



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: March 14, 2017
MAHS Docket No.: 17-001237
Agency No.: [REDACTED]
Petitioner:
Respondent: [REDACTED] [REDACTED]

ADMINISTRATIVE LAW JUDGE: C. Adam Purnell

HEARING DECISION

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 conference hearing was held on March 9, 2017, from Lansing, Michigan. [REDACTED] [REDACTED] Recoupment Specialist (RS) appeared on behalf of the Department.

Respondent did not appear. This matter having been initiated by the Department and due notice having been provided to Respondent, the hearing was held in Respondent's absence.

ISSUE

Did the Respondent receive an overissuance (OI) of Food Assistance Program (FAP) benefits?

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 a past recipient of FAP benefits issued by the Department. [Department's Exhibit 1, pp. 6-7].
2. At the time Respondent received FAP benefits, she was single. [Dept. Exh. 1, pp. 43-45].

3. On February 11, 2015, Petitioner signed a Mid-Certification Contact Notice (DHS-2270-A), which did not indicate any changes to her status. [Dept. Exh. 1, pp. 43-45].
4. On April 4, 2015, Petitioner became married, but she did not report the change to the Department. [Dept. Exh. 1, p. 38].
5. Petitioner's husband received RSDI income that the Department did not include in Petitioner's household income budget. [Dept. Exh. 1, pp. 31-36].
6. The Department did not discover the FAP OI until March 2016.
7. The Department alleges Respondent received an OI of FAP benefits during the period May 1, 2015, through March 31, 2016, due to a client error. [Dept. Exh. 1, pp. 1-2].
8. The Department alleges that Respondent received \$ [REDACTED] OI that is still due and owing to the Department. [Dept. Exh. 1, pp. 7-27].
9. On January 11, 2017, the Department mailed Respondent a Notice of Overissuance (DHS-4358-A), Overissuance Summary (DHS-4358-B), and Department and Client Error Information and Repayment Agreement (DHS-4358-C). [Dept. Exh. 1, pp. 1-3].
10. On January 27, 2017, Respondent returned a signed and completed Hearing Request for Overissuance or Recoupment Action (DHS-4358-D) form, which contained a formal request for a hearing to dispute the proposed action.
11. On February 1, 2017, the Department forwarded the matter to the Michigan Administrative Hearing System (MAHS).
12. On February 8, 2017, the MAHS issued a Notice of Debt Collection Hearing to all interested parties which scheduled a telephone hearing for March 9, 2017.

CONCLUSIONS OF LAW

Department policies are contained in the Michigan Department of Health and Human Services (Department or MDHHS) Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), and Department of Health and Human Services 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.

When a client group receives more benefits than it is entitled to receive, MDHHS must attempt to recoup the overissuance. BAM 700 (10-1-2016), p. 1. An **overissuance** is the amount of benefits issued to the client group or CDC provider in excess of what it was eligible to receive. BAM 700, p. 1. **Recoupment** is a MDHHS action to identify and recover a benefit overissuance. BAM 700, p. 2.

BAM 700 indicates that the three types of overissuances are agency error, client error and CDC provider error. BAM 700, pp. 4-8. An **agency error** is caused by incorrect action (including delayed or no action) by MDHHS staff or department processes. BAM 700, p. 4. [Emphasis added]. For FIP, SDA, CDC and FAP, agency errors are not pursued if the estimated amount is less than \$250 per program. BAM 700, p. 5. A **client error** occurs when the client received more benefits than they were entitled to because the client gave incorrect or incomplete information to the department. BAM 700, p. 6. [Emphasis added]. A client error also exists when the client's timely request for a hearing result in deletion of a MDHHS action, **and any of the following occurred:** (1) the hearing request is later withdrawn; (2) MAHS denies the hearing request; (3) the client or administrative hearing representative fails to appear for the hearing and MAHS gives MDHHS written instructions to proceed; and (4) the hearing decision upholds the department's actions. BAM 700, p. 6. [Emphasis in original].

For FIP, SDA, CDC and FAP, client and agency errors are not pursued if the estimated amount is less than \$250 per program. BAM 700, p. 9.

For all programs, repayment of an overissuance is the responsibility of anyone who was an eligible, disqualified, or other adult in the program group at the time the overissuance occurred or a FAP-authorized representative if they had any part in creating the FAP overissuance. BAM 725, p. 1.

The rules for active and inactive programs are different. All cases that contain an adult member from the original overissuance group and are **active** for the program in which the overissuance occurred are liable for the overissuance and subject to administrative recoupment. BAM 725, p. 3. [Emphasis added]. Overissuances on **inactive** programs are recouped through cash repayment processes. Collection notices are sent to the household on the inactive case. BAM 725, p. 3. [Emphasis added].

For FIP, SDA, CDC, MA and FAP, 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. Active recipients are afforded their hearing rights automatically, but MDHHS must request hearings when the program is inactive.

The Administrative Law Judge has carefully considered and weighed the testimony and other evidence in the record. Here, the Department's overissuance budget documents established that Respondent received FAP benefits during the above OI period in the

amount of \$ [REDACTED] [Dept. Exh. 1, pp. 7-27]. The OI was due to a client error because Respondent failed to timely and properly report that she was married and that her spouse had received unearned income from RSDI. Because Respondent failed to report this income, the Department provided her with more FAP benefits than she was entitled to receive during the OI period. [Dept. Exh. 1, pp. 7-27]. Therefore, the material, competent, and substantial evidence on the whole record shows that Respondent did receive an OI of FAP benefits in the amount of \$ [REDACTED]

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, finds that Respondent received an OI of FAP benefits in the amount of \$ [REDACTED] due to a client error.

DECISION AND ORDER

Accordingly, the Department is **AFFIRMED**.

IT IS ORDERED that the Department **may** initiate collection and/or recoupment procedures for a \$ [REDACTED] FAP OI in accordance with Department policy.

IT IS SO ORDERED.

CAP/mc



C. Adam Purnell
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]