



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 19, 2017
MAHS Docket No.: 16-018276
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Gary Heisler

HEARING DECISION

Following Petitioner's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on January 11, 2017, from Lansing, Michigan. Petitioner was represented by herself. The Department was represented by Eligibility Specialist [REDACTED] and Assistance Payments Supervisor [REDACTED]. Department's Exhibit A, pages 1-31 was admitted into evidence.

ISSUE

Did the Department properly deny Petitioner's October 27, 2016, Food Assistance Program (FAP) application?

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 May 6, 2016, BRIDGES sent Petitioner an Unearned Income Notice (DHS-4487) based on information received through an electronic interface with the IRS.
2. On May 17, 2016, BRIDGES sent Petitioner an Unearned Income Notice (DHS-4487) based on information received through an electronic interface with the IRS.
3. On June 14, 2016, BRIDGES sent Petitioner an Unearned Income Notice (DHS-4487) based on information received through an electronic interface with the IRS.

4. On August 24, 2016, BRIDGES sent Petitioner an Unearned Income Notice (DHS-4487) based on information received through an electronic interface with the IRS.
5. On September 23, 2016, BRIDGES sent Petitioner an Unearned Income Notice (DHS-4487) based on information received through an electronic interface with the IRS.
6. On October 27, 2016, Petitioner submitted a Food Assistance Program (FAP) application.
7. On October 27, 2016, BRIDGES sent Petitioner a Food Assistance Program (FAP) Verification Checklist (DHHS-3503). The Verification Checklist (DHHS-3503) requested verification of all earned and unearned income. The verification was due Back to the Department on November 7, 2016.
8. On November 4, 2016, Petitioner submitted a written statement to the Department that she had no unearned income and that the only earned income she receives is from [REDACTED]'s and her [REDACTED].
9. On November 22, 2016, Petitioner was sent a Notice of Case Action (DHHS-1605) stating her Food Assistance Program (FAP) application was denied for not verifying unearned income as evidenced by the numerous Unearned Income Notices (DHS-4487) which BRIDGES issued.
10. On November 29, 2016, Petitioner made verbal hearing request.

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.

Bridges Administration Manual (BAM) 803 IRS Data Exchanges (1-1-2015) provides the following:

**DEPARTMENT POLICY
FIP, SDA, MA AND FAP**

DHS is required to match income information reported by third parties to IRS for all FIP, MA and FAP recipients. The data is compared to earned and unearned income for the recipient. This occurs at application and prior to each redetermination

**UNEARNED INCOME MATCH
FIP, MA, FAP**

The IRS Unearned Income Match compares DHS recipient data with unearned income reported to IRS from sources such as bank account interest, lottery winnings and government subsidies. When the data exchange results in a recipient match, the client is sent a DHS-4487A, Unearned Income Notice, for applicants and DHS-4487 for active recipients.

**Applicants
FIP, SDA, MA and FAP**

The DHS-4487A is mailed to applicants upon receipt of IRS data. Specialists are sent a task/reminder which identifies the applicant who received notices.

**Active Recipients
FIP, MA, FAP**

The DHS-4487 is mailed during the month prior to the redetermination month for active recipients when a match is found with IRS. Specialists are sent a task/reminder which identifies the client who received notices.

**SPECIALIST PROCESSING OF IRS MATCHES
FIP, MA, FAP**

When you receive a task/reminder indicating a match notice was sent, take the following actions:

Request the client return all supporting verification.

1. When the client returns the notice, determine if additional verifications are needed. If so, have client sign the DHS-20, Verification of Assets, to allow for release of information from the institution on the notice.

2. If a notice is returned to the local office:

Send the form to the Designated Staff Person (DSP) for logging and destruction.

Document in the case record any actions taken regarding the notice.

Note: If the specialist, rather than the client, completes the name and/or address of the institution on any document pertaining to the IRS match, it must be sent to the DSP to be logged and destroyed.

1. If the client claims a notice was lost or never received, or if you need a copy, the DSP can reproduce a copy for the client or you; see **OBTAINING IRS NOTICE COPIES** in this item.
2. The client must verify the information on the notice.

If the client **cannot** verify the notice information, have the client enter the name and address of the third party source and sign a DHS-20, Verification of Assets, to allow for release of information from the institution listed on the notice.

If the client refuses to verify the information, use appropriate BEM and BAM procedures to deny or close the case or reduce benefits.

VERIFICATIONS FIP, MA, FAP

Information on IRS match notices is **unverified**. Do **not** take a negative action based solely on that information.

Seek verifications from the client or third party which establish factors such as the following:

- Time period involved.
- The asset that generated the income.
- Whether the asset and/or income was available to the client.

When verification is unavailable to both you and the client, use the best available information to determine current eligibility and document in the case record.

Once verification is received, use appropriate BEM and BAM processing procedures to determine past and current eligibility, benefit denial/closure/reduction.

During this hearing Eligibility Specialist John Brady testified that an Unearned Income Notice (DHS-4487) is generated by BRIDGES based on information received from the IRS and that Department personnel are not able to access the forms to find out the source or amount of the unearned income. BAM 803, cited above, clearly calls for denial or closure if a client refuses to verify the information about an Unearned Income Notice (DHS-4487). Petitioner's statement that she has no unearned income is a denial to verify the basis of the 5 Unearned Income Notices (DHS-4487).

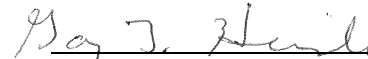
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in

accordance with Department policy when it denied Petitioner's October 27, 2016, Food Assistance Program (FAP) application.

DECISION AND ORDER

Accordingly, the Department's decision is **AFFIRMED**.

GH/nr



Gary Heisler
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]

Petitioner

[REDACTED]