

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

IN THE MATTER OF:

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

Reg. No.: 14-003299
Issue No.: 3005
Case No.: ██████████
Hearing Date: July 17, 2014
County: WAYNE-DISTRICT (31)

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 telephone hearing was held on July 17, 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 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 30, 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 fraud period is October 1, 2010 to August 30, 2012 (fraud period).
7. During the fraud period, Respondent was issued \$3,979 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 \$3,979.
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 (January 2010), p. 1.

For FAP cases, a person is considered a resident while living in Michigan for any purpose other than a vacation, even if he has 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 (September 2010), 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 October 1, 2010 to August 30, 2012. 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 August 6, 2010, to show that she acknowledged her responsibility to report changes as required. See Exhibit 1, pp. 7-22. It should be noted the application notes mentioned the following: (i) Respondent moved from Kentucky to Michigan in March 2010; (ii) she is temporarily staying with friends; (iii) moved seeking employment and has friends in Michigan and Ohio; (iv) and her child is attending school in Ohio, but will transfer her in the fall

semester. See Exhibit 1, p. 8. Also, the application indicated she intended to remain in Michigan. See Exhibit 1, p. 9.

Second, the Department presented Respondent's address history, which currently indicated an Ohio address. See Exhibit 1, pp. 27-28.

Third, the Department presented Respondent's FAP transaction history. See Exhibit 1, pp. 29-47. The FAP transaction history showed that from October 11, 2010, to March 29, 2011, Respondent used FAP benefits issued by the State of Michigan out-of-state exclusively in Ohio. See Exhibit 1, pp. 32-35. Then, from March 31, 2011, to October 29, 2011, Respondent used FAP benefits issued by the State of Michigan in Michigan and out-of-state in Ohio. See Exhibit 1, pp. 35-37. Finally, from November 15, 2011, to August 19, 2012, Respondent used FAP benefits issued by the State of Michigan out-of-state in Kentucky (majority) and Indiana. See Exhibit 1, pp. 37-40.

Based on the foregoing information and evidence, the Department has failed to establish that Respondent committed an IPV of FAP benefits. There was no evidence to show that Respondent, during the alleged fraud period, represented that she was in Michigan. Furthermore, there was no evidence to establish that Respondent had moved out-of-state, such as a residential lease or employment. It is unknown if Respondent was caring for someone, attending school, or seeking work. Department policy does not prohibit out-of-state usage when the individual intends on coming back.

Moreover, the Department did not present evidence to establish Respondent's intent during the alleged IPV usage, other than the address history 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. It should be noted that the application occurred before 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.

Based on the FAP transaction history, it is 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.

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.

As to the OI period, the Department indicated that the OI period is from October 1, 2010, to August 30, 2012. See Exhibit 1, pp. 1-3. However, the Department applied the improper OI period. Instead, the FAP transaction history indicated two separate OI periods based on her out-of-state usage in Ohio and Kentucky. See Exhibit 1, pp. 29-47. The evidence presented that the two OI periods are December 2010 to March 2011 and January 2012 to August 2012. An analysis of both OI periods are discussed below.

As to Respondent's first out-of-state usage in Ohio, the evidence indicated that it began on October 11, 2010 and ended March 29, 2011. See Exhibit 1, pp. 32-35. Applying the OI begin date policy and in consideration of the out-of-state usage that began on October 11, 2010, the proper OI start date is December 1, 2010. See BAM 715, pp. 4-5. 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

December 2010 to March 2011, which totaled \$800. See Exhibit 1, p. 23. Thus, the Department is entitled to recoup \$800 of FAP benefits it issued to Respondent for the first OI period from December 1, 2010, to March 31, 2011.

Then, the FAP transaction history showed that from March 31, 2011, to October 29, 2011, Respondent used FAP benefits issued by the State of Michigan in Michigan and out-of-state in Ohio. See Exhibit 1, pp. 35-37. The benefit summary inquiry showed that no FAP benefits were issued for the Respondent from April 2011 to July 2011. See Exhibit 1, p. 23. Subsequently, it appears that Respondent reapplied for FAP benefits on or around August 25, 2011 because the benefit summary inquiry shows an initial benefits issuance amount for this date. See Exhibit 1, p. 23. Nevertheless, the evidence presented usage in both Ohio and Michigan for the end of March 2011 and September 2011 to October 2011. See Exhibit 1, pp. 35-37. Thus, the evidence is insufficient to establish that Respondent was not a Michigan resident during this time period. As such, the Department failed to satisfy its burden of showing that September 2011 to October 2011 is part of the OI period.

Finally, the FAP transaction history shows that from November 15, 2011, to August 19, 2012, Respondent used FAP benefits issued by the State of Michigan out-of-state in Kentucky (majority) and Indiana. See Exhibit 1, pp. 37-40. Applying the OI begin date policy and in consideration of the out-of-state use that began on November 15, 2011, the proper OI start date is January 1, 2012. See BAM 715, pp. 4-5. 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 January 2012 to August 2012, which totaled \$1,600. See Exhibit 1, pp. 25-26. Thus, the Department is entitled to recoup \$1,600 of FAP benefits it issued to Respondent for the second OI period from January 1, 2012 to August 31, 2012. The total OI amount that the Department can recoup is \$2,400 (\$800 for first OI period plus \$1,600 for second OI period).

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 \$2,400 from the following program(s) FIP FAP SDA CDC MA.

