

**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES**

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2012-65313
Issue Nos.: 3055; 1052
Case No.: [REDACTED]
Hearing Date: September 5, 2012
County: Wayne (82-43)

ADMINISTRATIVE LAW JUDGE: Robert J. Chavez

HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon the Department of Human Services' (Department) request for a hearing. After due notice, a telephone hearing was held on September 5, 2012, from Detroit, Michigan. The Department was represented by Agent [REDACTED] of the Office of Inspector General (OIG).

Participants on behalf of Respondent included: .

Respondent did not appear at the hearing and it was held in Respondent's absence pursuant to 7 CFR 273.16(e), Mich Admin Code R 400.3130(5), or Mich Admin Code R 400.3187(5).

ISSUES

1. Did Respondent receive an overissuance (OI) of

- | | |
|---|---|
| <input checked="" type="checkbox"/> Family Independence Program (FIP) | <input checked="" type="checkbox"/> Food Assistance Program (FAP) |
| <input type="checkbox"/> State Disability Assistance (SDA) | <input type="checkbox"/> Child Development and Care (CDC) |
| <input type="checkbox"/> Medical Assistance (MA) | |

benefits that the Department is entitled to recoup?

2. Did Respondent commit an Intentional Program Violation (IPV)?

3. Should Respondent be disqualified from receiving

- Family Independence Program (FIP) Food Assistance Program (FAP)
 State Disability Assistance (SDA) Child Development and Care (CDC)?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. The Department's OIG filed a hearing request on January 31, 2012 to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.
2. The OIG has has not requested that Respondent be disqualified from receiving program benefits.
3. Respondent was a recipient of FIP FAP SDA CDC MA benefits during the period of November 1, 2006, through April 30, 2007.
4. The Department's OIG indicates that the time period they are considering the fraud period is November 1, 2006, through April 30, 2007, for FIP and November 1, 2006, through April 30, 2007, for FAP.
5. During the alleged fraud period, Respondent was issued \$2,965 in FIP benefits and \$2,380 in FAP benefits from the State of Michigan
6. This was Respondent's first second third alleged IPV.
7. A notice of hearing was mailed to Respondent at the last known address and was was not returned by the US Post Office as undeliverable.

CONCLUSIONS OF LAW

Department policies are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), and the Reference Tables Manual (RFT).

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 1999 AC, Rule 400.3101 through Rule 400.3131. 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 1999 AC, Rule 400.3001 through Rule 400.3015.

The State Disability Assistance (SDA) program, which provides financial assistance for disabled persons, is established by 2004 PA 344. The Department of Human Services (formerly known as the Family Independence Agency) administers the SDA program pursuant to MCL 400.10, *et seq.*, and 2000 AACS, Rule 400.3151 through Rule 400.3180.

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 1999 AC, Rule 400.5001 through Rule 400.5015.

The Medical Assistance (MA) program is established by the Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The Department of Human Services (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105.

With regard to the FIP program, subsequent to the scheduling of the hearing and prior to the hearing date, the Notice of Hearing and accompanying documents that were mailed to the Respondent at the last known address and which constituted due notice were returned by the United States Postal Service as undeliverable.

Department policy dictates that when correspondence to the Respondent is returned as undeliverable, the hearing cannot proceed. BAM 725.

Accordingly, the Request for an IPV for the FIP portion of the hearing is DISMISSED.

When a client group receives more benefits than they are entitled to receive, DHS must attempt to recoup the OI. BAM 700.

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 has intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility. BAM 720.

The federal Food Stamp regulations read in part:

- (c) Definition of Intentional Program Violation. Intentional Program Violation shall consist of having intentionally:
 - (1) made a false or misleading statement, or misrepresented, concealed or withheld facts; or
 - (2) committed any act that constitutes a violation of the Food Stamp Act, the Food Stamp Program Regulations, or any State statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of coupons, authorization cards or reusable documents used as part of an automated benefit delivery system (access device). 7 CFR 273.16(c).
 - (6) Criteria for determining intentional program violation. The hearing authority shall base the determination of intentional program violation on clear and convincing evidence which demonstrates that the household member(s) committed, and intended to commit, intentional program violation as defined in paragraph (c) of this section. 7 CFR 273.16(c)(6).

The Department's OIG requests IPV hearings for cases when:

- benefit overissuance are not forwarded to the prosecutor.
- prosecution of welfare fraud is declined by the prosecutor for a reason other than lack of evidence, and
- the total overissuance amount is \$1000 or more, or
- the total overissuance amount is less than \$1000, and
 - the group has a previous intentional program violation, or
 - the alleged IPV involves FAP trafficking, or

- the alleged fraud involves concurrent receipt of assistance, or
- the alleged fraud is committed by a state/government employee.

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. A disqualified recipient remains a member of an active group as long as he lives with them. Other eligible group members may continue to receive benefits. BAM 720.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period, or except when the overissuance relates to MA. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710. Clients are disqualified for periods of one year for the first IPV, two years for the second IPV, lifetime disqualification for the third IPV, and ten years for a concurrent receipt of benefits. BAM 720.

Therefore, the undersigned may only find an IPV if there is clear and convincing evidence that the respondent intentionally made a false or misleading statement, or intentionally withheld information with the intention to commit an IPV, with regard to the FAP program. Thus, the Department must not only prove that the respondent committed an act, but that there was intent to commit the act.

In this case, the Department has established that Respondent was aware of the responsibility to report all changes to the Department. Respondent has no apparent physical or mental impairment that limits the understanding or ability to fulfill the reporting responsibilities. Furthermore, the undersigned is convinced that the Department has met its burden of proof in providing clear and convincing evidence that Respondent intended to defraud the Department with regard to her FAP eligibility.

The burden of proof that the Department must meet in order to prove Intentional Program Violation is very high. It is not enough to prove that the respondent was aware of the requirements to report at some point, nor is it enough to prove that the respondent did not report in a timely manner. The Department must prove in a clear and convincing manner, that, not only did the respondent withhold critical information, but that the respondent withheld this information with the intent to commit an IPV.

In other words, the Department must prove that the respondent did not simply forget to meet his or her obligations to report, but rather, actively sought to defraud the Department.

The Department has proven that in the current case. The Department asked Respondent to verify student information for her daughters in order to determine their eligibility for benefits. Respondent proceeded to submit two very poor forgeries of the documents requested, which included ham-handed fake signatures using very obvious fake names (the Administrative Law Judge assumes that the [REDACTED])

has not returned from the dead and sought employment as a secretary at an elementary school) of school employees. Further investigation by Department employees confirmed that the screen legends of lore were not currently working for a public school.

The undersigned finds the forgeries in question to easily meet the clear and convincing evidence standard required to find an attempt to commit an IPV. The undersigned can think of no innocent reason that a respondent might submit such forgeries, however poor the forgeries were.

Unfortunately, the Administrative Law Judge cannot find an IPV.

The prerequisite for an IPV, client error, or Department error is proof of an actual OI of benefits. Even if the Department presents clear and convincing evidence that the respondent intended to defraud the Department, without proof of an actual OI, there can be no IPV and recoupment of benefits. The same standard holds for Department error and client error; there can be no error or recoupment without first proving, through clear and convincing evidence, the amount of that recoupment.

Therefore, the Department must first establish, by clear and convincing evidence, that an OI occurred and the amount of that OI. Where the Department is unable to or fails to prove the amount of OI, no IPV can be said to have occurred, even in the most blatant of cases.

In the present case, the Department has supplied no evidence of an OI.

While the Department supplied records showing the amount of FAP benefits Respondent received in the current case, the mere receipt of benefits does not in any way prove an OI of benefits. This is doubly true in the current case, as the fraud in question would not have affected the group size—there are no school verification requirements for the FAP program. Even if there were, Respondent's daughter's ineligibility for FAP would not affect Respondent's own eligibility, and the Department would have to show how much Respondent was actually entitled to receive in order to show that Respondent received more benefits than allowed. Even a clear act of fraud cannot give rise to a recoupment and IPV if the Department did not issue any benefits that Respondent was not entitled to. As such, if there is no evidence submitted regarding the proper amount of recoupment, the Administrative Law Judge cannot sustain a recoupment and hold that an OI occurred.

For those reasons, the undersigned must hold that the Department has failed to prove through clear and convincing evidence the amount of the OI or whether recoupment is proper.

The Administrative Law Judge acknowledges that when there is some attempted fraud, there could be some degree of benefit OI; this is not always the case, however. The Department must provide clear and convincing evidence to establish the OI and the

amount of OI that it seeks to recoup. Without an OI, there can be no IPV, client error, or Department error.

Failure to fulfill this evidentiary requirement must, therefore, result in a finding of no error. Thus, the undersigned must hold that there is no clear and convincing evidence that Respondent committed an Intentional IPV, and the Department has failed to prove a proper recoupment amount.

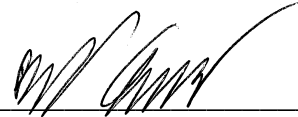
DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, concludes that:

1. Respondent did did not commit an IPV.
2. Respondent did did not receive an OI of program benefits in the amount of \$2,380 from the following program(s) FIP FAP SDA CDC MA.

The Department is ORDERED to delete the OI and cease any recoupment action.

The FIP portion of this case is DISMISSED without prejudice.



Robert J. Chavez
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: September 20, 2012

Date Mailed: September 20, 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.

RJC/pf

cc:

