

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

IN THE MATTER OF:



Reg. No.: 14-003282
Issue No.: 3005
Case No.:
Hearing Date: July 23, 2014
County: WAYNE-DISTRICT (18)

ADMINISTRATIVE LAW JUDGE: Eric Feldman

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 July 23, 2014, from Detroit, Michigan. The Department was represented by , Regulation Agent of the Office of Inspector General (OIG).

Participants on behalf of Respondent included: Respondent, .

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 the Department establish, by clear and convincing evidence, that Respondent committed an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving benefits for
 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 May 29, 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 changes in residence.
5. Respondent had did not have an 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 FAP fraud period is June 1, 2013 to May 31, 2014 (fraud period).
7. During the fraud period, Respondent was issued \$6,819 in FIP FAP SDA CDC MA benefits by the State of Michigan, and the Department alleges that Respondent was entitled to \$0.00 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 \$6,819.
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 273. The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10; the Social Welfare Act, MCL 400.1-.119b; 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.

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 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 committed an IPV of her FAP benefits because she failed to notify the Department that she no longer resided in Michigan but continued to receive and use Michigan-issued FAP benefits while out of state.

To be eligible, a person must be a Michigan resident. BEM 220 (March 2013), p. 1.

For FAP cases, a person is considered a resident while living in Michigan for any purpose other than a vacation, even if there is no intent to remain in the state permanently or indefinitely. BEM 220, p. 1. Eligible persons may include persons who entered the state with a job commitment or to seek employment; and students (for FAP only, this includes students living at home during a school break). BEM 220, p. 1.

For FAP cases, a person who is temporarily absent from the group is considered living with the group. BEM 212 (November 2012), p. 2. However, a person's absence is not temporary if it has lasted more than thirty days. BEM 212, p. 2.

The Department's OIG indicates that the time period it is considering the fraud period is June 1, 2013 to May 31, 2014. At the hearing, the Department presented evidence to show why it believed the Respondent was aware of her responsibility to report changes in residence and that she intentionally withheld information concerning an out-of-state move for the purpose of maintaining Michigan FAP eligibility.

First, the Department presented Respondent's application dated May 1, 2012, to show that she acknowledged her responsibility to report changes as required. See Exhibit 1, pp. 31-70.

Second, the Department presented Respondent's FAP transaction history. See Exhibit 1, pp. 9-28. First, the FAP transaction history showed that from January 7, 2013 to April 10, 2013, Respondent used FAP benefits issued by the State of Michigan in Michigan and out-of-state in Ohio. See Exhibit 1, pp. 9-14. It should be noted that the Department did not include January 2013 to April 2013 as part of the alleged fraud/OI period.

Then, the FAP transaction history showed that from April 11, 2013 to May 12, 2014, Respondent used FAP benefits issued by the State of Michigan out-of-state in Ohio (majority) and Indiana/Kentucky. See Exhibit 1, pp. 14-28. It should be noted that Respondent did conduct FAP transactions in Michigan during the alleged fraud/OI period as follows: three transactions on June 19, 2013; three transactions on November 22, 2013; one transaction on November 24, 2013; and three transactions on February 12, 2014. See Exhibit 1, pp. 17, 23, and 25.

Third, the Department presented Respondent's LexisNexis history, which indicated an Ohio address. See Exhibit 1, pp. 71-95. Moreover, the LexisNexis report showed that Respondent received an Ohio driver's license issued on May 21, 2013. See Exhibit 1, p. 80.

At the hearing, Respondent testified that she did not intentionally defraud the State of Michigan and/or Department (i.e., withhold information concerning an out-of-state move for the purpose of maintaining Michigan FAP eligibility). Respondent testified that she was traveling between Michigan and Ohio for several reasons as outlined below.

First, Respondent testified she had a home with her boyfriend located in Michigan, however, has been unable to return to the home. Respondent testified that she left her home approximately eight months before today's hearing due to her water and electricity being shut-off. Respondent testified that she intended to return to Michigan due to her home being located in Michigan and never applied for FAP benefits in Ohio. Moreover, Respondent testified that she resided in her boyfriend's sister home and that accounted for the transaction usage in Michigan (i.e., June 19, 2013). See Exhibit 1, p. 17. It should be noted that Respondent's boyfriend is pending a disability determination, which would also be factor into whether she will reside in Ohio or Michigan.

Second, Respondent testified that both her children reside in Ohio. Moreover, Respondent testified that her daughter gave birth to her grandchild and the Respondent rented an apartment in her name located in Ohio for her daughter and grandchild around May/June 2013. Finally, Respondent argued that she does report changes as required to the Department. For example, Respondent testified that her daughter was originally part of the FAP group. However, Respondent testified that she reported to the Department that her daughter had left the FAP group. The FAP benefit summary inquiry does indicate a reduction in FAP benefits for the benefit period beginning November 1, 2013. See Exhibit 1, p. 29.

Third, Respondent testified that she does take care of her mother (medical illness) who lives in Ohio as well. Respondent also testified that she resided with her mother due to being unable to stay in her home. It should be noted that Respondent acknowledged receiving an Ohio driver's license on or around May 2013, however, it was originally a temporary license due to an employment. Nevertheless, Respondent testified that her license eventually became permanent.

Based on the foregoing information and evidence, the Department has failed to establish that Respondent committed an IPV of FAP benefits. First, Respondent credibly testified that she did not intentionally withhold information concerning an out-of-state move for the purpose of maintaining Michigan FAP eligibility.

Second, there was no evidence to show that Respondent, during the alleged fraud period, represented that she was in Michigan. Moreover, the Department did not present evidence to establish Respondent's intent during the alleged IPV usage, other than the LexisNexis report and the FAP transaction history. However, this evidence failed to show that Respondent intentionally withheld information concerning an out-of-state move during the alleged fraud period.

In summary, in the absence of any clear and convincing evidence that Respondent intentionally withheld information concerning an out-of-state move for the purpose of maintaining Michigan FAP eligibility, the Department has failed to establish 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 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

As stated previously, the Department failed to show that Respondent purposely failed to report a change in residency to continue receiving FAP benefits from Michigan. Thus, no IPV was committed. However, the Department can still proceed with recoupment of the OI when there is client error.

A client/CDC provider error OI occurs when the client received more benefits than they were entitled to because the client/CDC provider gave incorrect or incomplete information to the department. BAM 715 (July 2014), p. 1.

Even though Respondent did conduct some transactions in Michigan during the OI period, the FAP transaction history presented persuasive evidence that Respondent was not a Michigan resident. See BEM 220, p. 1. The evidence shows that the most probable explanation is that Respondent lived outside of Michigan. Moreover, the FAP transaction history shows that Respondent was using benefits out-of-state for more than thirty days. See BEM 212, p. 2. This established that Respondent is not temporarily absent from her group and she was was not eligible for FAP benefits. Therefore, a client error is present in this situation because Respondent failed to notify the Department of her change in residency. See BAM 715, p. 1.

Applying the OI begin date policy and in consideration of the out-of-state use that began on April 11, 2013, the Department determined that the OI period began on June 1, 2013. See Exhibit 1, pp. 3 and 14. It is found that the Department applied the appropriate OI begin date. See BAM 715, pp. 4-5.

Additionally, 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 715, p. 6.

In establishing the OI amount, the Department presented a benefit summary inquiry showing that Respondent was issued FAP benefits by the State of Michigan from June 2013 to May 2014, which totaled \$6,819. See Exhibit 1, pp. 29-30. However, a review of the OIG report indicated that the total OI amount is \$6,919. See Exhibit 1, p. 3. A review of the benefit summary inquiry determined that the Department calculated the improper OI amount. See Exhibit 1, pp. 29-30. Thus, the Department is entitled to recoup \$6,819 of FAP benefits it issued to Respondent from June 1, 2013, to May 31, 2014.

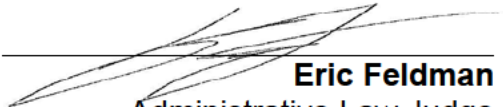
DECISION AND ORDER

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. The Department has has not established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent did did not receive an OI of program benefits in the amount of \$6,819 from the following program(s) FIP FAP SDA CDC MA.

The Department is ORDERED to

- reduce the OI to \$6,819 for the period June 1, 2013 to May 31, 2014, and initiate recoupment procedures in accordance with Department policy.


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

Date Signed: **7/31/2014**

Date Mailed: **7/31/2014**

EJF/cl

NOTICE: The law provides that within 30 days of receipt of the above Hearing Decision, the Respondent may appeal it to the circuit court for the county in which he/she lives or the circuit court in Ingham County.

cc:

[REDACTED]