

**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.: 14-006455
Issue No.: 3005
Case No.: ██████████
Hearing Date: October 29, 2014
County: GENESEE-DISTRICT 6
(CLIO RD)

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 October 29, 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 the Department establish, by clear and convincing evidence, that Respondent committed 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 July 17, 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 November 13, 2012, Respondent reported that she is a resident of Michigan.
5. Respondent was aware of the responsibility to report changes in her 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 February 2013.
8. The OIG indicates that the time period they are considering the fraud period is April 1, 2013, to June 30, 2014.
9. During the alleged fraud period, Respondent was issued \$2,390 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 Mississippi.
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.

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 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 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 (March 2013), 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 (March 2013), 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 (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. BEM 203 (October 2012), p. 1.

The Department's OIG indicates that the time period it is considering the fraud period is April 1, 2013, to June 30, 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 made a fraudulent statement or representation regarding her residence in order to receive multiple FAP benefits simultaneously.

First, the Department presented Respondent's application dated November 13, 2012, which acknowledged her obligation to report all changes in circumstances required. See Exhibit 1, pp. 10-23. In the application, Respondent reported that she moved or received assistance from Mississippi. See Exhibit 1, pp. 14 and 19. Specifically, Respondent reported that she received FAP benefits and Medical Assistance (MA) from Mississippi. See Exhibit 1, pp. 14 and 19.

Second, the Department presented Respondent's FAP transaction history. See Exhibit 1, pp. 29-31. The FAP transaction history showed that from February 14, 2013, to June 21, 2014, Respondent used FAP benefits issued by the State of Michigan out-of-state in Mississippi. See Exhibit 1, pp. 29-31.

Third, the Department presented out-of-state correspondence dated July 15, 2014, to show Respondent received FAP benefits simultaneously in Mississippi. See Exhibit 1, pp. 27-28. The documentation confirmed that Respondent received FAP benefits in Mississippi from July 2013 to August 2014. See Exhibit 1, pp. 27-28. The evidence also indicated that Respondent used FAP benefits issued by the State of Mississippi in Mississippi and the last transaction date was July 12, 2014. See Exhibit 1, p. 27. This infers that Respondent used FAP benefits issued by both Mississippi and Michigan in Mississippi during the alleged fraud period.

Moreover, the Department presented Respondent's benefit summary inquiry to show that she received Michigan benefits from August 2013 to July 2014. See Exhibit 1, pp. 24-25. Thus, the evidence indicated that the FAP benefits were received simultaneously (Michigan and Mississippi) from August 2013 to July 2014.

Fourth, the Department presented Respondent's LexisNexis report to show that she established a residence in Mississippi during the alleged IPV period. See Exhibit 1, pp. 32-52.

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

It is established that Respondent made a fraudulent statement or representation regarding her residence in order to receive multiple FAP benefits simultaneously. See

BEM 203, p. 1. As stated previously, the evidence indicated that Respondent received FAP benefits simultaneously (Michigan and Mississippi) from August 2013 to July 2014. See Exhibit 1, pp. 24-28. In fact, Respondent's FAP transaction history showed exclusive usage in Mississippi beginning on February 14, 2013 and ending June 21, 2014. See Exhibit 1, pp. 29-31. Furthermore, the evidence presented that Respondent used FAP benefits issued by both Mississippi and Michigan in Mississippi during the fraud period. See Exhibit 1, pp. 28-31. This infers that Respondent conducted FAP transactions simultaneously with her Michigan and Mississippi issued Electronic Benefit Transfer (EBT) cards in Mississippi for nearly an entire year. As such, this evidence presented that Respondent made a fraudulent statement or representation regarding her residence in order to receive multiple FAP benefits simultaneously from Michigan and Mississippi. See BEM 203, p. 1.

In summary, there was clear and convincing evidence that Respondent was aware of her responsibility to report changes in residence and that she 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 because she made a fraudulent statement or representation

regarding her identity or residence in order to receive multiple FAP benefits simultaneously. BEM 203, p. 1.

Applying the OI standard and in consideration of Respondent beginning out-of-state usage on February 14, 2013, it is found that the OI period began on April 1, 2013. See BAM 720, p. 7 and see Exhibit 1, pp. 4 and 29. However, the Department failed to present evidence that Respondent was issued FAP benefits by the State of Michigan from April 2013 to July 2013. See Exhibit 1, pp. 24-25. Respondent's benefit summary inquiry only showed benefits issued for August 2013 to July 2014. See Exhibit 1, pp. 24-25. Moreover, the Department indicated the OI period end is June 30, 2014. See Exhibit 1, p. 4. Thus, the Department is entitled to only recoup \$2,025 of FAP benefits it issued to Respondent between August 1, 2013, to June 30, 2014. 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 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 \$2,025 from the following program(s) FAP FIP MA.

The Department is ORDERED to

reduce the OI to \$2,025 for the period August 1, 2013, to June 30, 2014, 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: **10/31/2014**

Date Mailed: **10/31/2014**
EJF / cl

