

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 15-002815  
Issue No.: 3005  
Case No.: [REDACTED]  
Hearing Date: April 23, 2015  
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 April 23, 2015, from Lansing, Michigan. The Department was represented by Regulation Agent [REDACTED] of the Office of Inspector General (OIG).

On March 26, 2015, Respondent signed the Request for Waiver of Disqualification Hearing on the back of the Notice of Disqualification Hearing (MAHS-827). The signed waiver was submitted to the Michigan Administrative Hearing System on April 10, 2015. Respondent did not sign an Intentional Program Violation Repayment Agreement (DHS-4350) so a hearing was required, and conducted on the over-issuance amount.

**ISSUE**

Whether Respondent committed an Intentional Program Violation (IPV) and whether that Intentional Program Violation (IPV) caused Respondent to receive a \$ [REDACTED] over-issuance of Food Assistance Program (FAP) benefits from October 1, 2013 to January 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 received a Notice of Case Action (DHS-1605) dated August 7, 2013 which described her reporting requirements under the Food Assistance Program Simplified Reporting category.
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 that her income exceeded the Simplified Reporting income limit for her group.
4. In accordance with Bridges Administration Manual (BAM) 720 and Bridges Administration Manual (BAM) 200 Food Assistance Simplified Reporting, October 1, 2013 to January 31, 2014 has correctly been determined as the over-issuance period associated with this Intentional Program Violation (IPV).
5. During the over-issuance period, Respondent received a \$ [REDACTED] over-issuance of Food Assistance Program benefits.
6. This is Respondent's 1<sup>st</sup> Intentional Program Violation (IPV).
7. The Department's OIG filed a disqualification hearing request on March 4, 2015.

### **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 and Nutrition Act of 2008, 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 Department of Human Services) administers FAP pursuant to MCL 400.10; the Social Welfare Act, MCL 400.1-.119b; and Mich Admin Code, R 400.3001 to .3011.

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 a Notice of Case Action (DHS-1605) dated August 7, 2013 which described her reporting requirements under the Food Assistance Program Simplified Reporting category. The Department also submitted an Assistance Application (DHS-1171) dated March 22, 2013 that Respondent submitted to the Department prior to the alleged OI period. This application is sufficient to establish that Respondent certified knowledge of reporting requirements as well as the conditions that constitute fraud/IPV and trafficking and the potential consequences.

Subsequently Respondent's income exceeded the Simplified Reporting limit for the months of August 2013 through January 2014 but Respondent did not report it. The fact that Respondent was sent the Notice of Case Action (DHS-1605) dated August 7, 2013 which described her reporting requirements under the Food Assistance Program Simplified Reporting category, shows that Respondent understood an increase of income would change the amount of benefits she were eligible for.

This constitutes clear and convincing evidence that Respondent was aware of her reporting responsibilities under Simplified Reporting and intentionally failed to report the increased income with knowledge that doing so would reduce their benefits. Therefore, the Department has established that Respondent committed an IPV.

**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.

**Note:** For FAP simplified reporting, the household has until the 10th of the following month to report the change timely; see BAM 200.

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

BAM 200 states “For failure to report income over the limit, the first month of the over-issuance is two months after the actual monthly income exceeded the limit.”

In this case, the Department submitted evidence showing that Respondent’s income exceeded her Simplified Reporting income limit beginning in August 2013 and every month after through January 2014. Applying the Simplified Reporting requirements the over-issuance period was properly calculated to begin October 1, 2013.

### **Over-issuance Amount**

BAM 720 states the 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] if Food Assistance Program benefits during the over-issuance period. In accordance with the over-issuance budgets submitted by the Department, Respondent was only eligible for \$ [REDACTED] during one month of the over-issuance period. Respondent received a \$ [REDACTED] over-issuance Of Food Assistance Program benefits.

### **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.

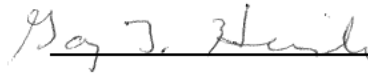
Clients who commit an IPV are disqualified for a standard disqualification period of one year for the first IPV, two years for the second IPV and a lifetime disqualification for the third IPV.

## **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 Food Assistance Program benefits that the Department is entitled to recoup.

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

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



**Gary Heisler**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

Date Signed: **5/6/2015**

Date Mailed: **5/6/2015**

GH/las

**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. A copy of the claim or application for appeal must be filed with the Michigan Administrative Hearing System (MAHS).

cc:

