

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.: 201344110  
Issue No.: [REDACTED]  
Case No.: [REDACTED]  
Hearing Date: July 3, 2013  
County: Grand Traverse

**ADMINISTRATIVE LAW JUDGE:** Gary F. Heisler

**HEARING DECISION**

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 and in accordance with 7 CFR 273.16 and Mich. Admin Code, Rule 400.3130 upon the Department of Human Services' (Department) request for a hearing. After due notice, a hearing was held on July 3, 2013. Respondent did not appear. The record did contain returned mail. In accordance with Bridges Administration Manual (BAM) 720 the hearing proceeded without Respondent. The Department was represented by [REDACTED] of the Office of Inspector General (OIG). This case contains two separate alleged Intentional Program Violations (IPV) and two separate over-issuance periods and amounts. The portion of this hearing associated with the alleged over-issuance period of October 1, 2010, to December 31, 2010, is dismissed without prejudice.

**ISSUE**

Whether Respondent committed an Intentional Program Violation (IPV) and whether Respondent received a [REDACTED] over-issuance of Food Assistance Program (FAP) benefits between December 1, 2011, and July 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 December 31, 2010, Claimant stopped receiving Food Assistance Program (FAP) benefits through Michigan.

- (2) On August 15, 2011, Claimant submitted an application for Food Assistance Program (FAP) benefits. Claimant was not receiving benefits at the time of this application.
- (3) On October 5, 2011, Claimant's Electronic Benefit Transfer (EBT) card was used in Nevada and was used exclusively outside of Michigan until October 16, 2012.
- (4) Respondent intentionally failed to report information or gave incomplete or inaccurate information needed to make a correct benefit determination by failing to report his change of physical residence to another state.
- (5) Respondent was clearly and correctly instructed regarding reporting responsibilities as evidenced by his signature of the assistance application.
- (6) Respondent has no apparent physical or mental impairment that limits his or her understanding or ability to fulfill their reporting responsibilities.
- (7) Respondent committed an Intentional Program Violation (IPV) by intentionally failing to report his change of physical residence to Nevada and other states and continuing to receive and use Food Assistance Program (FAP) benefits through Michigan when he was no longer a resident of Michigan and no longer eligible for benefits through Michigan.
- (8) December 1, 2011 to July 31, 2012 has correctly been determined as the over-issuance period in this case.
- (9) As a result of the Intentional Program Violation (IPV) Respondent received a [REDACTED] over-issuance of Food Assistance Program (FAP) benefits during the over-issuance period.
- (10) On May 7, 2013, the Office of Inspector General submitted this request for a hearing to disqualify Respondent from receiving Food Assistance Program (FAP) benefits.

### **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 AACS R 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.

BAM 700 explains OI discovery, OI types and standards of promptness. BAM 705 explains agency error and BAM 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.

#### **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.

### **OVERISSUANCE 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.

### **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.

In this case the Department asserts a 1<sup>st</sup> intentional program violation but two separate over-issuance periods: October 1, 2010, to December 31, 2010; and December 1, 2011, to July 31, 2012. The Department has combined two separate OI periods and amounts and two separate alleged intentional program violations into this one case. The Department policy cited above identifies the OI end date as the month before the benefit is corrected. Department policy does not provide any specific criteria to identify or define "benefit correction". However, it is certain that the benefit is corrected when the recipient is no longer receiving an over-issuance. Because specific and separate actions caused the two separate OI periods and amounts, they are not a single intentional program violation. Department policy provides for separate and larger disqualifications for a first, second, and third intentional program violation. Different consequences for separate intentional program violations, shows the intention to differentiate between separate actions causing OI's. Department policy does allow combination of OI amounts for different programs when all the OIs were caused by the same specific action. That is not the same as combining OI amounts from separate OI periods caused by separate actions.

The notice for this hearing was issued identifying it as a 1<sup>st</sup> Food Assistance Program (FAP) intentional program violation. The consequences of a first intentional program violation is a one year disqualification. The notice does not state the hearing is also for a second Food Assistance Program (FAP) intentional program violation. The consequence of a second Food Assistance Program (FAP) intentional program violation is a two year disqualification. Respondent's due process rights would be violated if this hearing resulted in a determination that Respondent had committed two separate Food Assistance Program (FAP) intentional program violations, and would be disqualified for three years total.

A more detailed analysis of the evidence presented, applicable Department policies, and reasoning for the decision 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 an Intentional Program Violation (IPV) which resulted in a [REDACTED] over-issuance of Food Assistance Program (FAP) benefits that the Department is entitled to recoup. This is Respondent's 1<sup>st</sup> Intentional Program Violation (IPV) of the Food Assistance Program (FAP) and the Department may disqualify Respondent from receiving Food Assistance Program (FAP) benefits in accordance with Department of Human Services Bridges Administration Manual (BAM) 720 (2013).

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

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

Date Signed: 07/25/2013

Date Mailed: 07/26/2013

**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.

GFH/sw

cc:

[REDACTED]