

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

IN THE MATTER OF:

██████████
██████████████████
████████████████████

Reg. No.: 2013 67226
Issue No.: 3052
Case No.: ██████████
Hearing Date: November 14, 2013
County: Muskegon County DHS

ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris

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 telephone hearing was held on from Detroit, Michigan on November 14, 2013. The Department was represented by ██████████ Regulation Agent of the Office of Inspector General (OIG).

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 September 9, 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 leaving the state and change of address.
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 April 2008 through September 2012 (fraud period).
7. During the fraud period the Department alleges Respondent was issued \$4000 in FIP FAP SDA CDC MA benefits by the State of Michigan, and the Department alleges that Respondent was entitled to \$0 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 \$4000.
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 (7/1/13), 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 (7/1/13), 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, during the period in question from April 2008 through September 2012 the claimant received Food Assistance (FAP) benefits issued by the state of Michigan. During some of this period of time the Claimant resided in Michigan and also used his FAP benefits in the state of Illinois, and in 2012 in Mississippi. Exhibit 1, pp. 36-41. During this period the evidence presented demonstrated that the Claimant filed an application for assistance on April 13, 2010 indicating a Michigan address. The Claimant acknowledged that he was explained his rights and responsibility. Exhibit 1, pp. 22. Thereafter, the Claimant continued to reside in Michigan throughout the period and was using his EBT card in Michigan during the majority of the time after the application until March 2011 at which time he began to use his benefits out of state in the state of Illinois. Exhibit 1, pp. 30- 36.

The Claimant also completed a redetermination in February 28, 2011 indicating that he resided in Muskegon, Michigan. At the time of the redetermination the Claimant was using his EBT card in Michigan and began to use his card in the state of Illinois beginning in April 2011 through August 2011. This use was a little more than one month after the redetermination was completed by the Claimant. This is the first period where the Claimant is deemed to have known that he was required to report out of state use and change of address. Exhibit 1, pp. 36. The next time out of state use occurred was three months later on November 21, 2011. The Claimant began out-of-state use of his EBT card in Illinois and continued using his Michigan Food Assistance Benefits out of state continuously from November 2011 through September 30, 2012.

Based upon the evidence presented it is determined that the Department did present evidence that the Claimant failed to report leaving the state for Illinois on two occasions in 2011, in April 2011 and again in November 2011 ongoing. Based upon this analysis, the fraud period begins April 2011 through August 2011 and November 2011 through September 2012. Due to the extended period of time of this use out of state, which continued for many months and use in two states, the Claimant is deemed to have intentionally failed to report information **or** intentionally gave incomplete or inaccurate information needed to make a correct benefit determination, was advised of his responsibilities to report, and there was no evidence of physical or mental impairment limiting his ability to understand his responsibilities. Based upon these proofs fraud has been demonstrated and an Intentional Program Violation has been established.

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 (7/1/13), 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 established an intentional program violation and that this is the claimant's first such violation, therefore the Department's request for a one-year disqualification is established.

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 Department has sought recovery of \$4,000 covering periods which have been determined as periods where the Claimant used his FAP benefits outside the state of Michigan and did not report a change of address or moving out of state based upon the evidence submitted.

In this case, the Department presented evidence that the claimant received food assistance throughout the period April 2008 through September 2012, the periods demonstrated by the EBT card usage. Exhibit 1, pp. 23 – 41. The EBT usage history formed the basis for determining the overissuance amount for use of Michigan FAP benefits together with the Benefit Summary Inquiries. These documents demonstrated that the claimant was not entitled to receive any FAP benefits during some of the time due to not residing in Michigan. Exhibit 1 pp. 1-3. At the hearing, the Department presented a FAP transaction history that established that Respondent used Michigan-issued FAP benefits out of state beginning April 2008 through November 2008; Exhibit 1 pp. 25, 26; and January 2010 through March 2010, Exhibit 1, pp. 30; April 2011 through August 2011, Exhibit 1, pp. 36, 37; and November 2011 through September 2012 Exhibit 1 pp. 37 – 41.

Clients are not eligible for FAP benefits if they do not reside in Michigan. BEM 220, p. 1. Respondent's FAP use out of state established that he did not reside in Michigan. Thus, he was not eligible for FAP benefits and was overissued FAP benefits for any period he was ineligible to receive FAP benefits.

Under Department policy, the calculation of the first month of the OI requires that the Department apply the 10-day client reporting period, the 10-day processing period, and the 12-day negative action suspense period. BAM 720, p. 6. The Department properly applied these standards when calculating the overissuance amount total. Based upon

the foregoing analysis it is determined that the Department is entitled to a finding of overissuance in the amount of \$4,000. Exhibit 1 pp.43 - 47.

DECISION AND ORDER

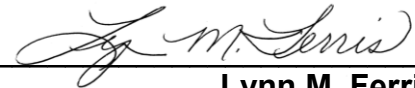
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

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 \$4,000 from the following program(s) FIP FAP SDA CDC MA.

The Department is ORDERED to

initiate recoupment procedures for the amount of \$4,000 in accordance with Department policy.

It is FURTHER ORDERED that Respondent be disqualified from
 FIP FAP SDA CDC for a period of
 12 months. 24 months. lifetime.



Lynn M. Ferris
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: December 5, 2013

Date Mailed: December 5, 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.

LMF/cl

cc: 
