

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

IN THE MATTER OF:



Reg. No.: 15-008368
Issue No.: 2006; 3005
Case No.: [REDACTED]
Hearing Date: August 13, 2015
County: WAYNE-DISTRICT 49

ADMINISTRATIVE LAW JUDGE: Eric Feldman

HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION

Upon the request for a hearing by the Department of Health and Human Services (Department or DHHS), 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 45 CFR 235.110; and with Mich Admin Code, R 400.3130 and 400.3178. After due notice, a telephone hearing was held on August 13, 2015, from Detroit, Michigan. The Department was represented by [REDACTED], 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 Food Assistance Program (FAP) and 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 FAP benefits?

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 [REDACTED], to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.

2. The OIG has requested that Respondent be disqualified from receiving program benefits.
3. Respondent was a recipient of FAP/MA benefits issued by the Department.
4. Respondent was aware of the responsibility to report changes in residence.
5. Respondent 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 FAP fraud period is [REDACTED] (FAP fraud periods).
7. The Department's OIG indicates that the time period it is considering the MA OI period is [REDACTED] (MA fraud periods).
8. During the fraud period, Respondent was issued \$13,170.72 in FAP/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. The Department alleges that Respondent received an OI in FAP/MA benefits in the amount of \$13,170.72.
10. This was Respondent's first alleged IPV.
11. A notice of hearing was mailed to Respondent at the last known address and was not returned by the US Post Office as undeliverable.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), Adult Services Manual (ASM), and Reference Tables Manual (RFT).

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 .3015.

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the

collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.105-.112k. .

Effective October 1, 2014, the Department's OIG requests IPV hearings for the following cases:

- Willful overpayments of \$500.00 or more under the AHH program.
- FAP trafficking overissuances 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 amount for the FIP, SDA, CDC, MA and FAP programs combined is \$500 or more, or
 - the total 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.

BAM 720 (October 2014), pp. 12-13; ASM 165 (May 2013), pp. 1-7.

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.

To be eligible, a person must be a Michigan resident. BEM 220 (January 2010; January 2012; and July 2013), p. 1. For FAP cases, a person is considered a resident while living in Michigan for any purpose other than a vacation, even if there is 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 (January 2010; April 2012; and July 2013), p. 3. However, a person's absence is not temporary if it has lasted more than thirty days. BEM 212, p. 3.

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.

First, the Department presented Respondent's application dated [REDACTED], to show that she acknowledged her responsibility to report changes as required. See Exhibit A, pp. 13-20.

Second, the Department presented Respondent's FAP transaction history. See Exhibit A, pp. 21-29. The FAP transaction history showed that from [REDACTED] Respondent used FAP benefits issued by the State of Michigan out-of-state in [REDACTED] (except in Michigan from [REDACTED]). See Exhibit A, pp. 22-24. Then, Respondent's FAP transaction history showed usage in Michigan from [REDACTED]. See Exhibit A, pp. 24-25. Then, the FAP transaction history showed that from [REDACTED] Respondent used FAP

benefits issued by the State of Michigan out-of-state (except in Michigan on [REDACTED]). See Exhibit A, pp. 25-29.

Third, the Department presented Respondent's LexisNexis report. See Exhibit A, pp. 30-49.

Fourth, the Department presented out-of-state correspondence (e-mail) from the State of [REDACTED] dated [REDACTED]. See Exhibit A, pp. 50-51. The out-of-state verification reported that Respondent and one of her children received MA benefits out-of-state and the benefits closed on [REDACTED] (for Child A) and [REDACTED], [REDACTED] (for Respondent). See Exhibit A, p. 50.

Fifth, the Department presented Respondent's online application dated [REDACTED], which was submitted during the alleged fraud period. See Exhibit A, pp. 52-87. In the application, Respondent reported that she is homeless, a Michigan mailing address, that she is a resident of Michigan, she has not moved or received assistance from another state. See Exhibit A, pp. 28 and 54-58. Also, Respondent indicated in the additional information section of the application "We're currently without a place to stay and we go where we can, when we can." See Exhibit A, p. 66.

Sixth, the Department presented Respondent's online change report dated [REDACTED], [REDACTED] which was submitted during the alleged fraud period. See Exhibit A, pp. 88-91. In the change report, Respondent reported that she was homeless and updated her Michigan mailing address as of [REDACTED]. See Exhibit A, p. 91.

Based on the foregoing information and evidence, the Department has established that Respondent committed an IPV of FAP benefits. The Department presented evidence to establish Respondent's intent during the IPV usage. The Department presented Respondent's application dated [REDACTED] and the online change report dated [REDACTED], in which she indicated a Michigan mailing address, she is a resident of Michigan, and she did not move from another state, even though she was using FAP benefits out-of-state both before and after the submission of these documents. See Exhibit A, pp. 28, 54-58, and 91. In fact, the Department presented out-of-state verification in which one of Respondent's children received MA benefits in North Carolina during the fraud period. See Exhibit A, p. 50. Finally, the FAP transaction history showed that Respondent used FAP benefits out-of-state during the fraud period. See Exhibit A, pp. 21-29. This evidence showed that Respondent/her children no longer resided in Michigan and there was clear and convincing evidence that 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.

Disqualification

A client who is found to have committed an IPV by a court or hearing decision is disqualified from receiving program benefits. BAM 720, pp. 15-16; BEM 708 (April 2014), p. 1. Clients are disqualified for ten years for a FAP IPV involving concurrent receipt of benefits, and, for all other IPV cases involving FIP, FAP or SDA, for standard disqualification periods of one year for the first IPV, two years for the second IPV, and lifetime for the third IPV. BAM 720, p. 16. CDC clients who intentionally violate CDC program rules are disqualified for six months for the first occurrence, twelve months for the second occurrence, and lifetime for the third occurrence. BEM 708, p. 1. 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

In this case, the Department has satisfied its burden of showing that Respondent committed an IPV concerning FAP benefits. Therefore, Respondent is disqualified from FAP benefits for 12 months. BAM 720, p. 16.

FAP Overissuance

As previously stated, the Department has established that Respondent committed an IPV of FAP benefits. 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 720, p. 8.

As to the first OI period ([REDACTED]), applying the OI begin date policy and in consideration of the out-of-state use that began on [REDACTED], 2009, the Department determined that the OI period began on [REDACTED]. See Exhibit A, pp. 4 and 22. It is found that the Department applied the appropriate OI begin date. See BAM 715, pp. 4-5.

In establishing the first OI period amount, the Department presented a benefit summary inquiry showing that Respondent was issued FAP benefits by the State of Michigan from January 2010 to August 2010, which totaled \$2,936. See Exhibit A, p. 92. Therefore, the Department is entitled to recoup \$2,936 of FAP benefits it issued to Respondent from [REDACTED].

As to the second OI period ([REDACTED]), applying the OI begin date policy and in consideration of the out-of-state use that began on [REDACTED], [REDACTED], the Department determined that the OI period began on [REDACTED]. See Exhibit A, pp. 4 and 25. It is found that the Department applied the appropriate OI begin date. See BAM 715, pp. 4-5.

In establishing the second OI period amount, the Department presented a benefit summary inquiry showing that Respondent was issued FAP benefits by the State of Michigan from April 2012 to December 2012, which totaled \$3,462. See Exhibit A, pp.

94-95. Therefore, the Department is entitled to recoup \$3,462 of FAP benefits it issued to Respondent from [REDACTED].

As to the third OI period ([REDACTED]), applying the OI begin date policy, the Department properly determined that the OI period began on [REDACTED]. See Exhibit A, pp. 4 and 28 and BAM 715, pp. 4-5.

In establishing the third OI period amount, the Department presented a benefit summary inquiry showing that Respondent was issued FAP benefits by the State of Michigan from July 2013 to October 2013, which totaled \$1,497. See Exhibit A, pp. 96. Therefore, the Department is entitled to recoup \$1,497 of FAP benefits it issued to Respondent from [REDACTED].

In summary, the Department is entitled to recoup \$7,895 (\$2,936 first OI period plus \$3,462 second OI period plus \$1,497 third OI period) of FAP benefits it issued to Respondent. See Exhibit A, pp. 92-96.

MA Overissuance

The Department initiates MA recoupment of an overissuance (OI) due to client error or intentional program violation (IPV), not when due to agency error. BAM 710 (July 2013), p. 1. When the Department receives the amount of MA payments, it determines the OI amount. BAM 710, p. 1. For an OI due to unreported income or a change affecting need allowances:

- If there would have been a deductible or larger deductible, the OI amount is the correct deductible (minus any amount already met) or the amount of MA payments, whichever is less.
- If there would have been a larger LTC, hospital or post-eligibility patient-pay amount, the OI amount is the difference between the correct and incorrect patient-pay amounts or the amount of MA payments, whichever is less.

BAM 710, p. 2. For an OI due to any other reason, the OI amount is the amount of MA payments. BAM 710, p. 2.

In this case, the Department also alleges that an OI was present for her and the children's MA benefits. The Department alleges that she failed to notify the Department that she and the children no longer resided in Michigan but the MA benefits continued to pay their health premiums/capitations while they were out-of-state. The Department's OIG indicates that the time period it is considering the OI period is [REDACTED] to [REDACTED]; [REDACTED]; and [REDACTED]. See Exhibit A, p. 4.

For MA cases (non-institutionalized persons), an individual is a Michigan resident if either of the following apply:

- The individual lives in Michigan, except for a temporary absence, and intends to remain in Michigan permanently or indefinitely.
- The individual or a member of the MA fiscal group has entered the state of Michigan for employment purposes, and has a job commitment, or is seeking employment.

BEM 220 (January 2010; January 2012; and July 2013), pp. 1-2.

For Group 2 FIP-Related MA, Healthy Kids, and SSI-Related MA, a person's absence is temporary if for the month being tested:

- His location is known; and
- There is a definite plan for him to return home; and
- He lived with the group before the absence (Note: newborns and unborns are considered to have lived with their mothers); and
- The absence did not last, or is not expected to last, the entire month being tested unless the absence is for education, training, or active duty in the uniformed services of the U.S.

BEM 211 (January 2010; January 2012; and July 2013), pp. 2-3.

As stated previously, a FAP IPV is present in this situation and an OI amount was established. The evidence is persuasive that Respondent and the children were not Michigan residents. The evidence shows that the most probable explanation is that Respondent and the children lived outside of Michigan. See BEM 220, pp. 1-2. Moreover, the FAP transaction history shows that they were not temporarily absent from their group and they were not eligible for MA benefits. See BEM 211, p. 2. The evidence also presented that the additional two group members (the two children) resided with their mother (the Respondent) and there was no evidence to contradict that the children were no longer members of the group during the OI period. Therefore, a MA client error is present in this situation because Respondent failed to notify the Department of her and her children's change in residency. See BAM 710, p. 1.

In establishing the OI amount, BAM 710 states that for an OI due to any other reason, the OI amount is the amount of MA payments. See BAM 710, p. 2. The Department presented a summary of the MA capitations paid on the Respondent's and the children's behalf from January 2010 to April 2010; April 2012 to December 2012; and August 2013 to September 2013. See Exhibit A, pp. 97-98. Thus, the Department is entitled to recoup \$5,275.72 of MA benefits it issued to Respondent/children for [REDACTED]

[REDACTED]. See Exhibit A, pp. 97-98.

In summary, the total OI amount the Department is entitled to recoup is \$13,170.72 (\$7,895 FAP OI amount plus \$5,275.72 MA OI amount).

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 committed an IPV.
2. Respondent **did** receive an OI of program benefits in the amount of \$13,170.72 from the MA and FAP programs.

The Department is **ORDERED** to initiate recoupment/collection procedures for the amount of \$13,170.72 in accordance with Department policy.

It is **FURTHER ORDERED** that Respondent be disqualified from FAP benefits for a period of **12 months**.



Eric Feldman
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

Date Signed: **8/14/2015**

Date Mailed: **8/14/2015**

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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:

