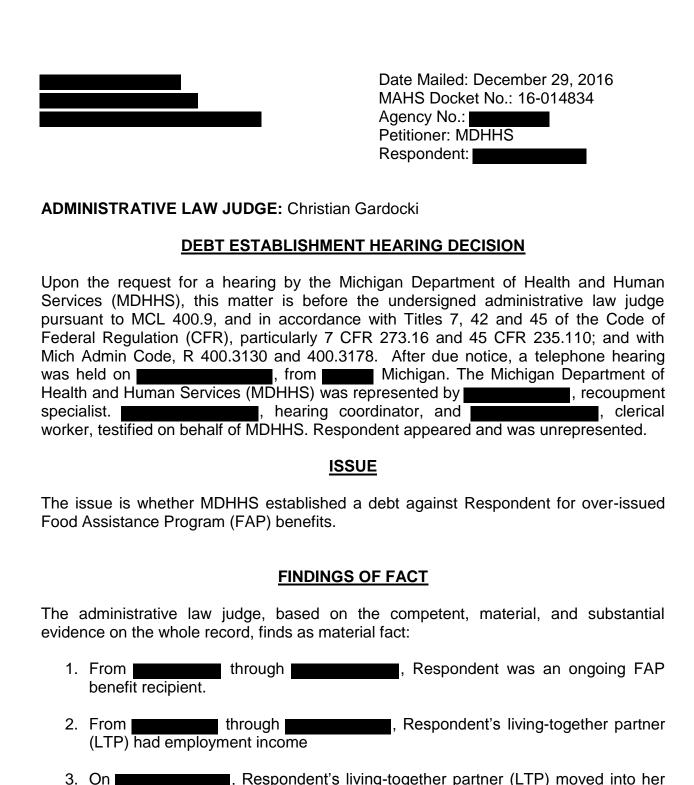
RICK SNYDER GOVERNOR

3. On

residence.

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

SHELLY EDGERTON DIRECTOR



| 4. | employed. |
|----|---|
| 5. | From through Respondent received an OI of FAP benefits, in part due to Respondent's failure to timely report the employment of her LTP. |
| 6. | On, MDHHS requested a hearing to establish a debt of against Respondent, based on allegedly over-issued FAP benefits from through |

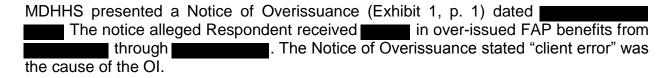
CONCLUSIONS OF LAW

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. MDHHS (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-.3011. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

MDHHS requested a "debt collection" hearing. The purpose of the hearing is to establish a debt against Respondent for previously over-issued benefits.

When a client group receives more benefits than it is entitled to receive, MDHHS must attempt to recoup the overissuance. BAM 700 (January 2016), p. 1. An overissuance [bold lettering removed] is the amount of benefits issued to the client group or CDC provider in excess of what it was eligible to receive. *Id.* Recoupment [bold lettering removed] is a MDHHS action to identify and recover a benefit overissuance. *Id.*, p. 2.

[MDHHS] may request a hearing to... establish a collectable debt on closed cases. BAM 600 (October 2015), p. 4. MDHHS requests a debt collection hearing when the grantee of an inactive program requests a hearing after receiving the DHS-4358B, Agency and Client Error Information and Repayment Agreement. BAM 725 (October 2015), pp. 16-17. Active recipients are afforded their hearing rights automatically, but MDHHS must request hearings when the program is inactive.... *Id.*, p. 17.



Respondent contended she may have received an OI of benefits, however, MDHHS was at fault. Therefore, Respondent contended, MDHHS should not be able to establish a debt.

[For FAP benefits,] client and Agency errors are not pursued if the estimated amount is less than per program. BAM 700 (October 2015), p. 9. The alleged overissuance of the present case exceeds therefore, MDHHS may pursue the alleged overissuance of FAP benefits regardless of the party responsible for causing the alleged OI.

MDHHS testimony alleged Respondent failed to report her LTP was a member of her household and that he received employment income. It was not disputed that Respondent's LTP was the father of children in Respondent's household, and therefore, a mandatory FAP benefit group member. MDHHS presented documentation to support that an OI occurred.

MDHHS presented an Employee Wage History by Recipient ID report. The report is known to be based on reported employee earnings from employers. Quarterly employment earnings for Respondent's LTP were listed from the final quarter in through the first quarter of

MDHHS present an Issuance Summary (Exhibit 1, p. 9) and corresponding OI budgets (Exhibit 1, pp. 10-31). The budgets factored Respondent's LTP as a group member. The budgets also factored a third of Respondent's LTP's quarterly income as listed on the IG-001 report. Employment income was categorized as "unreported," thereby depriving Respondent of a 20% budget credit for reported employment income. The budgets calculated that Respondent received a total OI of through through the summary of the su

MDHHS presented a history of Respondent's FAP eligibility (Exhibit 1, pp. 6-8) from through were listed.

MDHHS presented Respondent's electronically-submitted application for medical benefits (Exhibit 1, pp. 38-63). The application was dated household members included only Respondent and her minor child.

MDHHS presented Respondent's Redetermination (Exhibit 1, pp. 64-69). Respondent's signature was undated though a MDHHS submission date of was indicated. The document listed Respondent, her LTP, and daughter as household members. Respondent listed as the date her LTP moved into the residence. Respondent listed employment income for her LTP.

MDHHS testimony implied Respondent's statements from her application and Redetermination were contradictory; the statements were not contradictory. It is

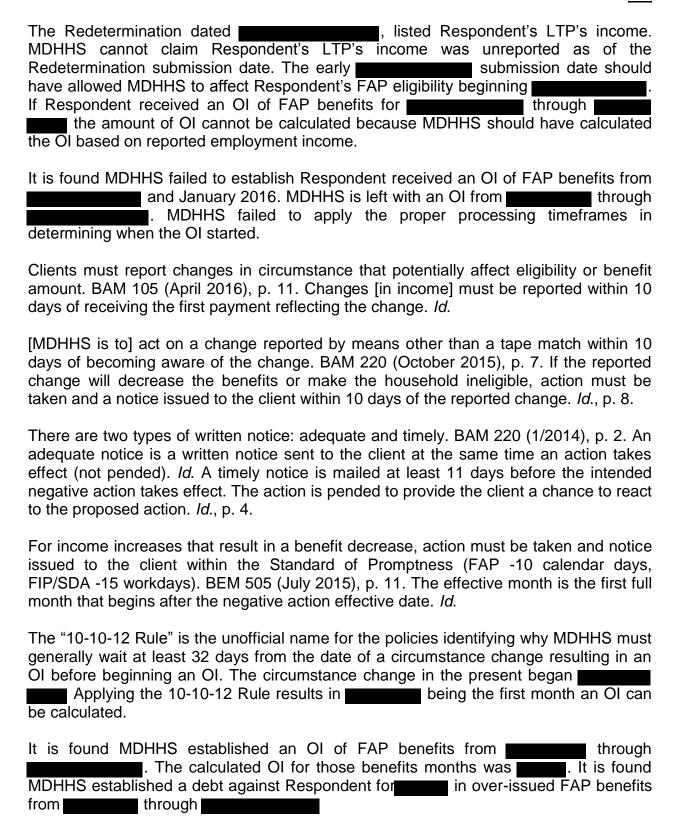
plausible that Respondent's LTP moved into Respondent's residence in but after Respondent's application submission date. Respondent testified that she reported to the Office of Child Support in her LTP was living in with her. Respondent testified that her LTP began living with her "shortly prior" to then. Respondent testified she did not recall the exact date her LTP moved into her residence. presented evidence, Respondent's LTP appeared to move into Respondent's residence between and A move-in date of will be conjectured, giving Respondent the most favorable move-in date possible. The analysis must address when Respondent reported her LTP's income to MDHHS. The finding is required to determine if presented budgets justified factoring Respondent's LTP's income as unreported. MDHHS policy requires clients to receive a 20% FAP budget credit for reported employment income (see BEM 556 (July 2013), p. 1). [MDHHS is to not allow a 20% earned income deduction when determining overissuances due to a client failure to report earned income (see BEM 720 Intentional Program Violation). BEM 556 (July 2013) p. 3. MDHHS presented a First Customer Contact Letter (Exhibit 1, pp. 74-75) dated ■ The Office of Child Support mailed the letter to Respondent requesting paternity information for Respondent's child. Respondent appeared to respond by sending a ■ (Exhibit 1, p. 78) stating that her LTP recently moved into her residence and was helping with their expenses. Presented evidence tended to verify that Respondent reported to OCS in her LTP lived with her. A reporting to OCS is a reporting to MDHHS. Respondent's letter to OCS may have verified a reporting of her LTP as a household member. The letter did not report income for her LTP. A statement that her LTP "is helping" with some household costs is too vague to be interpreted as a reporting of income. It is also notable that Respondent only appeared to report her LTP as a resident after she was contacted by OCS. Respondent might have reported her LTP as a household member had OCS not requested paternal information, however Respondent appeared to already delay her reporting by approximately months. This consideration renders it more likely that Respondent did not report her LTP's employment income to MDHHS.

It is found Respondent did not report her LTP's employment income to MDHHS until

Respondent's LTP as unreported. The justification does not extend to all budget

months.

Thus, there is justification for MDHHS to have factored



DECISION AND ORDER

| The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS failed to establish a basis for debt collection against Respondent for in FAP benefits for the period from through and through through Through The MDHHS request to establish a debt against Respondent is PARTIALLY DENIED. |
|--|
| The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS established a basis for debt collection against Respondent for in over-issued FAP benefits for the period from through The MDHHS request to establish a debt against Respondent is PARTIALLY APPROVED. |

CG/hw

Christian Gardocki

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

Christin Dordock

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 | |
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| Respondent | |
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