



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

Date Mailed: November 23, 2016
MAHS Docket No.: 16-009923
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Kevin Scully

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 with Mich Admin Code, R 400.3130 and R 400.3178. After due notice, telephone hearing was held on November 9, 2016, from Lansing, 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 the Respondent committed an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving Food Assistance Program (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. On an application for assistance dated September 27, 2012, the Respondent acknowledged the duty to report all income to the Department in a timely manner. Exhibit A, pp 10-33.

2. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
3. On October 10, 2012, the Department notified Respondent that her Food Assistance Program (FAP) application had been approved as a group of four and that she would not be eligible for benefits if her benefit group's income exceeded \$[REDACTED] Exhibit A, pp 34-40.
4. Respondent received Food Assistance Program (FAP) benefits totaling \$[REDACTED] from December 1, 2012, through March 31, 2013. Exhibit A, p 51.
5. On February 27, 2013, the Department received Respondent's Semi-Annual Contact Report where she notified the Department that the unearned income received by her benefit group had not changed by more than \$[REDACTED] and that the monthly gross earned income received by her benefit group had not changed by more than \$100 from the \$[REDACTED] that the group was receiving. Exhibit A, pp 46-47.
6. A member of Respondent's benefit group received earned income from employment in the gross monthly amounts of \$[REDACTED] in October of 2012, \$[REDACTED] in November of 2012, \$[REDACTED] in December of 2012, \$[REDACTED] in January of 2013, \$[REDACTED] in February of 2013, and \$[REDACTED] in March of 2013. Exhibit A, pp 48-50.
7. Respondent started receiving Unemployment Compensation Benefits on October 14, 2012, and received benefits totaling \$[REDACTED] in October of 2012 and \$[REDACTED] in each month from November 1, 2012, through March 31, 2013. Exhibit A, pp 42-45.
8. On March 31, 2016, the Department sent the Respondent an Intentional Program Violation Repayment Agreement (DHS-4350) with notice of a \$[REDACTED] overpayment, and a Request for Waiver of Disqualification Hearing (DHS-826). Exhibit A, p 5-8.
9. This was Respondent's first alleged IPV.
10. The Department's OIG filed a hearing request on March 31, 2016, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. Exhibit A, p 2.
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 Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference

Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM).

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-.3011.

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

- FAP trafficking OIs 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 OI amount for the FIP, SDA, CDC, MA and FAP programs is \$500 or more, **or**
 - the total OI 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.

Department of Health and Human Services Bridges Administrative Manual (BAM) 720 (January 1, 2016), pp 12-13.

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.

Department of Health and Human Services Bridges
Administrative Manual (BAM) 700 (January 1, 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.

Disqualification

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 15-16. 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.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period, or except when the OI relates to MA. BAM 720, p. 13. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (July 1, 2013), p. 2. Clients are disqualified for periods of one year for the first IPV, two years for the second IPV, lifetime disqualification for the third IPV, and ten years for a FAP concurrent receipt of benefits. 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 gross monthly income limit for a group of four to receive FAP benefits was \$ [REDACTED] as of October 1, 2012. Department of Health and Human Services Reference Table Manual (RFT) 250 (October 1, 2012), p 1.

On an application for assistance dated September 27, 2012, the Respondent acknowledged the duty to report all income received by her benefit group to the Department in a timely manner. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. On October 10, 2012, the Department notified Respondent that she had been approved for FAP benefits as a group of four and that she would not be eligible for benefits if her group's income exceeded \$ [REDACTED]. A member of Respondent's benefit group received earned income from employment in the gross monthly amounts of \$ [REDACTED] in October of 2012, \$ [REDACTED] in November of 2012, \$ [REDACTED] in December of 2012, \$ [REDACTED] in January of 2013, \$ [REDACTED] in February of 2013, and \$ [REDACTED] in March of 2013. Respondent started receiving Unemployment Compensation Benefits on October 14, 2012, and received benefits totaling \$ [REDACTED] in October of 2012 and \$ [REDACTED] in each month from November 1, 2012, through March 31, 2013. Respondent failed to report this income to the

Department when she had the opportunity on September 27, 2012, nor did she report this income on any other occasion.

Clients must report changes in circumstance that potentially affect eligibility or benefit amount. Changes must be reported within 10 days of receiving the first payment reflecting the change. Department of Health and Human Services Bridges Administrative Manual (BAM) 105 (April 1, 2016), p 11. The Department will act on a change reported by means other than a tape match within 15 workdays after becoming aware of the change, except that the Department will act on a change other than a tape match within 10 days of becoming aware of the change. Department of Health and Human Services Bridges Administrative Manual (BAM) 220 (April 1, 2016), p 7. A pending negative action occurs when a negative action requires timely notice based on the eligibility rules in this item. Timely notice means that the action taken by the department is effective at least 12 calendar days following the date of the department's action. BAM 220, p 12.

If Respondent had reported that she had started receiving Unemployment Compensation Benefits on October 1, 2012, the Department would have closed her FAP benefits effective the first benefit period following November 2, 2012. In each month from December 1, 2012, through March 31, 2013, Respondent's total gross monthly income exceeded \$[REDACTED] the income limit for a group of four. Therefore, Respondent was not eligible for any of the FAP benefits received from December 1, 2012, through March 31, 2013.

The Department's Investigation Report (MDHHS-4652) and Intentional Program Violation Repayment Agreement (DHS-4350) dated March 31, 2016, indicate that Respondent received on overpayment of FAP benefits totaling \$[REDACTED]. The Department's Benefit Summary Inquiry submitted as a hearing exhibit indicates that Respondent received FAP benefits totaling \$[REDACTED] from December 1, 2012, through March 31, 2013, and the hearing record supports a finding that Respondent was not eligible for any of those benefits. Therefore, this Administrative Law Judge finds that there was a \$[REDACTED] overissuance of FAP benefits.

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).

The Department has the burden of establishing by clear and convincing evidence that the Respondent committed an Intentional Program Violation (IPV). The clear and convincing evidence standard, which is the most demanding standard applied in civil cases, is established where there is evidence so clear, direct and weighty and convincing that a conclusion can be drawn without hesitancy of the truth of the precise facts in issue. *Smith v Anonymous Joint Enterprise*, 487 Mich 102; 793 NW2d 533 (2010), reh den 488 Mich 860; 793 NW2d 559 (2010).

Clear and convincing proof is that which produces in the mind of the trier of fact a firm belief or conviction as to the truth of the precise facts in issue. Evidence may be uncontroverted and yet not be clear and convincing. Conversely, evidence may be clear and convincing even if contradicted. *Id.*

Respondent acknowledged her responsibility to report all income received by the benefit group to the Department in a timely manner. This Administrative Law Judge finds that the Department has presented clear and convincing evidence that the Respondent intentionally failed to report the increase to her benefit group's gross monthly income for the purpose of maintaining her eligibility for Food Assistance Program (FAP) benefits that she would not have been eligible to receive otherwise.

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 Food Assistance Program (FAP) program benefits in the amount of \$ [REDACTED]
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 Food Assistance Program (FAP) for a period of 12 months.

KS/nr



Kevin Scully
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

Petitioner

[REDACTED]

DHHS

[REDACTED]

Respondent

[REDACTED]