

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

IN THE MATTER OF:



Reg. No.: 201254975
Issue No.: 3055
Case No.: [REDACTED]
Hearing Date: September 5, 2012
County: St. Clair

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 September 5, 2012. Respondent did not appear. The record did contain returned mail. In accordance with Bridges Administration Manual (BAM) 720 the hearing proceeded without Respondent on the Food Assistance Program (FAP) but the Medical Assistance (MA) claim was dismissed without prejudice.

ISSUE

Whether Respondent committed a Food Assistance Program (FAP) Intentional Program Violation (IPV) and whether Respondent received an \$ [REDACTED] over-issuance of Food Assistance Program (FAP) benefits between September 1, 2010 and January 31, 2012 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. On April 1, 2010, Respondent submitted an application for Food Assistance Program (FAP) benefits. She was clearly and correctly instructed regarding reporting responsibilities as evidenced by her signature on the application.
2. On July 25, 2010, Respondent's Electronic Benefit Transfer (EBT) card was used out of Michigan. All transactions on the Electronic Benefit Transfer (EBT) card were out of state through January 22, 2012.
3. On April 18, 2011, Respondent submitted an application for Food Assistance Program (FAP) benefits. She was clearly and correctly

instructed regarding reporting responsibilities as evidenced by her signature on the application.

4. On May 4, 2011, an out of state Electronic Benefit Transfer (EBT) card match showed Respondent's Electronic Benefit Transfer (EBT) card had been used out of state exclusively since July 25, 2010.
5. On May 5, 2011, Respondent and her case worker spoke by telephone. Respondent told the case worker she visited a friend in [REDACTED] 3 out of 4 weeks a month but lives in [REDACTED] with her [REDACTED]. The case worker's supervisor determined the case would remain open.
6. On June 27, 2011, Respondent applied for and was issued a [REDACTED] [REDACTED] identification card.
7. On July 25, 2011, Respondent registered her [REDACTED] [REDACTED] to start [REDACTED] at an [REDACTED] public school.
8. On January 30, 2012, a Regulation Agent from the Office of Inspector General went to Respondent's address of record with DHS for a FEE interview. The agent reported that Respondent was not at the residence and Respondent's [REDACTED] stated Respondent was living in [REDACTED] and had her [REDACTED] enrolled in school there.
9. Respondent intentionally failed to report information or gave incomplete or inaccurate information needed to make a correct benefit determination by not reporting that she had changed her [REDACTED] [REDACTED] to [REDACTED].
10. Respondent has no apparent physical or mental impairment that limits his or her understanding or ability to fulfill their reporting responsibilities.
11. Respondent committed an Intentional Program Violation (IPV) by intentionally failing to report her change of residence to [REDACTED] and continuing to receive and use Food Assistance Program (FAP) benefits through [REDACTED] when he was no longer a resident of Michigan and no longer eligible for benefits through Michigan.
12. September 1, 2010 to January 31, 2012 has correctly been determined as the over-issuance period in this case.
13. As a result of the Intentional Program Violation (IPV) Respondent received an \$ [REDACTED] over-issuance of Food Assistance Program (FAP) benefits during the over-issuance period.
14. On January 19, 2012, Respondent appeared in the [REDACTED] [REDACTED] of the [REDACTED] [REDACTED] [REDACTED] [REDACTED]. Respondent was granted a legal change of residence to [REDACTED] based on her assertion she had been living there for more than a year and had her [REDACTED] enrolled in school there.

15. On February 28, 2012, Respondent spoke with the Office of Inspector General Regulation Agent and was sent an Intentional Program Violation packet.
16. On April 5, 2012, Respondent again spoke with the Office of Inspector General Regulation Agent and was sent another Intentional Program Violation packet.
17. On May 24, 2012, the Office of Inspector General submitted the agency request for hearing of this case.

CONCLUSIONS OF LAW

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 AACR 400.3001-3015.

In this case, the Department has requested a disqualification hearing to establish an over-issuance of benefits as a result of an Intentional Program Violation (IPV) and the Department has asked that Respondent be disqualified from receiving 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)

**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.

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 \$ [REDACTED] or more, **or**
 - The total OI amount is less than \$ [REDACTED] **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.

The totality of evidence in this record is clear and convincing on the question of Respondent's physical residence during the over-issuance period. A detailed analysis of the evidence presented and applicable Department policies are contained in the recorded record.

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 a Food Assistance Program (FAP) Intentional Program Violation (IPV) which resulted in an \$ [REDACTED] over-issuance of Food Assistance Program (FAP) benefits between September 1, 2010 and January 31, 2012 which the Department is entitled to recoup.

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: September 27, 2012

Date Mailed: October 1, 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:

