



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: May 26, 2016
MAHS Docket No.: 15-017133
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

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), 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 16, 2016, 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) 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?

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 benefits issued by the Department.
4. Respondent was aware of the responsibility to report changes in household composition and income.
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 fraud period is [REDACTED] (fraud period).
7. During the fraud period, Respondent was issued \$1,835 in FAP benefits by the State of Michigan, and the Department alleges that Respondent was entitled to \$2.00 in such benefits during this time period.
8. The Department alleges that Respondent received an OI in FAP benefits in the amount of \$1,833.
9. This was Respondent's first alleged IPV.
10. 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.

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.

In this case, the Department alleges that Respondent committed an IPV of her FAP benefits because she failed to report that her husband was a member of the household, as well as that he had earned income, which caused an overissuance of FAP benefits.

Clients must report changes in circumstance that potentially affect eligibility or benefit amount. BAM 105 (January 2010), p. 7. Changes must be reported within 10 days of receiving the first payment reflecting the change. BAM 105, p. 7.

Income reporting requirements are limited to the following:

- Earned income:
 - Starting or stopping employment.
 - Changing employers.
 - Change in rate of pay.
 - Change in work hours of more than five hours per week that is expected to continue for more than one month.

BAM 105, p. 7.

Other changes must be reported within 10 days after the client is aware of them. BAM 105, p. 7. These include, but are not limited to, changes in persons in the home and marital status. BAM 105, p. 7.

Additionally, spouses who are legally married and live together must be in the same group. BEM 212 (September 2010), p. 1.

First, the Department presented Respondent's application dated May 11, 2009, to show that the Respondent was aware of her responsibility to report changes as required. See Exhibit A, pp. 11-26. In the application, Respondent reported that her husband (boyfriend at the time) was a member of the household and that he had self-employment income. See Exhibit A, pp. 14 and 19.

Second, the Department presented evidence that Respondent and her husband got married on [REDACTED] and reported the same address. See Exhibit A, p. 27.

Third, the Department presented Respondent's redetermination received on [REDACTED], [REDACTED] which was submitted during the alleged fraud period. See Exhibit A, pp. 52-55. In the redetermination, Respondent did not report her husband in the home, reported no

household income, indicated that she moved to a different address, and wrote that she got married August 7th (2010) and was separated October 17 (2010). See Exhibit A, p. 53 and 55. During the redetermination telephone interview on or around January 2011, the caseworker notated on the redetermination that Respondent moved to the new address on [REDACTED]. See Exhibit A, pp. 52 and 55. Furthermore, the Department presented the husband's bank statements for [REDACTED] [REDACTED] (majority of the alleged fraud period). See Exhibit A, pp. 28-51. These bank records showed that the husband had the same address as Respondent's new address for the period of November 2010 to January 2011. See Exhibit A, pp. 34-51.

Fourth, the Department presented a Children's Protective Services Investigation Report (CPS report) dated [REDACTED]. See Exhibit A, pp. 56-60. The CPS reported listed both Respondent and her husband together at the same address. See Exhibit A, p. 56. The CPS report also indicated that both were observed in the house together on [REDACTED] for a face-to-face contact with CPS. See Exhibit A, p. 59.

Fifth, the Department presented Respondent's application dated [REDACTED], which was submitted during the alleged fraud period. See Exhibit A, pp. 61-76. In the application, Respondent indicated that the only household group members were herself and her two sons. See Exhibit A, pp. 63-66. Again, Respondent wrote in the notes section of the application that she got married [REDACTED] and separated [REDACTED] and she moved out the end of October. See Exhibit A, p. 76.

Sixth, the Department presented verification of the husband's employment earnings. See Exhibit A, pp. 77-79.

Eighth, the OIG Investigation Report indicated that the Respondent contacted the agent on [REDACTED], in which the agent testified that she denied the allegations. See Exhibit A, p. 3.

Based on the foregoing information and evidence, the Department has established by clear and convincing evidence that Respondent committed an IPV of her FAP benefits.

First, the evidence established that Respondent and her husband resided together during the fraud period. See Exhibit A, pp. 27-51 and 56-60 (marriage license, husband's bank records, and CPS report).

Second, the Department presented sufficient evidence to establish that Respondent intentionally withheld or misrepresented her household composition/income during the fraud period. In the present case, Respondent did not report that her husband was a member of the household nor that he had income in her redetermination/application dated [REDACTED], even though the evidence established that the husband was in the home at the time and that he had income. See Exhibit A, pp. 27-55 and 61-76. This is persuasive evidence that Respondent committed an IPV of her FAP benefits because she misrepresented her group composition/income information by excluding her husband and his income for the purpose of maintaining her FAP eligibility. In summary,

there was clear and convincing evidence that Respondent was aware of the responsibility to report her husband was in the household, as well as his earned income, and that she intentionally withheld or misrepresented this information for the purpose of establishing, maintaining, increasing or preventing reduction of her FAP program benefits or 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.

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 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 stated previously, the Department has established that Respondent committed an IPV of her FAP benefits. Moreover, it is found that the Department applied the appropriate OI begin date of [REDACTED]. See BAM 720, p. 7 and Exhibit A, pp. 3 and 27.

In this case, the Department presented OI budgets from September 2010 to January 2011. See Exhibit A, pp. 81-91. The budgets included the husband's income that was not previously budgeted and the budgets increased the group size from two to three in order to include the husband. See Exhibit A, pp. 77-79 and 81-91. A review of the OI budgets found them to be fair and correct. Thus, the Department is entitled to recoup \$1,833 of FAP benefits it issued for [REDACTED].

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 FAP program benefits in the amount of \$1,833.

The Department is **ORDERED** to initiate recoupment/collection procedures for the amount of \$1,833 in accordance with Department policy, less any amount already recouped and/or collected.

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

EF/hw



Eric Feldman

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]

Petitioner

[REDACTED]

Respondent

[REDACTED]