



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: May 12, 2017  
MAHS Docket No.: 16-016044  
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 April 12, 2017, 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 the 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 August 17, 2011, the Respondent acknowledged her duties and responsibilities including the duty to report starting employment and increases in earned income. Exhibit A, pp 13-32.

2. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
3. Respondent reported on her August 17, 2011, application for assistance that her employment as a child care provider had ended as of August 12, 2011. Exhibit A, p 25.
4. On September 2, 2011, the Department notified Respondent that she was approved for Food Assistance Program (FAP) benefits based on a \$ [REDACTED] gross monthly income. Exhibit A, pp 85-91.
5. Respondent failed to report to the Department that she was employed by [REDACTED] and received earned income from October 17, 2011, through January 7, 2013. Exhibit A, pp 99-100.
6. Respondent received Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from December 1, 2011, through May 31, 2012.
7. If Respondent had reported her increase of earned income starting on October 17, 2011, she would have been eligible for Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from December 1, 2011, through May 31, 2012. Exhibit A, pp 71-83.
8. On an application for assistance dated May 3, 2012, the Respondent acknowledged her duties and responsibilities including the duty to report starting employment and increases in earned income. Exhibit A, pp 35-58.
9. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
10. Respondent reported to the Department on her May 3, 2012, application for assistance that she was employed at [REDACTED] and receiving earned income at a rate of \$ [REDACTED] per hour and expected to work 22 hours per week. Exhibit A, p 48.
11. Respondent's employment records indicate that Respondent was employed from October 1, 2012, through February 17, 2013, at [REDACTED] and often worked more than 40 hours per week. Exhibit A, pp 59-60.
12. The Petitioner receives monthly earned income in the gross monthly amount of \$ [REDACTED] in December of 2012, and \$ [REDACTED] in January of 2013. Exhibit A, pp 59-60.
13. Respondent received Food Assistance Program (FAP) benefits totaling [REDACTED] from December 1, 2012, through January 1, 2013.

14. If Respondent had reported all of her earned income as of October 1, 2012, she would have been eligible for Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from December 1, 2012, through January 31, 2013. Exhibit A, pp 65-69.
15. On September 27, 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, pp 5-8.
16. The Department's OIG filed a hearing request on September 27, 2016, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. Exhibit A, p 2.
17. This was Respondent's first established IPV.
18. A notice of hearing was mailed to Respondent at the last known address and was not returned by the United States Postal Service 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.

### **Overissuance**

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. Department of Health and Human Services Bridges Administrative Manual (BAM) 720 (January 1, 2016), p 1.

Clients must report changes in circumstance that potentially affect eligibility or benefit amount within 10 days of receiving the first payment reflecting the change. Changes that must be reported include starting new employment and increases in earned income. Department of Human Services Bridges Assistance Manual (BAM) 105 (October 1, 2016), pp 1-20.

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.

On an application for assistance dated August 17, 2011, the Respondent acknowledged her duties and responsibilities including the duty to report starting new employment and increases in earned income. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent reported on her August 17, 2011, application for assistance that her employment as a child care provider had ended August 12, 2011. On September 2, 2011, the Department notified Respondent that she was approved for FAP benefits based on a \$0 gross monthly income. Respondent failed to report to the Department when she started employment by [REDACTED] and received earned income from October 17, 2011, through January 7, 2013. Respondent received FAP benefits totaling \$[REDACTED] from December 1, 2011, through May 31, 2012. If Respondent had reported her increase of

earned income in a timely manner the Department would have redetermined her eligibility for continuing FAP benefits by the first benefit period after November 18, 2011. If Respondent had reported her earned income to the Department then she would have been eligible for FAP benefits totaling \$ [REDACTED] from December 11, 2011, through May 31, 2012. Therefore, Respondent received a \$ [REDACTED] overissuance of FAP benefits during that period.in only 4 of the weeks during that period.

On an application for assistance dated May 3, 2012, Respondent acknowledged her duties and responsibilities including the duty to accurately report her income to the Department. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent reported to the Department on her May 3, 2012, application for assistance that she was employed at [REDACTED] and receiving earned income at a rate of \$ [REDACTED] per hour and expected to work 22 hours per week. Respondent's employment records indicate that she was employed from October 1, 2012, through February 17, 2013, at [REDACTED] and worked for less than 40 hours per week. Respondent also worked as much as 16 hours of overtime during that period. If Respondent had reported that her earned income had increased significantly from the amount she had reported to the Department then her eligibility for ongoing FAP benefits would have been redetermined by December 1, 2012. Respondent received a gross monthly income of \$ [REDACTED] in December of 2012, and \$ [REDACTED] in January of 2013. If Respondent had accurately reported her earned income to the Department then she would have been eligible for FAP benefits totaling \$ [REDACTED] during that period. Therefore, Respondent received a \$ [REDACTED] overissuance of FAP benefits.

### **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.

BAM 700, 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.

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 duties and responsibilities including the duty to report starting new employment on her August 17, 2011, application for benefits. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent failed to report starting employment and receiving earned income from October 17, 2011, through January 7, 2013, which resulted in her receiving an overissuance of FAP benefits.

Respondent acknowledged her duties and responsibilities including the duty to accurately report her earned income on a May 3, 2012, application for assistance. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent failed to report that her earned income had significantly increases from the level she reported on her application for assistance. As a result of Respondent's failure to accurate her circumstances to the Department she received an overissuance of FAP benefits.

This Administrative Law Judge finds that the Department has presented clear and convincing evidence that the Respondent intentionally failed to report he earned income to the Department for the purposes of maintaining her eligibility for FAP benefits that she would not have been eligible to receive otherwise.

### **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.

The record evidence indicates that this is Respondent's first established IPV violation.

The Department has established an Intentional Program Violation (IPV).

### **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) 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

  
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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

**DHHS**

[REDACTED]

**Petitioner**

[REDACTED]

**Respondent**

[REDACTED]