

**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.: 2014-32211
Issue No(s): 3005
Case No.: ██████████
Hearing Date: May 8, 2014
County: Genesee (02)

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 May 8, 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 January 21, 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 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 February 1, 2011 to July 31, 2011 and March 1, 2012 to July 31, 2012 (fraud periods).
7. During the fraud period, Respondent was issued \$2,200 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 \$2,200.
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 (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 his FAP benefits because he failed to notify the Department that he 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 2011), 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 February 1, 2011 to July 31, 2011 and March 1, 2012 to July 31, 2012. At the hearing, the Department presented evidence to show why it believed the Respondent was aware of his responsibility to report changes in residence and that he 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 November 17, 2010, to show that he acknowledged his responsibility to report changes as required. See Exhibit 1. A review of Respondent's application indicated an intent to remain in Michigan and a Michigan mailing address. See Exhibit 1.

Second, the Department presented Respondent's FAP transaction history. See Exhibit 1. The FAP transaction history showed that from December 8, 2010 to May 14, 2011, Respondent used FAP benefits issued by the State of Michigan out-of-state in New York. See Exhibit 1. However, the transaction history does show two transactions between the alleged fraud period in Michigan on March 18 and 20, 2011. See Exhibit 1.

Then, the FAP transaction history shows that from August 30, 2011 to December 28, 2011, Respondent used FAP benefits issued by the State of Michigan in Michigan. See Exhibit 1. However, the transaction history does show out-of-state usage in Illinois from September 12, 2011 to September 20, 2011. See Exhibit 1.

Finally, as to the second alleged fraud period, the FAP transaction history showed that from January 9, 2012 to July 24, 2012, Respondent used FAP benefits issued by the State of Michigan out-of-state exclusively in South Dakota. See Exhibit 1.

Third, the Department presented Respondent's LexisNexis history, which indicated New York and South Dakota addresses during the alleged fraud periods. See Exhibit 1.

Fourth, the Department presented Respondent's application dated August 27, 2011. See Exhibit 1. A review of Respondent's application indicated he was homeless, a Michigan mailing address, and an intent to remain in Michigan. See Exhibit 1. It should be noted that this application happened between both alleged fraud periods. Also, Respondent did conduct FAP transactions in the State of Michigan in August 2011, which was during the time of application. See Exhibit 1.

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 he was in Michigan. The Department presented a LexisNexis report, however, this evidence failed to show that Respondent intentionally withheld information concerning an out-of-state move during the alleged fraud period. 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.

Furthermore, the Department presented Respondent's application dated November 17, 2010, however, this occurred before Respondent's alleged fraud period. See Exhibit 1. Also, the Department presented Respondent's application dated August 27, 2011. See Exhibit 1. Still, this application was submitted between both alleged fraud periods. Moreover, Respondent did conduct FAP transactions in the State of Michigan issued by the same state in August 2011, which was during the time of application. See Exhibit 1. This shows that Respondent was residing in Michigan at the time of application and there was no IPV present. As such, both applications 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 (May 2014), p. 1.

To be eligible, a person must be a Michigan resident. BEM 220, 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. At the hearing, the evidence presented that Respondent used FAP benefits issued by the State of Michigan out-of-state in New York and South Dakota. See Exhibit 1. It should be noted that the FAP transaction history shows two purchases in Michigan on March 18 and 20, 2011. See Exhibit 1. Nevertheless, based on above information, it is persuasive evidence that Respondent was not a Michigan resident from February 1, 2011 to July 31, 2011 and March 1, 2012 to July 31, 2012. The evidence shows that the most probable explanation is that Respondent lived outside of Michigan during this time period.

Moreover, FAP group composition policy states a person who is temporarily absent from the group is considered living with the group. BEM 212, p. 2. However, a person's absence is not temporary if it has lasted more than thirty days. BEM 212, p. 2. The policy is not directly applicable to residency. However, again, the FAP transaction history shows that Respondent was using benefits out-of-state for more than thirty days. This established that Respondent is not temporarily absent from his group and he was not eligible for FAP benefits. Therefore, a client error is present in this situation because Respondent failed to notify the Department of his change in residency. See BAM 715, p. 1.

Applying the OI standard begin date policy and in consideration of the out-of-state use that began on December 8, 2010, the Department determined that the first OI period begin date is February 1, 2011. See Exhibit 1. It is found that the Department applied the appropriate OI begin date for the first time period. See BAM 715, pp. 4-5. As to the second OI time period, the out-of-state use began on January 9, 2012 and the Department determined that the OI period begin date is March 1, 2012. See Exhibit 1. It is found that the Department applied the appropriate OI begin date for the second time period. 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 February 2011 to July 2011, which totaled \$1,200. See Exhibit 1. Also, the benefit summary inquiry showed that Respondent was issued FAP benefits by the State of Michigan from March 2012 to July 2012, which totaled \$1,000. See Exhibit 1. Thus, the Department is entitled to recoup \$2,200 of FAP benefits it issued to Respondent from February 1, 2011 to July 31, 2011 and March 1, 2012 to July 31, 2012.


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 established by clear and convincing evidence that Respondent did did not commit an intentional program violation (IPV).
2. Respondent did did not receive an OI of program benefits in the amount of \$2,200 from the following program(s) FIP FAP SDA CDC MA.

The Department is ORDERED to

- initiate recoupment procedures for the amount of \$2,200 in accordance with Department policy.



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

Date Signed: May 15, 2014

Date Mailed: May 15, 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.

EJF/cl

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