



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
Christopher Seppanen  
Executive Director

MIKE ZIMMER  
DIRECTOR

[REDACTED]

Date Mailed: April 11, 2016  
MAHS Docket No.: 15-009308  
Agency No.: [REDACTED]  
Petitioner: MDHHS  
Respondent: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris**

### **HEARING DECISION**

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 April 11, 2016, from Detroit, Michigan. The Department was represented by [REDACTED], Regulation Agent of the Office of Inspector General (OIG).

Respondent did not appear. This matter having been initiated by the Department and due notice having been provided to Respondent, the hearing was held in Respondent's absence in accordance with Department of Health and Human Services Bridges Administrative Manual (BAM) 725 (October 1, 2015), p. 10.

### **ISSUE**

Did Respondent receive an overissuance (OI) of Family Independence Program (FIP) Cash Assistance?

### **FINDINGS OF FACT**

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Respondent was a recipient of FIP benefits from the Department based upon a September 9, 2015, application. Exhibit 1, pp. 5-17.
2. The Petitioner reported starting of employment at [REDACTED] on [REDACTED]. The Petitioner's employment began [REDACTED]. Exhibit 2, pp. 18-21.

3. The Department alleges Respondent received an FIP OI during the period January 2015 through February 2015 due to **Respondent's** error.
4. The Department alleges that Respondent received \$ [REDACTED] OI that is still due and owing to the Department.
5. The May 18, 2015, Notice of Overissuance was sent to the Respondent; and Petitioner requested a timely hearing on June 24, 2015.

### **CONCLUSIONS OF LAW**

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

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 Department of Human Services) 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.

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. BAM 700 (May 2014), 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 705 (July 2014), p. 6.

A client error exists when the client's timely request for a hearing results in the suspension of a Michigan Department of Health and Human Services (MDHHS) action, and any of:

- The hearing decision upholds the MDHHS action.
- The client withdraws the hearing request.
- The client fails to appear for the hearing which is not rescheduled.
- The Michigan Administrative Hearings System (MAHS) sends written notice to proceed with case actions. BAM 715 (January 1, 2016) p. 1

The overissuance period begins the first month (or pay period for CDC) benefit issuance exceeds the amount

allowed by policy or 72 months before the date it was referred to the RS, whichever is later.

To determine the first month of the overissuance period (for overissuances 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; see BAM 220, Effective Date of Change. BAM 715, pp. 4-5

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

The amount of the overissuance is the benefit amount the group or provider actually received minus the amount the group was eligible to receive. BAM 715, p. 6.

If improper reporting or budgeting of income caused the overissuance, use actual income for that income source. Bridges converts all income to a monthly amount. BAM 715, p. 8.

**Overissuance exists:**

\$ [REDACTED] Monthly FIP benefit received by the group.

\$ [REDACTED] Monthly FIP benefit group should have received.

In this case, the Department alleges that Respondent received an OI for her FIP benefits (client error) because the Petitioner failed to timely report her income.

Additionally, in this case, the Department provided evidence that the Petitioner, although she reported her employment at [REDACTED], she failed to do so within 10 days of obtaining employment. The Petitioner filed a change notice indicating a job start date at [REDACTED] of [REDACTED]. Exhibit 2, page 21. At the hearing, the Department presented OI FIP budgets, which based on Petitioner's earnings placed her over the income limit payment standard for FIP of \$ [REDACTED]. The Department for the period in question also presented evidence of Petitioner's earnings from employment based upon information obtained from the Work Number beginning with pay date [REDACTED], and ending with pay date [REDACTED]. Exhibit 3, pp. 23 and 24.

Based on the Budgets presented, which were reviewed in detail at the hearing, it is determined that the Department correctly found the monthly gross income for each

month, January and February 2015, provided a \$ [REDACTED] disregard (deduction from income) as required by Department policy and applied a 50% disregard of the gross income. For January 2015, the total countable income was \$ [REDACTED] and exceeded the \$ [REDACTED] payment standard. Exhibit 1, pp. 25 and 26. For February 2015, the Department determined the correct gross income to be \$ [REDACTED] deducted a \$ [REDACTED] disregard and determined that the net earned income (50% of \$ [REDACTED] was \$ [REDACTED] and thus, exceeded the \$ [REDACTED] FIP payment standard. As the Petitioner received \$ [REDACTED] in FIP benefits for each of the months in question, the Department correctly determined the total OI to be \$ [REDACTED] Exhibit 1, p. 31.

It should also be noted that the Department correctly included as part of the gross income the amount of \$ [REDACTED] for a recoupment taken from Petitioner's FIP payment. BAM 715 (January 1, 2016), p.7, allows the Administrative recoupment amount be included in gross income when calculating income for purposes of a debt collection. The Department properly included in the OI the amount of administrative recoupment deduction.

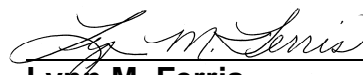
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, finds that the Department **did** establish an FIP benefit OI to Respondent totaling \$ [REDACTED]

### **DECISION AND ORDER**

Accordingly, the Department is **AFFIRMED**.

The Department is **ORDERED** to initiate collection procedures for a \$ [REDACTED] OI in accordance with Department policy.

LMF/jaf



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**Lynn M. Ferris**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

**NOTICE OF APPEAL:** A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; Attention: MAHS Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings  
Reconsideration/Rehearing Request  
P.O. Box 30639  
Lansing, Michigan 48909-8139

**DHHS**

[REDACTED]

**Respondent**

[REDACTED]

**cc:**

[REDACTED]