



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: December 12, 2016
MAHS Docket No.: 16-010911
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

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 [REDACTED], 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 the Department establish, by clear and convincing evidence, that Respondent committed an Intentional Program Violation (IPV) of the Food Assistance Program (FAP)?
2. Should Respondent be disqualified from receiving FAP benefits?
3. Did Respondent receive an overissuance (OI) of FAP benefits that the Department is entitled to recoup?

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 FAP program benefits.
3. Respondent was a recipient of FAP benefits issued by the Department.
4. Respondent was aware of the responsibility to report his felony drug convictions.
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 (fraud period) is [REDACTED].
7. During the fraud period, Respondent was issued \$ [REDACTED] in FAP benefits by the State of Michigan; and the Department alleges that Respondent was entitled to \$ [REDACTED] in such benefits during this time period.
8. The Department alleges that during the fraud period Respondent received an OI in FAP benefits in the amount of \$ [REDACTED].
9. This was Respondent's first alleged FAP IPV.
10. A Notice of Hearing was mailed to Respondent at the last known address and was 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 (January 2016), p. 5.

Notice of the IPV disqualification hearing sent by the Michigan Administrative Hearing System to Respondent at the address identified by the Department was returned as undeliverable. At the hearing, the OIG agent testified that it identified Respondent's address through a Secretary of State (SOS) database, and the Department had not received any return mail when it sent the hearing packet to Respondent at the address from SOS. The OIG agent further testified that, if notified by MAHS of returned mail, it was her usual practice to run a client's name through another database, the CLEAR system, for additional addresses and to notify MAHS of any new addresses. Notes indicate that no new address was identified for Respondent. Because the Department established that it made a good faith effort to obtain Respondent's most current address, the hearing proceeded to address the Department's FAP IPV allegations against Respondent. See BAM 720, p. 12 (providing that a FAP IPV hearing proceed when correspondence sent using first class mail is returned as undeliverable).

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 (January 2016), 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 because he failed to disclose that he had two drug-related convictions. People convicted of certain crimes and probation or parole violators are not eligible for assistance. BEM 203 (October 2011 and January 2015), p. 1. Effective [REDACTED] an individual convicted of a felony for the use, possession, or distribution of controlled substances will be permanently disqualified from receipt of FAP if (i) the terms of probation or parole are violated and the qualifying conviction occurred after [REDACTED], or (ii) the individual was convicted two or more times and both offenses occurred after [REDACTED]. BEM 203, p. 2.

In support of its contention that Respondent failed to report his felony drug convictions, the Department presented (i) an application Respondent signed on [REDACTED], (Exhibit A, pp. 13-32); (ii) a Redetermination Respondent submitted to the Department on [REDACTED], (Exhibit A, pp. 33-36); (iii) an application Respondent submitted to the Department on [REDACTED] (Exhibit A, pp. 37-66); (iv) an application Respondent submitted to the Department on [REDACTED], (Exhibit A, pp. 67-96); (v) an application Respondent submitted to the Department on [REDACTED], (Exhibit A, pp. 98-126); (vi) case comments entered by Respondent's worker into the Department's system in connection with Respondent's case (Exhibit A, p. 97); and (vii) a printout from ICHAT, Internet Criminal History Access Tool, showing that Respondent pleaded guilty to felony counts of possession of a controlled substance (cocaine, heroin or other narcotic) less than 25 grams on [REDACTED], following an [REDACTED], arrest, and on [REDACTED] (Exhibit A, pp. 130-131).

The Department explained that ICHAT was a database accessible to OIG maintained by the Michigan State Police and that information concerning Respondent's felony drug

convictions was in response to request for information on Respondent based on his name and birthdate. The ICHAT printout matches Respondent's name and birthdate on his applications submitted to the Department (Exhibit A, pp. 65, 15, 34, 39, 69, 100). Therefore, the convictions pertain to Respondent.

Because the convictions on [REDACTED], and [REDACTED], in this case are felonies concerning the use, possession, or distribution of controlled substances arising from separate occurrences, the Department has established that Respondent had two separate felony drug convictions. Because both felony drug convictions were after [REDACTED], Respondent was permanently disqualified from receipt of FAP benefits as of [REDACTED]. At the time Respondent submitted his [REDACTED]; [REDACTED], [REDACTED]; and [REDACTED], applications, and his [REDACTED], Redetermination, Respondent had both convictions. In his [REDACTED] and [REDACTED], applications and [REDACTED], Redetermination, he reported that he did not have any drug-related felony (Exhibit A, pp. 29, 36, 41). In his [REDACTED] and [REDACTED] applications, he admitted he had been convicted of a drug felony (Exhibit A, pp. 71, 102). However, during his FAP interview in connection with the [REDACTED] application, he advised the worker that he had only one felony drug conviction (Exhibit A, p. 97). Respondent's failure to report that he had felony drug convictions in his [REDACTED], and [REDACTED], applications and [REDACTED] Redetermination and his failure to disclose to his worker on [REDACTED], that he had two felony drug convictions established that he intentionally withheld information that, if properly disclosed, would have made him ineligible for FAP benefits. Under these circumstances, the Department established by clear and convincing evidence that Petitioner committed an IPV in connection with his FAP case.

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, p. 15. Clients are disqualified for ten years for a FAP IPV involving concurrent receipt of benefits, and, for all other IPV cases involving FAP, 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. A disqualified recipient remains a member of an active group as long as he/she lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 16.

As discussed above, the Department has established by clear and convincing evidence that Respondent committed an IPV. Because this was Respondent's first FAP IPV, he is subject to a one-year disqualification from his receipt of FAP benefits on the basis of IPV.

Overissuance

When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the OI. BAM 700, p. 1. The amount of a FAP OI is the benefit amount the client actually received minus the amount the client was eligible to receive. BAM 720, p. 8; BAM 715 (January 2016), p. 6; BAM 705 (January 2016), p. 6.

In this case, the Department alleged that Respondent was overissued FAP benefits totaling \$ [REDACTED] during the fraud period. Because Respondent failed to disclose his felony drug convictions in his [REDACTED], application, his disqualification was effective with the [REDACTED], effective date of the drug felony conviction policy. The Department presented a benefits summary inquiry showing that Respondent was issued \$ [REDACTED] in FAP benefits during the fraud period from [REDACTED] [REDACTED] (Exhibit A, pp. 132-138). The Department testified that Respondent was the only member of his FAP group. As discussed above, because of his felony drug convictions, Respondent was a disqualified member of his FAP group and not eligible for any of these FAP benefits.

Thus, the Department is entitled to recoup and/or collect \$ [REDACTED] from Respondent for overissued FAP benefits from [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 \$ [REDACTED]

The Department is ORDERED to initiate recoupment/collection procedures in accordance with Department policy for a FAP OI in the amount of \$ [REDACTED] less any amounts already recouped/collected, for the period [REDACTED].

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

ACE/tlf



Alice C. Elkin
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]

Via Email

[REDACTED]