

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

IN THE MATTER OF:

██████████
██
██

Reg. No.: 2013-64041
Issue No(s): 3055
Case No.: ██████████
Hearing Date: October 17, 2013
County: Oakland (02)

ADMINISTRATIVE LAW JUDGE: Zainab Baydoun

HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION

Upon the request for a hearing by the Department of Human Services (Department), this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9, and in accordance with Titles 7, 42 and 45 of the Code of Federal Regulation (CFR), particularly 7 CFR 273.16, and with Mich Admin Code, R 400.3130 and R 400.3178. After due notice, a three way telephone hearing was held on October 17, 2013 from Detroit, Michigan. The Department was represented by ██████████, Regulation Agent of the Office of Inspector General (OIG).

Participants on behalf of Respondent included: Respondent, ██████████.

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 400.3178(5).

ISSUES

1. Did Respondent receive an overissuance (OI) of
 Family Independence Program (FIP) State Disability Assistance (SDA)
 Food Assistance Program (FAP) Child Development and Care (CDC)
 Medical Assistance (MA)
benefits that the Department is entitled to recoup?
2. Did Respondent, by clear and convincing evidence, commit an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving
 Family Independence Program (FIP)? State Disability Assistance (SDA)?

Food Assistance Program (FAP)? 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 August 19, 2013, 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 issued by the Department.
4. Respondent was was not aware of the responsibility to report changes, including income changes to the Department.
5. Respondent had no apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
6. The Department's OIG indicates that the time period it is considering the fraud period is August 1, 2009 through February 28, 2010 and January 1, 2011 through May 31, 2011 (fraud period).
7. During the fraud period, Respondent was issued ██████ in FIP FAP SDA CDC MA benefits by the State of Michigan, and the Department alleges that Respondent was entitled to ██████ in such benefits during this time period.
8. The Department alleges that Respondent received an OI in FIP FAP SDA CDC MA benefits in the amount of ██████.
9. This was Respondent's first second third alleged IPV.
10. 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 Department of Human Services Bridges Administrative Manual (BAM), Department of Human Services Bridges Eligibility Manual (BEM), and Department of Human Services Reference Tables Manual (RFT). Prior to August 1, 2008, Department policies were contained in the Department of Human

Services Program Administrative Manuals (PAM), Department of Human Services Program Eligibility Manual (PEM), and Department of Human Services Reference Schedules Manual (RFS).

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food Stamp Act of 1977, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 271.1 to 285.5. The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10 and Mich Admin Code, R 400.3001 to .3015.

The Department's OIG requests IPV hearings for the following cases:

- FAP trafficking OIs that are not forwarded to the prosecutor,
- 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 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.

BAM 720 (July 2013), p. 10.

Intentional Program Violation

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 reporting responsibilities.

BAM 700 (July 2013), p. 6; BAM 720, p. 1.

An IPV is also suspected for a client who is alleged to have trafficked FAP benefits. BAM 720, p. 1.

An IPV requires that the Department establish by 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, p. 1 (emphasis in original); see also 7 CFR 273(e)(6). Clear and convincing evidence is evidence sufficient to result in a clear and firm belief that the proposition is true. See M Civ JI 8.01.

In this case, the Department alleges that Respondent intentionally failed to report his unearned income from unemployment (beginning 7/09) and his employment and earned income from [REDACTED] (8/6/09-1/18/10); [REDACTED] (1/19/10-03/12/10); [REDACTED] [REDACTED] (11/18/10-2/4/11); and [REDACTED] (1/26/11-3/26/11). The Department testified that Respondent's failure to report caused an OI of FAP benefits in the amount of [REDACTED] from August 1, 2009 through February 28, 2010 and [REDACTED] from January 1, 2011 through May 31, 2011, for a total OI in FAP benefits of [REDACTED].

In support of its case, the Department presented Respondent's application for FAP benefits from March 2009; a completed redetermination dated January 2010; and Respondent's application for FAP benefits from April 2010 as evidence to establish that Respondent acknowledged the obligation to report changes in income. To establish that Respondent received unearned and earned income that was not reported, the Department presented an Unemployment Compensation Search to show that Respondent received unemployment benefits from July 2009 through December 2009; a printout from the Work Number to show that Respondent was employed at Staples from August 6, 2009 to January 18, 2010; and employment verification forms showing Respondent's employment at [REDACTED] from January 19, 2010 through March 12, 2010 and his employment at [REDACTED] from November 18, 2010 through February 4, 2011. The Department failed to present similar documentation to establish that Respondent was employed at [REDACTED] during the time period in question, however.

At the hearing, Respondent confirmed that he did earn income during the alleged fraud period. Respondent testified that he reported the income and employment to his Department case worker and was informed that as long as his earnings continued to be below a certain amount, he did not need to provide verification or documentation. Respondent stated that he was never sent a verification checklist nor was he asked to submit proof of his earnings. Additionally, Respondent testified that because his jobs were temporary and not expected to continue for more than one month, he was not aware that he needed to report them to the Department.

After further review of the evidence presented by the Department, it appears that Respondent reported his ending employment at Staples on the Redetermination

submitted to the Department and indicated that he had received or expected to receive Unemployment benefits on his April 2010 application. Therefore, there was insufficient evidence of intent presented by the Department to establish by clear and convincing evidence that Respondent committed an IPV of his FAP benefits by failing to report income.

Disqualification

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 12. A disqualified recipient remains a member of an active group as long as he lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 13.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period, or except when the OI relates to MA. BAM 720, p. 13. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (May 2013), p. 2. 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 FAP concurrent receipt of benefits. BAM 720, p. 16.

In this case, the Department has failed to satisfy its burden of showing that Respondent committed an IPV concerning FAP benefits. Therefore, Respondent is not subject to a disqualification under the FAP program.

Overissuance

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. BAM 700, p. 1. The amount of the OI is the benefit amount the client actually received minus the amount the client was eligible to receive. BAM 720, p 6; BAM 715 (December 2011), pp 1, 5; BAM 705 (December 2011), p 5.

The Department alleges that Respondent was overissued FAP benefits in the amount of ██████ from August 1, 2009 through February 28, 2010 and ██████ from January 1, 2011 through May 31, 2011, for a total OI in FAP benefits of ██████. The Department provided benefit issuance summaries to show that Respondent was issued FAP benefits during the time period in question in the amount of ██████. The Department failed to include FAP OI budgets for the entire OI period, as budgets from March 2011 through May 2011 were not presented. There was also no evidence regarding the exact amount of income earned from Respondent's employment at Southeast Michigan Management. As such, the Department has failed to establish that Respondent was overissued FAP benefits in the amount of ██████.

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, if any, concludes that:

1. Respondent did did not commit an IPV by clear and convincing evidence.
2. Respondent did did not receive an OI of program benefits in the amount of \$1,565 from the following program(s) FIP FAP SDA CDC MA.

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



Zainab Baydoun
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: November 15, 2013

Date Mailed: November 18, 2013

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.

ZB/tm

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