

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

IN THE MATTER OF:

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████████████████████

Reg. No.: 2014-27704
Issue No(s): 3005
Case No.: ██████████
Hearing Date: May 19, 2014
County: Hillsdale (00)

ADMINISTRATIVE LAW JUDGE: Eric Feldman

HEARING DECISION FOR CONCURRENT BENEFITS
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 Regulations, 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 May 19, 2014 from Detroit, Michigan. The Department was represented by ██████████ 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) Food Assistance Program (FAP)
 Medical Assistance Program (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) Food Assistance Program (FAP)

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 February 22, 2014 to establish an OI of benefits received by Respondent as a result of Respondent having received concurrent program benefits and, as such, 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 FAP FIP MA benefits issued by the Department.
4. On the Assistance Application signed by Respondent on December 7, 2012, Respondent reported that he intended to stay in Michigan.
5. Respondent was aware of the responsibility to report changes in his residence to the Department.
6. Respondent had no apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
7. Respondent began using FAP FIP MA benefits outside of the State of Michigan beginning in January 2013.
8. The OIG indicates that the time period they are considering the fraud period is January 1, 2013 to July 31, 2013.
9. During the alleged fraud period, Respondent was issued \$1,400 in FAP FIP MA benefits from the State of Michigan.
10. During the alleged fraud period, Respondent was issued FAP FIP MA benefits from the State of Virginia.
11. This was Respondent's first second third alleged IPV.
12. 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.
13. On May 13, 2014, Respondent requested an adjournment and request for three-way telephone hearing.

14. On May 16, 2014, the Michigan Administrative Hearing System (MAHS) contacted the Respondent and confirmed that the hearing would continue as scheduled; however, it would be conducted as a three-way telephone hearing.

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 (May 2014), pp. 12-13.

As a preliminary matter, on May 13, 2014, Respondent requested an adjournment and request for three-way telephone hearing. On May 16, 2014, the MAHS contacted the Respondent and confirmed that the hearing would continue as scheduled; however, it would be conducted as a three-way telephone hearing. On the day of hearing, two attempts were made by the Administrative Law Judge (ALJ) to contact the Respondent

and voicemails were left. However, Respondent never contacted the MAHS back and hearing proceeded with only the Department present.

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 (May 2014), p. 7; 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 committed an IPV of his FAP benefits because he failed to update residency information for the purpose of receiving FAP benefits from more than one state.

Clients must report changes in circumstance that potentially affect eligibility or benefit amount. BAM 105 (November 2012), p. 7. Other changes must be reported within 10 days after the client is aware of them. BAM 105, p. 7. These include, but are not limited to, changes in address and shelter cost changes that result from the move. BAM 105, p. 7.

Concurrent receipt of benefits means assistance received from multiple programs to cover a person's needs for the same time period. BEM 222 (November 2012), p. 1.

Benefit duplication means assistance received from the same (or same type of) program to cover a person's needs for the same month. BEM 222, p. 1. For example, FIP from Michigan and similar benefits from another state's cash assistance program. BEM 222, p. 1. As specified in the balance of BEM 222, benefit duplication is prohibited except for MA and FAP in limited circumstances. BEM 222, p. 1.

A person cannot receive FAP in more than one state for any month. BEM 222, p. 2. Out-of-state benefit receipt or termination may be verified by one of the following: DHS-3782, Out-of-State Inquiry; Letter or document from other state; or Collateral contact with the state. BEM 222, p. 3.

A person is disqualified for a period of 10 years if found guilty through the Administrative Hearing Process, convicted in court or by signing a repayment and disqualification agreement (e.g., DHS-826, DHS-830) of having made a fraudulent statement or representation regarding his identity or residence in order to receive multiple FAP benefits simultaneously. BEM 203 (October 2012), p. 1.

The Department's OIG indicates that the time period it is considering the fraud period is January 1, 2013 to July 31, 2013. At the hearing, the Department presented evidence to show why it believed the Respondent was aware of his responsibility to report changes in residence and that he made a fraudulent statement or representation regarding his residence in order to receive multiple FAP benefits simultaneously.

First, the Department presented Respondent's application dated December 7, 2012. See Exhibit 1. A review of Respondent's application indicated that he reported receiving assistance from Virginia and he moved to Michigan as of October 7, 2010. See Exhibit 1. However, the application did not indicate the dates he received assistance. See Exhibit 1. The Department also included a Notice of Case Action dated January 4, 2013, which informed him that he was approved for FAP benefits effective January 1, 2013, and informed him of his reporting requirements. See Exhibit 1.

Second, the Department presented Respondent's FAP transaction history. See Exhibit 1. The FAP transaction history showed that from January 4, 2013 to August 22, 2013, Respondent used FAP benefits issued by the State of Michigan out-of-state in Virginia. See Exhibit 1.

Third, the Department presented out-of-state correspondence to show Respondent received FAP benefits simultaneously in Virginia. See Exhibit 1. The documentation confirmed that Respondent received FAP benefits in Virginia from July 2012 to November 2012 and January 2013 to July 2013. See Exhibit 1. Moreover, the Department indicated that the FAP benefits were received simultaneously from January 2013 to July 2013 (alleged fraud period).

Additionally, the Department presented Respondent's FAP transaction history from Virginia. See Exhibit 1. The FAP transaction history showed that from January 7, 2013 to July 13, 2013, Respondent used FAP benefits issued by the State of Virginia in the same state. See Exhibit 1. The Department also presented Respondent's Virginia FAP application dated January 7, 2013. See Exhibit 1. A review of the application indicated that Respondent marked "no" to the question of whether he is/was receiving any FAP benefits. See Exhibit 1. However, Respondent provided his name as the person who applied for or received benefits, indicated it was FAP, but only put a Virginia

city as the last known place to receive such benefits. See Exhibit 1. Thus, it appears Respondent meant to indicate “yes” to the question of whether he is/was receiving any FAP benefits. Nevertheless, Respondent did not mention in the application that he was currently receiving benefits from the State of Michigan. See Exhibit 1.

Based on the foregoing information and evidence, the Department has established that Respondent committed an IPV of FAP benefits.

First, it has to be established that Respondent made a fraudulent statement or representation regarding his residence in order to receive multiple FAP benefits simultaneously. See BEM 203, p. 1. The Department presented evidence that Respondent was issued FAP benefits from Michigan between January 2013 to July 2013. See Exhibit 1. Moreover, the fraudulent statement or representation at issue is the Virginia benefits application dated January 7, 2013. See Exhibit 1 and also Interim Report, Exhibit 1. In this application, Respondent did not mention that he was currently receiving benefits from the State of Michigan (application occurred during the alleged fraud period). See Exhibit 1. This evidence inferred that Respondent applied for FAP benefits in Virginia and did not indicate he was a current recipient of Michigan FAP benefits. Respondent was then subsequently approved for Virginia FAP benefits even though he was already receiving Michigan FAP benefits. As such, this evidence presented that Respondent made a fraudulent statement or representation regarding his residence in order to receive multiple FAP benefits simultaneously from Michigan and Virginia. See BEM 203, p. 1.

Additionally, the Department presented both FAP transaction histories from Michigan and Virginia. See Exhibit 1. A review of both transaction histories indicate that a majority of the transactions were conducted in Virginia during the alleged fraud period. Exhibit 1. This evidence shows that Respondent was not a Michigan resident during the alleged fraud period. Moreover, this even further supports the evidence that Respondent made a fraudulent statement or representation regarding his residence in order to receive multiple FAP benefits simultaneously from Michigan and Virginia. See BEM 203, p. 1.

Second, it also has to be established that Respondent received multiple FAP benefits simultaneously (Virginia and Michigan) during the alleged fraud period. The Department presented evidence to show that he received Michigan FAP benefits from January 2013 to July 2013. See Exhibit 1. Moreover, the out-of-state correspondence showed that Respondent received duplicate FAP benefits in Virginia from January 2013 to July 2013. See Exhibit 1. As such, Respondent received multiple FAP benefits simultaneously (Virginia and Michigan) during the alleged fraud period.

In summary, the evidence is sufficient to establish that Respondent made a fraudulent statement or representation regarding his residence in order to receive multiple FAP benefits simultaneously. BEM 203, p. 1. There was clear and convincing evidence that Respondent was aware of his responsibility to report changes in residence and that he intentionally withheld information for the purpose of maintaining Michigan FAP eligibility.

Therefore, the Department has established that Respondent committed an IPV of FAP benefits.

Disqualification

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, pp. 15-16. 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. 16.

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. 16. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (July 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 satisfied its burden of showing that Respondent committed an IPV concerning FAP benefits. Therefore, Respondent is disqualified for ten years for a FAP concurrent receipt of benefits. BAM 720, p. 16.

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 group or provider actually received minus the amount the group was eligible to receive. BAM 720, p. 8.

As previously stated, the Department has established that Respondent committed an IPV of FAP benefits. The Department presented Respondent's FAP transaction history that indicated he used his FAP benefits issued by the State of Michigan out-of-state in Virginia from January 4, 2013 to August 22, 2013 (during the alleged fraud period). See Exhibit 1. Moreover, the out-of-state correspondence showed that Respondent received duplicate FAP benefits in Virginia from January 2013 to July 2013. See Exhibit 1. As such, the evidence showed that Respondent did not reside in Michigan. Thus, he was 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 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. BAM 720, p. 7. To determine the first month of the OI period the Department allows time for: the client reporting period; the full standard of promptness (SOP) for change processing; and the full negative action suspense period. BAM 720, p. 7. Based on the above policy, the Department would apply the 10-day client reporting period, the 10-day processing period, and the 12-day negative action suspense period. BAM 720, p. 7.

Applying the above standard and in consideration of the out of state use that began on January 4, 2013, the Department determined that the OI period began on January 1, 2013. See Exhibit 1.

It is found that the Department applied the inappropriate OI begin date. Based on the above policy, the appropriate OI period begin date would be February 1, 2013. BAM 720, p. 7. In establishing the OI amount, the Department presented evidence showing that Respondent was issued FAP benefits by the State of Michigan from January 2013 to July 2013 totaling \$1,400. See Exhibit 1. However, as stated above, the benefit issuance for January 2013 totaling \$200 is excluded from the total OI amount. Thus, the Department is entitled to recoup \$1,200 of FAP benefits it issued to Respondent between February 1, 2013 to July 31, 2013. See BAM 720, pp. 7 and 8.

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. The Department has established by clear and convincing evidence that Respondent did did not commit an intentional program violation (IPV).
2. Respondent did did not receive an OI of program benefits in the amount of \$1,200 from the following program(s) FAP FIP MA.

The Department is ORDERED to

reduce the OI to \$1,200 for the period February 1, 2013 to July 31, 2013, and initiate recoupment procedures in accordance with Department policy.

It is FURTHER ORDERED that

Respondent be personally disqualified from participation in the FAP program for 10 years.



Eric Feldman
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: May 21, 2014

Date Mailed: May 21, 2014

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.

EJF/cl

cc: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
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