



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: January 5, 2017
MAHS Docket No.: 16-011852
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

**HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION AND
OVERISSUANCE**

Upon the request for a hearing by the Michigan Department of Health and Human Services (MDHHS), 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 December 19, 2016, from Detroit, Michigan. The Michigan Department of Health and Human Services (MDHHS) was represented by [REDACTED], regulation agent with the Office of Inspector General. Respondent did not appear.

ISSUES

The first issue is whether MDHHS established Respondent received an overissuance of benefits.

The second issue is whether MDHHS established that Respondent committed an intentional program violation (IPV).

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Respondent was an ongoing recipient of Food Assistance Program (FAP) benefits from the State of Michigan.
2. Respondent was convicted of multiple drug-related felonies occurring between August 22, 1996 and January 2009.

3. On multiple dates, Respondent intentionally misreported to MDHHS a history of drug-related felonies.
4. From March 2013 through April 2015, Respondent received an OI of [REDACTED] in FAP benefits.
5. On [REDACTED] MDHHS requested a hearing to establish Respondent received an OI of [REDACTED] in FAP benefits from March 2013 through April 2015 due to an IPV.
6. Respondent had no previous history of IPV.

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 hearing, in part, to establish Respondent received an overissuance of benefits. MDHHS presented an Intentional Program Violation Repayment Agreement dated May 31, 2016 (Exhibit 1, pp. 6-7) alleging Respondent received [REDACTED] and [REDACTED] in over-issued FAP benefits. MDHHS testimony indicated two amounts were listed because the alleged OI occurred over separate benefit periods between March 2013 and April 2015. MDHHS alleged the OIs were based on Respondent's failure to report multiple drug-related felonies.

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.

[For FAP benefits,] people convicted of certain crimes and probation or parole violators are not eligible for assistance. BEM 203 (July 2013), p. 1. An individual convicted of a felony for the use, possession, or distribution of controlled substances two or more times in separate periods will be permanently disqualified if both offenses occurred after August 22, 1996. *Id.*, p. 2.

MDHHS presented various specialist comments (Exhibit 1, pp. 68-69) for Respondent's case. On [REDACTED], it was noted that MDHHS learned Respondent had multiple drug-related felonies.

A Judgment of Sentence from a State of Michigan circuit court (Exhibit 1, pp. 70-71) was presented. A conviction for "CONTRL SUB POSSESS <25 GRM" was stated. The crime is punishable for longer than one year under MCL 333.7403(2)(a)(5). A conviction date of [REDACTED], was stated. The judgment was signed on [REDACTED]

A Judgment of Sentence from a State of Michigan county court (Exhibit 1, p. 72) was presented. A conviction for "CONTRL SUB DEL LESS 50 GRAM" was stated; the crime is punishable for longer than one year under MCL 333.7401(2)(a)(4). A conviction date of [REDACTED], was stated. The judgment was signed on [REDACTED]

MDHHS presented Respondent's FAP benefit history (Exhibit 1, pp. 73-76). The history listed various issuances from March 2013 through April 2015.

MDHHS presented an Issuance Summary (Exhibit 1, p. 77) covering the benefit months from March 2013 through March 2014. The summary calculated Respondent received an OI of [REDACTED] based on a proper issuance of \$0 for all benefit months.

MDHHS presented OI budgets (Exhibit 1, pp. 78-94) from March 2013 through March 2014. Some budgets indicated Respondent was eligible to receive FAP benefits in some months.

During the hearing, MDHHS was asked why presented OI budgets indicated Respondent was eligible to receive a FAP benefit issuance for most of the benefit months from March 2013 through March 2014. MDHHS responded that the OI budgets were essentially superfluous. MDHHS testimony indicated the benefit months from March 2013 through March 2014 involved FAP issuances factoring Respondent as the only group member. Thus, if Respondent was disqualified from a FAP benefit group consisting of only her, the proper benefit issuance would have been \$0 for all benefit months. The MDHHS testimony explanation was persuasive, logical, and supported by MDHHS policy.

MDHHS presented an Issuance Summary (Exhibit 1, p. 95) and corresponding OI budgets (Exhibit 1, pp. 96-108) covering the benefit months from April 2014 through April 2015. The budgets calculated Respondent received [REDACTED] in total FAP benefits. The budgets calculated Respondent should have received [REDACTED] from April 2014 through April 2015. The budgets calculated Respondent received an OI of [REDACTED] in FAP benefits. It should be noted that these budgets included group members other than Respondent.

Presented evidence established Respondent was convicted of multiple drug-related felonies which should have disqualified Respondent from FAP eligibility after January 2009. Presented budgets verified a total FAP benefit OI of ██████ occurred. It is found that Respondent received an OI of ██████ in FAP benefits. The analysis will proceed to determine if the OI was caused by an IPV.

The Code of Federal Regulations defines an IPV. Intentional program violations shall consist of having intentionally: (1) made a false or misleading statement, or misrepresented, concealed or withheld facts; or (2) committed any act that constitutes a violation of the Food Stamp Act, the Food Stamp Program Regulations, or any State statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of coupons, authorization cards or reusable documents used as part of an automated benefit delivery system. 7 CFR 273.16 (c).

[An IPV is a] benefit overissuance resulting from the willful withholding of information or other violation of law or regulation by the client or his authorized representative. Bridges Program Glossary (October 2015), p. 36. A 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 their reporting responsibilities.

BAM 720 (January 2016), p. 1; see also 7 CFR 273(e)(6).

IPV is suspected when there is **clear and convincing** [emphasis added] evidence that the client or CDC provider has intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility. *Id.* 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. It is a standard which requires reasonable certainty of the truth; something that is highly probable. Black's Law Dictionary 888 (6th ed. 1990).

MDHHS presented Respondent's handwritten Assistance Application (Exhibit 1, pp. 12-35). Respondent's signature was twice dated ██████; a third signature for Respondent was dated ██████. Respondent checked "Yes" to a question asking, "Has anyone ever been convicted of a drug-related felony occurring after August 22, 1996?" After listing herself as the household member who was convicted of a drug-related felony, Respondent checked a box of "No" in response to a question asking if she was convicted more than once (see Exhibit 1, p. 29).

MDHHS presented Respondent's handwritten Assistance Application (Exhibit 1, pp. 36-55). Respondent's signature was dated ██████. Respondent checked "Yes" to a

question asking, "Has anyone ever been convicted of a drug-related felony occurring after August 22, 1996?" After listing herself as the household member who was convicted of a drug-related felony, Respondent checked the "No" box in response to a question asking if she was convicted more than once (see Exhibit 1, p. 53).

MDHHS presented a Redetermination (Exhibit 1, pp. 56-61). Respondent's signature was dated [REDACTED]. Respondent checked "No" to a question asking, "Has anyone ever been convicted of a drug-related felony occurring after August 22, 1996?" The "Yes" box contained scribble giving the appearance that Respondent changed her response to the question.

MDHHS presented a Redetermination (Exhibit 1, pp. 62-67). Respondent's signature was dated [REDACTED]. Respondent checked "Yes" to a question asking, "Has anyone ever been convicted of a drug-related felony occurring after August 22, 1996?" After listing herself as the household member who was convicted of a drug-related felony, Respondent checked the "No" box in response to a question asking if she was convicted more than once (see Exhibit 1, p. 66).

The presented benefit applications stated Respondent's signature was certification, subject to perjury, that all information on the form was true. Presented evidence was not indicative that Respondent did not understand the reporting requirements.

MDHHS has policy to address misreporting. Clients must completely and truthfully answer all questions on forms and in interviews. BAM 105 (July 2015), p. 8.

MDHHS clearly and convincingly established Respondent repeatedly misreported having multiple drug-related felony convictions. Generally, a client's written statement which contradicts known facts is clear and convincing evidence of an IPV. Evidence was not presented to rebut the generality.

It is found MDHHS clearly and convincingly established that Respondent committed an IPV. Accordingly, it is found MDHHS may proceed with disqualifying Respondent from benefit eligibility.

The standard disqualification period is used in all instances except when a court orders a different period. BAM 725 (January 2016), p. 16. [MDHHS is to] apply the following disqualification periods to recipients determined to have committed an IPV... one year for the first IPV... two years for the second IPV[, and] lifetime for the third IPV. *Id.*

MDHHS did not allege Respondent previously committed an IPV. Thus, a 1 year disqualification period is justified.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that MDHHS established that Respondent committed an IPV based on receipt of [REDACTED] in over-issued FAP benefits for the period from March 2013 through April 2015. The MDHHS request to establish an overissuance and IPV (Respondent's 1st) is **APPROVED**.

CG/HW



Christian Gardocki
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]

[REDACTED]

Respondent

[REDACTED]