

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 15-003157
Issue No.: 1005; 3005
Case No.: [REDACTED]
Hearing Date: May 20, 2015
County: Genesee-District 6

ADMINISTRATIVE LAW JUDGE: Vicki Armstrong

HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION

Upon the request for a hearing by the Department of Health and 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 45 CFR 235.110; and with Mich Admin Code, R 400.3130 and 400.3178. After due notice, a telephone hearing was held on May 20, 2015, from Lansing, 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 of Food Assistance Program (FAP) and Family Independence Program (FIP) 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 FAP and FIP?

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 March 11, 2015, 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 and FIP benefits issued by the Department.
4. Respondent signed an Assistance Application (DHS-1171) on August 8, 2012, acknowledging that he understood his failure to give timely, truthful, complete and accurate information could result in a civil or criminal action or an administrative claim against him. (Dept. Ex A, pp 11-47).
5. On April 18, 2014, the Department received information indicating Respondent had received [REDACTED] [REDACTED] beginning May 27, 2012, through November 24, 2012, in the amount of \$ [REDACTED] a week. (Dept. Ex A, pp 53-55).
6. On April 4, 2014, a Verification of Employment was received from [REDACTED] [REDACTED] indicating Respondent was employed from December 17, 2012, through March 8, 2013. (Dept. Ex A, pp 20-21).
7. Respondent received \$ [REDACTED] in FAP benefits from the State of Michigan during the fraud period of August 1, 2012, through March 31, 2013. If Respondent had properly reported that he was working and receiving unemployment, Respondent would have been entitled to receive \$ [REDACTED] in FAP benefits. (Dept. Ex A, pp 61-94).
8. Respondent also received \$ [REDACTED] in FIP benefits from the State of Michigan during the fraud period of August 1, 2012, through March 31, 2013. If Respondent had properly reported that he was working and receiving unemployment, Respondent would have been entitled to receive \$ [REDACTED] in FIP benefits. (Dept. Ex A, pp 61-94).
9. Respondent failed to report his unemployment and earned income in a timely manner, resulting in a FAP overissuance of \$ [REDACTED] and a FIP overissuance of \$ [REDACTED] for the fraud period of August 1, 2012, through March 31, 2013.
10. Respondent was clearly instructed and fully aware of the responsibility to report all changes to the Department within 10 days.
11. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
12. This was Respondent's first IPV.
13. 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

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 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 Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, and 42 USC 601 to 679c. The Department (formerly known as the Family Independence Agency) administers FIP pursuant to 45 CFR 233-260, MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3101 to .3131.

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 following are the relevant policy statements and instructions Department caseworkers follow.

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 \$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. BAM 720, p 12 (10/1/2014).

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 (10/1/2014), 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.

On April 4, 2014, the Department received a Verification of Employment showing Respondent was employed at [REDACTED] [REDACTED] for four months from December 17, 2012, through March 8, 2013. Respondent failed to notify the Department of his earned income from [REDACTED].

On April 18, 2014, the Department received information that Respondent had received [REDACTED] from May 27, 2012, through November 24, 2012. Respondent failed to notify the Department of his unearned income from [REDACTED].

By signing the August 8, 2012, FAP/FIP application, Respondent acknowledged he was aware he could be prosecuted for fraud and be required to repay the amount wrongfully received and that he must report all changes within 10 days of the change.

Respondent's intentional failure to notify the Department of his employment and unemployment benefits resulted in intentional program violations.

Disqualification

A court or hearing decision that finds a client committed an IPV disqualifies that client from receiving program benefits. BAM 720, p 15. 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 13. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (7/1/2013), 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, this is Respondent's first FAP and FIP IPV's.

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 FAP Issuance Summary from August, 2012, showed Respondent received two payments of \$ [REDACTED] and \$ [REDACTED] and \$ [REDACTED] a month from September, 2012, through March, 2013, for a total of \$ [REDACTED]. Had Respondent properly reported his earned income and receipt of [REDACTED], he would have been eligible to receive only \$ [REDACTED] in FAP benefits. Hence, he received an overissuance of \$ [REDACTED] in FAP benefits for the fraud period.

The FIP Issuance Summary from August and September, 2012, showed Respondent received \$ [REDACTED] and \$ [REDACTED] respectively, and \$ [REDACTED] a month from October, 2012, through March, 2013, for a total of \$ [REDACTED]. Had Respondent properly reported his earned income and receipt of unemployment benefits, he would have been eligible to receive only \$ [REDACTED] in FIP benefits. As a result, he received an overissuance of \$ [REDACTED] in FIP benefits for the fraud period.

In this case, the Department has shown by clear and convincing evidence that Respondent received an OI of FAP and FIP benefits. The OI was due to Respondent failing to timely report his employment income and receipt of unemployment benefits. According to BAM 700, the Department may recoup this OI.

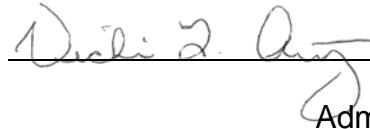
DECISION AND ORDER

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 overissuance of FAP benefits in the amount of \$ [REDACTED] and an overissuance of FIP benefits in the amount of \$ [REDACTED] for a total of \$ [REDACTED].

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

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



Vicki Armstrong
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

Date Signed: **5/21/2015**

Date Mailed: **5/21/2015**

VLA/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:

