



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: December 2, 2016  
MAHS Docket No.: 16-008280

[REDACTED]  
[REDACTED]  
[REDACTED]

**ADMINISTRATIVE LAW JUDGE: Carmen G. Fahie**

**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 November 1, 2016, from Lansing, Michigan. The Department was represented by [REDACTED] Regulation Agent of the Office of Inspector General (OIG). The Respondent was represented by herself.

**ISSUES**

1. Did Respondent receive an over issuance (OI) of Child Development and Care (CDC) 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 6 months?

**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 February 29, 2014, 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 CDC program benefits.
3. Respondent was a recipient of CDC benefits issued by the Department. Department Exhibit 1, pgs. 13-20.
4. On the Child Development and Care Application, DHS 4583, signed by Respondent on February 18, 2008, the Respondent reported that she understood the responsibility to report changes in employment to the Department within 10 days.
5. Respondent was aware of the responsibility to report changes in employment of her work stoppage on June 4, 2011 from [REDACTED], which resulted in her not having a need for daycare services. Department Exhibit 1, pg. 21.
6. Respondent had no apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
7. The Department's OIG indicates that the time period it is considering the fraud period is July 17, 2011 through October 8, 2011 (fraud period).
8. During the fraud period, Respondent was issued [REDACTED] in CDC benefits by the State of Michigan, and the Department alleges that Respondent was entitled to [REDACTED] in such benefits during this time period.
9. The Department alleges that Respondent received an OI in CDC benefits in the amount of [REDACTED].
10. This was Respondent's first alleged IPV for CDC.
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 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 Child Development and Care (CDC) program is established by Titles IVA, IVE and XX of the Social Security Act, 42 USC 601-619, 670-679c, and 1397-1397m-5; the Child Care and Development Block Grant of 1990, PL 101-508, 42 USC 9858 to 9858q; and

the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193. The program is implemented by 45 CFR 98.1-99.33. The Department administers the program pursuant to MCL 400.10 and provides services to adults and children pursuant to MCL 400.14(1) and Mich Admin Code, R 400.5001-.5020.

The Department's OIG requests IPV hearings for the following cases:

- the total OI amount for the FIP, SDA, CDC, MA and FAP programs is \$1000 or more, or
- the total OI amount is less than \$1000, **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. 10.

### **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, p. 6; 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.

**Disqualification**

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 12. 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. 13.

When it is determined that a client or adult group member intentionally violated a program rule, a referral should be submitted to the Office of Inspector General (OIG). If the OIG investigation determines an intentional program violation was committed, a disqualification referral and the Investigation Closure Packet will be sent to CDC policy for review.

CDC Policy will impose the appropriate disqualification. Disqualification periods will be:

- Six months for the first occurrence.
- Twelve months for the second occurrence.
- Lifetime for the third occurrence.
- Lifetime for fraud conviction.

If the CDC case is active at the time the disqualification is imposed, Bridges will send the DHS-1605, Notice of Case Action, giving timely notice to close the case. The client or adult group member will be ineligible for the entire disqualification period unless good cause is determined. The disqualification will be applied to all adult members on the case, unless the IPV is only for a specific adult member.

If the CDC case is closed at the time the disqualification is imposed, the disqualification period would not be applied until the client or adult group member reapplies for CDC benefits. The client CDC Non-coop/Sanction information screen can be viewed in Bridges Data Collection. BEM 708, p. 1-2.

**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.

In this case, the Respondent was aware of the responsibility to report changes in employment of her work stoppage on June 4, 2011 from [REDACTED], which resulted in her not having a need for daycare services. Department Exhibit 1, pg. 21. On the Child Development and Care Application, DHS 4583, signed by Respondent on February 18, 2008, the Respondent reported that she understood the responsibility to report changes in employment to the Department within 10 days.

As a result, the Respondent failed to report changes in employment where her employment ended on June 4, 2011 from [REDACTED]. She may have participated in Work First from June 6, 2011 to July 16, 2011. Department Exhibit 1, pgs. 31-32. She did not start employment again until she was hired at [REDACTED]

on October 16, 2011. Department Exhibit 1, pgs. 26-30. As a result, the Respondent received an over issuance of CDC benefits of [REDACTED] that the Department is required to recoup.

### **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 did commit an intentional program violation (IPV).
2. Respondent did receive an OI of program benefits in the amount of [REDACTED] from the CDC program.
3. The Department is ORDERED to initiate recoupment procedures for the amount of [REDACTED] in accordance with Department policy.
4. It is FURTHER ORDERED that Respondent be disqualified from the CDC program for a period of 6 months.

*Carmen G. Fahie*

**Carmen G. Fahie**

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

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]  
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[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]  
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