

**STATE OF MICHIGAN
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES**

IN THE MATTER OF:

[REDACTED]

Reg. No: 201250347
Issue No: 1052, 3055, 6052
Case No: [REDACTED]
Hearing Date: June 20, 2012
Wayne County DHS

ADMINISTRATIVE LAW JUDGE: Gary F. Heisler

HEARING DECISION

This matter is before the undersigned Administrative Law Judge for an Intentional Program Violation hearing 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' request. After due notice, a hearing was held on June 20, 2012. Respondent did not appear. The record did not contain returned mail. In accordance with Bridges Administration Manual (BAM) 720 the hearing proceeded without Respondent.

ISSUES

Whether Respondent committed an Intentional Program Violation (IPV) and whether Respondent received a [REDACTED] over-issuance of Family Independence Program (FIP) benefits and a [REDACTED] over-issuance of Food Assistance Program (FAP) benefits between January 1, 2006 and June 30, 2007 which the Department is entitled to recoup?

Whether Respondent committed an Intentional Program Violation (IPV) and whether Respondent received a [REDACTED] over-issuance of Child Development and Care (CDC) benefits between December 12, 2004 and December 24, 2005 which 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. Respondent was an ongoing recipient of Child Development and Care (CDC) benefits because she was employed at Bay Logistics.
2. On October 19, 2004, Respondent submitted an application for assistance and indicated she was employed at [REDACTED]. Respondent listed that

- her children would be cared for by relative care provider [REDACTED]. (Pages 25-31).
3. On November 19, 2004, Respondent's employment at [REDACTED] ended. The Verification of Employment (DHS Form 38) submitted by [REDACTED] stated Respondent was fired for time card fraud. (Pages 63A & 63B).
 4. Respondent intentionally failed to report the loss of employment within 10 days as required and as acknowledged by her signature of the assistance applications.
 5. December 12, 2004 through December 24, 2005 has correctly been determined as the over-issuance period for the Child Development and Care (CDC) claim in this case.
 6. On April 7, 2005, Respondent submitted another application for assistance. Respondent wrote that she was employed at [REDACTED]. Respondent changed the individual listed as her relative care provider for Child Development and Care (CDC) benefits to an uncle. (Pages 32-38).
 7. On January 3, 2006, Respondent began employment at [REDACTED]. (Pages 64 & 65) Respondent intentionally failed to report the income within 10 days as required and as acknowledged by her signature of the assistance applications.
 8. On April 30, 2006, Respondent's Food Assistance Program (FAP) case closed at the end of that current certification period. (Page 83).
 9. On May 5, 2006, Respondent submitted an assistance application for Family Independence Program (FIP), Medical Assistance (MA), Food Assistance Program (FAP), and Child Development and Care (CDC) benefits. Respondent reported that she worked at [REDACTED]. (Pages 32-46).
 10. On July 11, 2006, Respondent submitted a fraudulent Verification of Employment (DHS Form 38) form [REDACTED]. A subsequent investigation conducted and reported by Office of Inspector General agent Garner determined that the [REDACTED] given on the Verification of Employment (DHS Form 38) was in fact respondent's mailing address. [REDACTED] investigation also determined that Respondent had not reported any income from [REDACTED] on her [REDACTED]. [REDACTED] (Pages 1A, 51 & 52).

11. On October 1, 2006, Respondent began receiving Food Assistance Program (FAP) benefits again. (Page 83).
12. On April 5, 2007, Respondent submitted an assistance application for Family Independence Program (FIP), Medical Assistance (MA), Food Assistance Program (FAP), and Child Development and Care (CDC) benefits. Respondent reported that she worked for [REDACTED]. (Pages 47-50A).
13. On June 26, 2007, Respondent's employment at [REDACTED] ended when she was fired. (Pages 64 & 65).
14. January 1, 2006 through June 30, 2007 has correctly been determined as the over-issuance period for the Family Independence Program (FIP) and Food Assistance Program (FAP) claims in this case caused by Respondent's fraudulent representation of employment at [REDACTED] and intentional failure to report her earned income from [REDACTED].
15. On September 27, 2007, the Department case worker made notes on the April 5, 2007 application stating there was an AFF UCB match for Respondent which was inconsistent with the home help care employment reported she had reported on the application. When Respondent was asked about other employment Respondent requested that her Child Development and Care (CDC) case be closed. (Page 50A).
16. On December 21, 2006, Respondent participated in an interview with [REDACTED]. Respondent asserted that she had worked for [REDACTED]. [REDACTED] asked Respondent for proof of the existence of [REDACTED] and her employment there. (Page 3).
17. Respondent showed no apparent physical or mental impairment that would limit her understanding or ability to fulfill their reporting responsibilities during this time period.

CONCLUSIONS OF LAW

The Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, 42 USC 601, *et seq.* The Department (formerly known as the Family Independence Agency) administers FIP pursuant to MCL 400.10, *et seq.*, and 1997 AACRS R 400.3101-3131. FIP replaced the Aid to Dependent Children (ADC) program effective October 1, 1996.

The Food Assistance Program (FAP) [formerly known as the Food Stamp (FS) program] is established by the Food Stamp Act of 1977, as amended, and is implemented by the

federal regulations contained in Title 7 of the Code of Federal Regulations (CFR). The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, *et seq.*, and 1997 AACRS R 400.3001-3015.

The Child Development and Care (CDC) 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 provides services to adults and children pursuant to MCL 400.14(1) and 1997 AACRS R 400.5001-5015.

In this case, the Department has requested a disqualification hearing for the Family Independence Program (FIP) and Food Assistance Program (FAP) and to establish over-issuances of FIP and FAP benefits during the period January 1, 2006 through June 30, 2007 as the result of an Intentional Program Violation (IPV) intended to prevent the Department from knowing Respondent's true earned income. The Department is also seeking to establish that Respondent committed a separate intentional program violation which resulted in an over-issuance of Child Development and Care (CDC) between December 12, 2004 and December 24, 2005 intended to prevent the Department from finding out that Respondent was not employed and did not have a valid need for Child Development and Care (CDC) benefits. Department policies provide the following guidance and are available on the internet through the Department's website.

BAM 720 INTENTIONAL PROGRAM VIOLATIONS DEPARTMENT POLICY

All Programs

Recoupment policies and procedures vary by program and over-issuance (OI) type. This item explains Intentional Program Violation (IPV) processing and establishment.

PAM 700 explains OI discovery, OI types and standards of promptness. PAM 705 explains agency error and PAM 715 explains client error.

DEFINITIONS

All Programs

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.

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.

Clear and convincing evidence is evidence that “produce[s] in the mind of the trier of fact a firm belief or conviction as to the truth of the allegations sought to be established, evidence so clear, direct, and weighty and convincing as to enable [the fact finder] to come to a clear conviction, without hesitancy, of the truth of the precise facts in issue.” *In re Martin*, 450 Mich 204, 227; 538 NW2d 399 (1995), quoting *In re Jobes*, 108 NJ 394, 407-408; 529 A2d 434 (1987).

FAP Only

IPV is suspected for a client who is alleged to have trafficked FAP benefits.

IPV FIP, SDA and FAP

The client/authorized representative (AR) is determined to have committed an IPV by:

- A court decision.
- An administrative hearing decision.
- The client signing a DHS-826, Request for Waiver of Disqualification Hearing or DHS-830, Disqualification Consent Agreement or other recoupment and disqualification agreement forms.

FAP Only

IPV exists when an administrative hearing decision, a repayment and disqualification agreement or court decision determines FAP benefits were trafficked.

MA and CDC Only

IPV exists when the client/AR or CDC provider:

- Is found guilty by a court, **or**
- Signs a DHS-4350 **and** the prosecutor or the office of inspector general (OIG), authorizes recoupment in lieu of prosecution, **or**
- Is found responsible for the IPV by an Administrative Law Judge conducting an IPV or debt establishment hearing.

OVER-ISSUANCE PROCESSING Recoupment Specialist Referral FIP, SDA, CDC and FAP Only

Bridges refers most client errors, CDC provider errors and suspected IPV to the RS. Use the DHS-4701, Over-issuance Referral, to refer manual OIs.

MA and AMP Only

Do not refer these OIs to the RS. See BAM 710 for suspected IPV processing.

SER and ESS Only

Refer these OIs to the RS only when IPV is suspected and a FIP, SDA or FAP OI also exists for the same period. Follow procedures in the SER manual for recoupment of SER. Follow procedures in [BEM 232](#) for Direct Support Services (DSS) OIs.

OVER-ISSUANCE PERIOD OI Begin Date FIP, SDA, CDC and FAP

The OI period begins the first month (or pay period for CDC) benefit issuance exceeds the amount allowed by policy **or** 72 months (6 years) before the date the OI was referred to the RS, whichever is later.

To determine the first month of the OI period (for OIs 11/97 or later) Bridges allows time for:

- The client reporting period, per BAM 105.
- The full standard of promptness (SOP) for change processing, per BAM 220.
- The full negative action suspense period.

Note: For FAP simplified reporting, the household has until 10 days of the month following the change to report timely. See BAM 200.

OI End Date
FIP, SDA, CDC and FAP

The OI period ends the month (or pay period for CDC) before the benefit is corrected.

OVER-ISSUANCE AMOUNT
FIP, SDA, CDC and FAP

The amount of the OI is the benefit amount the group or provider actually received minus the amount the group was eligible to receive. (Use BAM 715 inserted below)

BAM 715
OVERISSUANCE CALCULATION
FIP, SDA, CDC and FAP
Benefits Received FIP, SDA and CDC Only

The amount of benefits received in an OI calculation includes:

- Regular warrants.
- Supplemental warrants.
- Duplicate warrants.
- Vendor payments.
- Administrative recoupment deduction.
- EBT cash issuances.
- EFT payment.
- Replacement warrants (use for the month of the original warrant).

Do **not** include:

- Warrants that have not been cashed.
- Escheated EBT cash benefits (SDA only).

Warrant history is obtained from Bridges under Benefit Issuance; see RFT 293 and 294.

FAP Only

The amount of EBT benefits received in the OI calculation is the **gross** (before AR deductions) amount **issued** for the benefit month. FAP participation is obtained in Bridges under Benefit Issuance.

**Determining Budgetable Income
FIP, SDA, CDC and FAP**

If improper reporting or budgeting of income caused the OI, use actual income for the OI month for that income source. Bridges converts all income to a monthly amount.

Exception: For FAP only, do not convert the averaged monthly income reported on a wage match.

Any income properly budgeted in the issuance budget remains the same in that month's corrected budget.

FAP Only

If the FAP budgetable income included FIP/SDA benefits, use the grant amount actually received in the OI month. Use the FIP benefit amount when FIP closed due to a penalty for non-cooperation in an employment-related activity.

For client error OIs due, at least in part, to failure to report earnings, do **not** allow the 20 percent earned income deduction on the unreported earnings.

**Back to BAM 720
OIG RESPONSIBILITIES
All Programs**

Suspected IPV cases are investigated by OIG. Within 18 months, OIG will:

- Refer suspected IPV cases that meet criteria for prosecution to the Prosecuting Attorney.
- Refer suspected IPV cases that meet criteria for IPV administrative hearings to the Michigan Administrative Hearing System (MAHS).
- Return non-IPV cases to the RS.

**IPV Hearings
FIP, SDA, CDC, MA and FAP**

OIG represents DHS during the hearing process for IPV hearings.

OIG requests IPV hearings 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.

Exception: For FAP only, OIG will pursue an IPV hearing when correspondence was sent using first class mail and is returned as undeliverable.

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 \$1000 or more, **or**
 - The total OI amount is less than \$1000, **and**
 - The group has a previous IPV, **or**
 - The alleged IPV involves FAP trafficking, **or**
 - The alleged fraud involves concurrent receipt of assistance (see BEM 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.

DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, finds that the Department has established by clear and convincing evidence that Respondent committed an Intentional Program Violation (IPV) which resulted in a [REDACTED] over-issuance of Child Development and Care (CDC) benefits between December 12, 2004 and December 24, 2005 that the Department is entitled to recoup.

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, finds that the Department has established by clear and convincing evidence that Respondent committed an Intentional Program Violation (IPV) which resulted in a [REDACTED] over-issuance of Family Independence Program (FIP) benefits and a [REDACTED] over-issuance of Food Assistance Program (FAP) benefits between January 1, 2006 and June 30, 2007 that the Department is entitled to recoup.

201250347/GFH

It is ORDERED that the actions of the Department of Human Services, in this matter, are **UPHELD**.

/s/

Gary F. Heisler
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: July 16, 2012

Date Mailed: July 16, 2012

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.

GFH/tb

cc:

