

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

IN THE MATTER OF:

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

Reg. No.: 2014 35143
Issue No(s): 3005
Case No.: ██████████
Hearing Date: June 11, 2014
County: Muskegon 59-00

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 June 11, 2014 from Detroit, Michigan. 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 April 23, 2014, 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 to the Department when her income level exceeded [REDACTED].
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 November 1, 2010 through July 31, 2012, and May 1 through May 31, 2012 (fraud period).
7. During the fraud period, Respondent was issued [REDACTED] in FIP FAP SDA CDC MA benefits by the State of Michigan, and the Department alleges that Respondent was entitled to [REDACTED] 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 [REDACTED].
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, the Department seeks to establish an intentional program violation based upon the failure of the Claimant to report when her income exceeded █████ based upon the fact that she was a simplified FAP reporter. The Department did not provide any evidence that the Claimant was notified that she was required to report when her income exceeded \$█████. The evidence presented demonstrates that the Respondent applied for food assistance on August 4, 2010 and reported her employment, her hourly rate of pay and that her employment was part time. The Respondent also reported her husband's employer, rate of pay and hours. Exhibit 1, pp 18. Thereafter, the Respondent also submitted a Semi Annual contact report received by the Department on January 31, 2010. Exhibit 1 pp. 27-29. This report again notes her husband's employment. The Semi Annual contact report required that pay stubs be provided and proof of income was required. No pay stubs were presented as evidence at the hearing. Another verification of employment provided by the Department at the hearing also notes that the Respondent worked for a temp employment agency from December 6, 2010 through January 25, 2011, and thus at the time she completed the Semi Annual Report, the Respondent was no longer working for this employer. This income generally would be considered non-continuing income and would not have been included as ongoing when calculating FAP benefits.

Based upon the evidence presented, while the Department may have demonstrated that the Respondent did not report when her group income exceed the limit of █████ in a timely manner, it did not present or meet the clear and convincing evidence standard necessary to prove intent to commit fraud so that more FAP benefits can be received than the Claimant was otherwise entitled to was not shown. Therefore, an IPV has not 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 did not established by clear and convincing evidence that an IPV occurred and thus has not established that its request for disqualification should be granted.

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.

In this case, the Department presented Food Assistance Budgets for each month of the overissuance period, an overissuance summary and earnings records based upon Respondent's employer's verification of income from employment to support the earnings used by the Department to recalculate the FAP benefits and determine the overissuance amounts for each month.

The FAP budgets and calculations were very clearly presented and verified, and therefore demonstrated that when the Claimant's correct income was considered for the months of June 2011 and July 2011, the Claimant was not entitled to the full amount Food Assistance Benefits received by her FAP group. However, a review of the FAP budgets from November 2010 through May 2011 and May 2012 demonstrate that the Department did not deduct the child support expenses when calculating the overissuance for those months. BEM 505, p.5 (7/1/14) requires the Department to deduct the average of child support expense when calculating the FAP benefits. Both the Claimant and her spouse paid significant child support expenses, and thus the Department should have deducted these expenses when calculating the overissuance. The Department did allow the child support expenses for June and July 2011 when calculating the overissuance. Exhibit 1 pp. 72, 74. The Department did not address this discrepancy at the hearing and the error was discovered upon the review of the FAP budgets by the undersigned after the hearing.

Based upon this analysis, the Department has demonstrated it properly calculated the overissuance amount for June and July 2011 only, for a total of [REDACTED]. The budgets properly calculated earned income correctly and credited child support. After a review of the FAP budgets presented as evidence, it is determined that the calculations to determine overissuance are incorrect for all other months and thus the overissuance sought by the Department for those months were not properly calculated, and thus the Department did not meet its burden of proof regarding November 2010 through May 2011, and May 2012. Therefore, the Department did establish the overissuance and is entitled to begin recoupment of same in the amount of \$ [REDACTED]

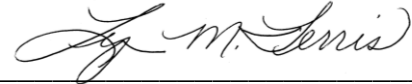
DECISION AND ORDER

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 [REDACTED] from the following program(s) FIP FAP SDA CDC MA.

The Department is ORDERED to

initiate recoupment procedures for the amount of [REDACTED] in accordance with Department policy.



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

Date Signed: June 30, 2014

Date Mailed: June 30, 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.

LMF/tm

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