

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

IN THE MATTER OF:

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

Reg. No.: 2014-7708
Issue No(s): 1005;2005;3005
Case No.: ██████████
Hearing Date: February 10, 2014
County: Macomb (36)

ADMINISTRATIVE LAW JUDGE: Zainab Baydoun

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 February 10, 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 October 23, 2013, 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 household circumstances, such as a change 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 MA fraud period is July 1, 2010 through April 30, 2011 (fraud period).
7. The Department's OIG indicates that the time period it is considering the FAP and FIP fraud period is July 1, 2010 through February 28, 2011 (fraud period).
8. During the fraud period, the Department alleges that Respondent was issued [REDACTED] in FIP FAP SDA CDC MA benefits by the State of Michigan, and the Department alleges that Respondent was entitled to \$0 in such benefits during this time period.
9. During the fraud period, the Department alleges that Respondent was issued [REDACTED] in FIP FAP SDA CDC MA benefits by the State of Michigan, and the Department alleges that Respondent was entitled to \$0 in such benefits during this time period.
10. During the fraud period, the Department alleges that Respondent was issued [REDACTED] in FIP FAP SDA CDC MA benefits by the State of Michigan, and the Department alleges that Respondent was entitled to \$0 in such benefits during this time period.
11. The Department alleges that Respondent received an OI in FIP FAP SDA CDC MA benefits in the amount of [REDACTED] for FAP, [REDACTED] for MA and \$[REDACTED] for FIP.
12. This was Respondent's first second third alleged IPV for the FIP and FAP.

13. 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 Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193, and 42 USC 601 to 679c. The Department (formerly known as the Family Independence Agency) administers FIP pursuant to MCL 400.10 and 400.57a and Mich Admin Code, R 400.3101 to .3131.

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 Medical Assistance (MA) program is established by the Title XIX of the Social Security Act, 42 USC 1396-1396w-5, and is implemented by 42 CFR 400.200 to 1008.59. The Department of Human Services (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10 and MCL 400.105.

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 (July 2013), p. 10.

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 (July 2013), p. 6; 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 alleged that Respondent received FAP benefits from the State of Michigan at the same time she received food assistance benefits from the State of Florida.

At the hearing, the Department presented evidence which identifies that Respondent was receiving public assistance benefits in another state while active in Michigan. Specifically, the Department established that Respondent was active on two food assistance cases, one in Michigan and the other in Florida. The Department provided a Food Stamp Issuance History showing that from August 2010 through December 2010, and February 2011, Respondent was receiving food assistance benefits from the State of Florida, as well as an email from the Florida authorities showing that Respondent was a member of a group receiving food assistance benefits from the State of Florida during the fraud period. The Department also presented a benefits issuance summary showing

that the Department issued FAP benefits to Respondent, from July 2010 through February 2011.

This evidence established that between August 2010 and December 2010, and February 2011, Respondent was a member of a group that received Michigan-issued FAP benefits and, during the same period, was a member of a group that received food assistance benefits issued by the State of Florida.

The Department also alleged that Respondent committed an IPV of her FAP and FIP 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 for FAP, FIP and MA benefits issued by the Department, an individual must be a Michigan resident. BEM 220 (January 2012 and March 2013), p. 1. For FIP purposes, an individual is a Michigan resident if all of the following apply: (i) the person is not receiving assistance from another state; (ii) is living in Michigan, except for temporary absence; and (iii) intends to remain in the state permanently or indefinitely. BEM 220, pp.1. For MA purposes, an individual is a Michigan resident if living in Michigan, except for a temporary absence, and intends to remain in Michigan permanently or indefinitely. BEM 220, pp. 2-3. For FAP purposes, 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. A client who resides outside the State of Michigan for more than thirty days is not eligible for FAP benefits issued by the State of Michigan. BEM 212 (April 2012 and November 2012), pp. 2-3.

At the hearing, the Department established that from April 27, 2010 through April 7, 2011, Respondent used FAP benefits issued by the State of Michigan exclusively out of state, in Florida. In support of its contention that Respondent committed an IPV, the Department presented applications that Respondent submitted to the Department on multiple occasions, which is sufficient to establish that Respondent was advised of her responsibility to report changes in circumstances. The Department also presented benefit issuance summary for Respondent's FIP benefits which establishes that Respondent continued to receive FIP benefits while out of state.

The evidence presented was sufficient to show, by clear and convincing evidence, that Respondent intentionally withheld or misrepresented information to the Department for the purpose of establishing, maintaining, increasing or preventing reduction of her FIP and FAP benefits or eligibility in the State of Michigan. Thus, the Department satisfied its burden of establishing that Respondent committed an IPV of FIP and FAP benefits based on concurrent receipt of benefits, as well as a failure to report a change of residency.

Disqualification

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 12. 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. 13.

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. 13. 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.

Because the Department satisfied its burden of establishing that Respondent committed an IPV of FAP benefits involving concurrent receipt of benefits, Respondent is subject to a ten-year FAP disqualification. Because the Department satisfied its burden of establishing that Respondent committed an IPV of FIP benefits by failing to report a change in residency, Respondent is also subject to a one year FIP disqualification.

Overissuance

The Department has alleged an OI of FAP, FIP and MA benefits resulting from Respondent's receipt of Michigan-issued benefits while no longer a state resident, as well as Respondent's concurrent receipt of benefits. 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 a FAP and FIP OI is the benefit amount the client actually received minus the amount the client was eligible to receive. BAM 720, p. 8; BAM 715 (July 2013), pp. 1, 6; BAM 705 (July 2013), p. 6. For an OI of the MA program, the OI amount is the amount of MA payments, unless the OI is due to unreported income or a change affecting the need allowance. BAM 710 (May 2013), pp.1-2.

The Department established that the State of Michigan issued a total of ██████ in FAP benefits to Respondent from July 1, 2010, through February 28, 2011; \$█████ in FIP benefits from July 1, 2010, through February 28, 2011; and \$█████ in MA benefits from July 1, 2010, through April 30, 2011.

As discussed above, during those months, Respondent was also receiving food assistance from Florida. Respondent was not eligible for FAP benefits issued by the State of Michigan during any period she received food assistance benefits issued by the State of Florida. Further, Respondent was no longer eligible for FAP, FIP and MA benefits after she resided outside Michigan for more than 30 days. Therefore, the Department has established that it is entitled to recoup the entire amount of FAP, FIP, and MA benefits issued during the fraud 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. Respondent did commit an IPV by clear and convincing evidence.
2. Respondent did receive an OI of program benefits in the amount of [REDACTED]00 for FAP, [REDACTED] for MA and \$[REDACTED]0 for FIP.

The Department is ORDERED to initiate recoupment procedures for the amount of \$[REDACTED] for FAP, \$[REDACTED] for MA, and [REDACTED] for FIP in accordance with Department policy.

It is FURTHER ORDERED that Respondent be disqualified from the FAP program for 10 years and that Respondent be disqualified from FIP for a period of 12 months.



Zainab Baydoun
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: March 10, 2014

Date Mailed: March 10, 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.

ZB/tm

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