

STATE OF MICHIGAN
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF: [REDACTED],
Respondent

Reg. No: 2009-30618
Issue No: 6052
Case No: [REDACTED]
Load No: [REDACTED]
Hearing Date:
January 20, 2010
Kent County DHS

ADMINISTRATIVE LAW JUDGE: Ivona Rairigh

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37, 7 CFR 273.16, MAC R 400.3130, and MAC R 400.3178 upon the Department of Human Services (department) request for a disqualification hearing. After due notice, a hearing was held on January 21, 2009. The respondent failed to appear for the hearing and it was held in her absence pursuant to 7 CFR 273.16(e), MAC R 400.3130(5), or MAC R 400.3187(5).

ISSUE

Whether respondent committed an Intentional Program Violation (IPV) of the Child Development and Care (CDC) program and whether respondent received an overissuance of benefits that the department is entitled to recoup?

FINDINGS OF FACT

The Administrative Law Judge, based upon the clear and convincing evidence on the whole record, finds as material fact:

1. The department's Office of Inspector General (OIG) filed a hearing request to establish an overissuance of benefits received by respondent as a result of respondent having committed an Intentional Program Violation (IPV).

2. Respondent was a recipient of CDC benefits during the period of July 2, 2004 through June 30, 2005. (Department Exhibit 5)

3. Respondent signed the Assistance Application (DHS-1171) on June 5, 2004, acknowledging that she understood her failure to give timely, truthful, complete and accurate information about her circumstances could result in a civil or criminal action or an administrative claim against her. (Department Exhibit 1)

4. Respondent was aware of her responsibility to report truthful circumstances and any changes in circumstances to the department.

5. Respondent has no apparent mental or physical impairment that would limit the understanding or ability to fulfill the reporting responsibilities.

6. Respondent received CDC benefits due to being employed with Dakota Watch Company. Respondent's employment ended on July 21, 2004 according to the verification received from the employer, but she never reported this change and continued to claim CDC need. (Department Exhibit 2)

7. Respondent, in a telephone conversation with her caseworker of June 10, 2005, stated that she stopped working with [REDACTED], and that she supposedly sent her a letter about this. Caseworker never received this letter. Respondent then claimed that she became self-employed after October, 2004 and still utilized her day care provider.

8. OIG attempted to interview the respondent and she called to say she would attend the interview, then called back the next day to say she would reschedule, but never did.

9. Respondent e-mailed a letter to a [REDACTED]" dated [REDACTED], so it could be mailed from a [REDACTED] address in order for it to reach OIG "fast". In the letter respondent again claimed she notified her caseworker about the job change, adding that the worker must not have received it. Respondent also stated that she was out of state and that the children were with their father, but did not list where she was or when the children were with their father. (Department's Exhibit 3).

10. The respondent received a total of \$14,543.50 in CDC benefits during the time period of July 1, 2004 to June 30, 2005, but was only eligible for \$630, resulting in receipt of \$13,913.50 ineligibly.

11. As a result of the failure to report she was no longer working and had no CDC need, respondent committed an IPV and received an overissuance of benefits.

12. Respondent has not committed any previous intentional CDC program violations

13. A Notice of Disqualification Hearing was mailed to respondent at the last known address and was not returned by the U.S. Post Office as undeliverable. Respondent's last known address is: [REDACTED].

CONCLUSIONS OF LAW

The Child Development and Care program is established by Titles IVA, IVE and XX of the Social Security Act, the Child Care and Development Block Grant of 1990, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The program is implemented by Title 45 of the Code of Federal Regulations, Parts 98 and 99. The Department of Human Services (DHS or department) provides services to adults and

children pursuant to MCL 400.14(1) and MAC R 400.5001-5015. Department policies are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Program Reference Manual (PRM).

In this case, the department has requested a disqualification hearing to establish an overissuance of benefits as a result of an IPV. The department's manuals provide the following relevant policy statements and instructions for department caseworkers:

BENEFIT OVERISSUANCES

DEPARTMENT POLICY

All Programs

When a client group receives more benefits than they are entitled to receive, DHS must attempt to recoup the overissuance (OI). BAM, Item 700, p. 1.

Definitions

The **Automated Recoupment System (ARS)** is the part of CIMS that tracks all FIP, SDA and FAP OIs and payments, issues automated collection notices and triggers automated benefit reductions for active programs.

A **claim** is the resulting debt created by an overissuance of benefits.

The **Discovery Date** is determined by the Recoupment Specialist (RS) for a client or department error. This is the date the OI is known to exist and there is evidence available to determine the OI type. For an Intentional Program Violation (IPV), the Office of Inspector General (OIG) determines the discovery date. This is the date the referral was sent to the prosecutor or the date the OIG requested an administrative disqualification hearing.

The **Establishment Date** for an OI is the date the DHS-4358A-D, Repay Agreement, is sent to the client and for an IPV, the date the DHS-4357 is sent notifying the client when the disqualification and recoupment will start. In CIMS the "establishment date" has been renamed "notice sent date."

An **overissuance (OI)** is the amount of benefits issued to the client group or CDC provider in excess of what they were eligible to receive. For FAP benefits, an OI is also the amount of benefits trafficked (traded or sold).

Overissuance Type identifies the cause of an overissuance.

Recoupment is a DHS action to identify and recover a benefit OI. BAM 700, p. 1.

PREVENTION OF OVERISSUANCES

All Programs

DHS must inform clients of their reporting responsibilities and act on the information reported within the Standard of Promptness (SOP).

During eligibility determination and while the case is active, clients are repeatedly reminded of reporting responsibilities, including:

- . Acknowledgments on the application form, **and**
- . Explanation at application/redetermination interviews, **and**
- . Client notices and program pamphlets.

DHS must prevent OIs by following PAM 105 requirements and by informing the client or authorized representative of the following:

- . Applicants and recipients are required by law to give complete and accurate information about their circumstances.
- . Applicants and recipients are required by law to promptly notify DHS of all changes in circumstances within 10 days. FAP Simplified Reporting (SR) groups are required to report only when the group's actual gross monthly income exceeds the SR income limit for their group size.
- . Incorrect, late reported or omitted information causing an OI can result in cash repayment or benefit reduction.
- . A timely hearing request can delete a proposed benefit reduction.

INTENTIONAL PROGRAM VIOLATION

DEFINITIONS

All Programs

Suspected IPV

Suspected IPV means an OI exists for which all three of the following conditions exist:

- . The client **intentionally** failed to report information **or intentionally** gave incomplete or inaccurate information needed to make a correct benefit determination, **and**
- . The client was clearly and correctly instructed regarding his or her reporting responsibilities, **and**
- . The client has no apparent physical or mental impairment that limits his or her understanding or ability to fulfill their reporting responsibilities.

Intentional Program Violation (IPV) is suspected when there is clear and convincing evidence that the client or CDC provider has intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility. BAM, Item 720, p. 1.

MA and CDC Only

IPV exists when the client/AR or CDC provider:

- . is found guilty of fraud by a court, **or**
- . signs a DHS-4630 **and** the prosecutor or Office of Inspector General (OIG) authorizes recoupment in lieu of prosecution. BAM, Item 720, p. 2.
- . is found responsible for the IPV by an administrative law judge conducting an IPV or Debt Establishment Hearing. BAM, Item 720, p. 2.

OVERISSUANCE AMOUNT

FIP, SDA, CDC and FAP Only

The amount of the OI is the amount of benefits the group or provider actually received minus the amount the group was eligible to receive. BAM 720, p. 6.

IPV Hearings

FIP, SDA, CDC, MA and FAP Only

OIG represents DHS during the hearing process for IPV hearings.

OIG requests IPV hearings for cases when no signed DHS-826 or DHS-830 is obtained, and correspondence to the client is not returned as undeliverable, or a new address is located.

OIG requests IPV hearing for cases involving:

1. FAP trafficking OIs that are not forwarded to the prosecutor.
2. Prosecution of welfare fraud or FAP trafficking is declined by the prosecutor for a reason other than lack of evidence, **and**
 - . The total OI amount for the FIP, SDA, CDC, MA and FAP programs combined is \$1,000 or more, **or**
 - . The total OI amount is less than \$1,000, **and**
 - .. The group has a previous IPV, **or**
 - .. The alleged IPV involves FAP trafficking, **or**
 - .. The alleged fraud involves concurrent receipt of assistance (see PEM 222), **or**
 - .. The alleged fraud is committed by a state/government employee.

Excluding FAP, OIG will send the OI to the RS to process as a client error when the DHS-826 or DHS-830 is returned as undeliverable and no new address is obtained. BEM, Item 720, p. 10.

In respondent's case department has shown that the respondent provided false information to her caseworker regarding her dates of employment, and continued to claim day care needs for several months after her employment had ended. Respondent did send a letter to OIG that was not signed and did not indicate where she resides. Respondent's statement in the letter that she was e-mailing the letter to a family member in [REDACTED] so it could reach OIG faster does not make logical sense. Respondent placing such letter in the mail herself would reach OIG in the same amount of time unless the respondent was in some foreign country far away from U.S. It appears that the respondent is trying to conceal her whereabouts, lending further credibility to department's allegation that she provided false information about her CDC need in order to collect benefits she was not entitled to receive.

Respondent also stated in her letter that she did not know her day care provider was collecting CDC benefits she was not entitled to receive, after she no longer had her baby sit for her. Note in department's documentation indicates that the provider could not be reached by telephone. As this Administrative Law Judge is persuaded that the respondent received CDC benefits based on false information she gave the department, further analysis of her action leads to the conclusion that no misinformation would be needed unless the respondent benefited from it. CDC overissuance amount is over \$13,000 and respondent and the day care provider quite possibly entered into some type of agreement to divide the funds while receiving them based on false reporting.

DECISION AND ORDER

The Administrative Law Judge, based upon the clear and convincing evidence, decides respondent has committed an Intentional Program Violation of the CDC program and the department is entitled to recoup the overissuance of \$13,913.50.

Accordingly, the department is entitled to recoup the overissuance of benefits respondent ineligibly received. Respondent is ORDERED to reimburse the department for the overissuance.

/s/ _____
Ivona Rairigh
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: April 26, 2010

Date Mailed: April 26, 2010

NOTICE: The law provides that within 30 days of receipt of the above Decision and Order, the respondent may appeal it to the circuit court for the county in which he/she lives.

IR/tg

cc:

