.
- E. NCEL intercept is applied to the debt even if the debtor becomes non-delinquent from the time of the intercept to when the intercept is applied. A refund is issued to the debtor for the amount of any overcollection.
- F. All NCEL intercept refunds are made by the State Controller to the debtor. Debtors should expect refunds 8 to 10 weeks after interception.
- G. All NCEL intercept payments are recorded by EPICS with L for the method of collection. The payment is visible on the Payment History by Referral and Payment History by Individual screens once it is applied.

**865.04**

**NCEL INTERCEPT REQUIREMENTS**

- A. The priority of DHHS programs for NCEL intercept collections is: Child Support, Medicaid (TPR), Food Assistance, AFDC/TANF, and Medicaid (Recipient overpayments).
- B. DHHS provides a file to NCEL each week. Each weekly file replaces the previous week s file. It reflects EPICS latest claim balances and drops or adds claims depending on the current balance and selection criteria.
- C. NCEL provides a file to DHHS as money is intercepted. EPICS sends a notice, DSS-8234, to the debtor regarding the interception and the claim balance. The notice will advise the household of one of the following:
  - 1. The amount intercepted, applied, and that the claim is paid in full or,
  - 2. The amount intercepted, applied, and the remaining balance of the claim  
or,
  - 3. The amount intercepted, applied, and the amount to be refunded.
- D. The debtor does not have recourse for a hearing or appeal regarding NCEL interception.