

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 14-008797  
Issue No.: 1005, 2005, 3005  
Case No.: [REDACTED]  
Hearing Date: November 06, 2014  
County: SAGINAW

**ADMINISTRATIVE LAW JUDGE:** Gary Heisler

**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 November 6, 2014, from Lansing, Michigan. The Department was represented by [REDACTED], Regulation Agent of the Office of Inspector General (OIG). Respondent did not appear at the hearing. The Notice of Disqualification Hearing (MAHS-827) sent to Respondent was not returned as undeliverable. In accordance with 7 CFR 273.16(e), Mich Admin Code R 400.3130(5), or Mich Admin Code R 400.3178(5), and Bridges Administration Manual (BAM) 720 the hearing proceeded in Respondent's absence.

**ISSUE**

Whether Respondent committed an Intentional Program Violation (IPV) and whether Respondent received a \$ [REDACTED] over-issuance of Family Independence Program benefits and a \$ [REDACTED] over-issuance of Medical Assistance benefits from October 1, 2012 to November 30, 2012 which the Department is entitled to recoup?

Whether Respondent received Food Assistance Program benefits from two states simultaneously by making a fraudulent statement or representation regarding their identity or residence and received a \$ [REDACTED] over-issuance of Food Assistance Program benefits from January 22, 2013 to May 31, 2014 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. Respondent signed the affidavits in the July 10, 2012, January 18, 2013, and January 20, 2014 Assistance Applications (DHS-1171) certifying notice of reporting requirements as well as the conditions that constitute fraud/IPV and trafficking and the potential consequences.

2. Respondent had no apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
3. Respondent committed an Intentional Program Violation (IPV) by intentionally failing to report a change of physical residence to Illinois and continuing to receive Michigan Family Independence Program, Medical Assistance and Food Assistance Program benefits when no longer a physical resident of Michigan and no longer eligible for benefits through Michigan.
4. Respondent received Food Assistance Program benefits from Michigan and Illinois simultaneously from November 2012 to May 31, 2014 by making a fraudulent statement or representation regarding their identity or residence.
5. In accordance with Bridges Administration Manual (BAM) 720 October 1, 2012 to November 30, 2012 has correctly been determined as the Family Independence Program and Medical Assistance over-issuance period associated with this Intentional Program Violation (IPV).
6. During the Family Independence Program and Medical Assistance over-issuance period, October 1, 2012 to November 30, 2012, Respondent received a \$ [REDACTED] over-issuance of Family Independence Program benefits and a \$ [REDACTED] over-issuance of Medical Assistance benefits.
7. Respondent received Food Assistance Program benefits from Michigan and Illinois simultaneously from November 2012 to May 31, 2014 by making a fraudulent statement or representation regarding their identity or residence.
8. In accordance with Bridges Administration Manual (BAM) 720 January 1, 2013 to May 31, 2014 has correctly been determined as the Food Assistance Program over-issuance period associated with this Intentional Program Violation (IPV).
9. This is Respondent's 1<sup>st</sup> Intentional Program Violation (IPV) of the Family Independence Program, Medical Assistance Program and Food Assistance Program.
10. The Department's OIG filed a disqualification hearing request on August 7, 2014.

### **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 Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, and 42 USC 601 to 679c. The Department (formerly known as the Family Independence Agency) administers FIP pursuant to 45 CFR 233-260; MCL 400.10; the Social Welfare Act, MCL 400.1-.119b; and Mich Admin Code, R 400.3101 to .3131.

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.105-.112k.

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.

Bridges Administration Manual (BAM) 720 Intentional Program Violation (2014) governs the Department's actions in this case. The Department's OIG requests IPV hearings for the following cases:

Prosecution of welfare fraud or FAP trafficking is declined by the prosecutor for a reason other than lack of evidence, **and**

The total amount for the FIP, SDA, CDC, MA and FAP programs combined is \$500 or more, **or**

The total OI amount is less than \$500, **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.

### **Intentional Program Violation**

BAM 720 states that a 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.

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. In other words, the Department must show that the Respondent engaged in a fraudulent act or omission they knew would result in receiving assistance they were not eligible for.

In this case, the Department presented Assistance Applications (DHS-1171) dated July 10, 2012, January 18, 2013, and January 20, which Respondent submitted to the Department. On each application Respondent represented that she was a physical resident of Michigan. Signature of the applications is sufficient evidence to establish that Respondent certified knowledge of reporting requirements as well as the conditions that constitute fraud/IPV and trafficking and the potential consequences.

Respondent began using her Michigan Electronic Benefit Transfer Card in Illinois on August 18, 2012. Respondent applied for and began receiving Food Assistance Program benefits through Illinois in November 2012 and then submitted the January 18, 2013 application representing that she was still a physical resident of Michigan.

This constitutes clear and convincing evidence that Respondent was aware of the responsibility to report changes and that they intentionally failed to report the change of physical residence with knowledge that doing so would end their Michigan benefits. Therefore, the Department has established that Respondent committed an Intentional Program Violation (IPV) and received Food Assistance Program benefits from Michigan and Illinois simultaneously by making a fraudulent statement or representation regarding their identity or residence.

### **Over-issuance Period**

BAM 720 states that the over-issuance 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 it was referred to the RS, whichever is later.

To determine the first month of the over-issuance period (for over-issuances 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.

The over-issuance period ends the month (or pay period for CDC) before the benefit is corrected.

In this case, the Department submitted evidence showing that Respondent began using her Michigan Electronic Benefit Transfer Card in Illinois on August 18, 2012 and did not report changing her physical residence. Applying these requirements for the Family Independence Program and Medical Assistance Program, the over-issuance period was properly calculated to begin October 1, 2012.

Respondent applied for and began receiving Food Assistance Program benefits through Illinois in November 2012 and then submitted the January 18, 2013 application representing that she was still a physical resident of Michigan. Applying these requirements, the Food Assistance Program over-issuance period was properly calculated to begin January 2013.

### **Over-issuance Amount**

BAM 720 states the Family Independence Program and Food Assistance Program over-issuance amount is the benefit amount the client actually received minus the amount the client was actually eligible to receive. The Department presented a benefit summary showing that the State of Michigan issued Respondent a total of \$ [REDACTED] of Family Independence Program benefits during the Family Independence Program over-issuance period. Respondent was issued \$ [REDACTED] of Food Assistance Program benefits during the Food Assistance Program over-issuance period. Respondent was not eligible for any Michigan benefits because she was not a physical resident of Michigan.

Bridges Administration Manual (BAM) 710 Recoupment of MA Over-Issuances states that for an Intentional Program Violation (IPV) of this manner, the over-issuance amount is the amount of Medical Assistance payments during the over-issuance period. The Department submitted evidence showing that Michigan paid \$ [REDACTED] for medical coverage of Respondent and her child during the Medical Assistance over-issuance period.

### **Disqualification**

BAM 720 states that a court or hearing decision that finds a client committed an IPV disqualifies that client from receiving program benefits. 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.

Clients who commit an IPV are disqualified for a standard disqualification period of one year for the first IPV, two years for the second IPV and a lifetime disqualification for the third IPV.

Bridges Eligibility Manual (BEM) 203 Criminal Justice Disqualifications states:

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 (such as a DHS-826 or DHS-830) of having made a fraudulent statement or representation regarding his identity or residence in order to receive multiple FAP benefits simultaneously.

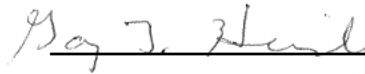
**DECISION AND ORDER**

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 Family Independence Program benefits and a \$ [REDACTED] over-issuance of Medical Assistance benefits that the Department is entitled to recoup.

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 received Food Assistance Program benefits from two states simultaneously by making a fraudulent statement or representation regarding her identity or residence and received a \$ [REDACTED] over-issuance of Food Assistance Program benefits which the Department is entitled to recoup.

This is Respondent's 1<sup>st</sup> Intentional Program Violation (IPV) of the Family Independence Program, Medical Assistance Program and Food Assistance Program. The Department may disqualify Respondent from receiving Family Independence Program benefits in accordance with Department of Human Services Bridges Administration Manual (BAM) 720. The Department may disqualify Respondent from receiving Food Assistance Program benefits in accordance with Bridges Eligibility Manual (BEM) 203.

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

  
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Gary Heisler  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: **11/17/2014**

Date Mailed: **11/17/2014**

GFH/hj

**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]

