



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: August 22, 2017
MAHS Docket No.: 17-002917
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. A notice of hearing was send on June 28, 2017, but an amended Notice of Hearing was send on July 13, 2017, after Respondent obtained Respondent's last known address. After due notice, telephone hearing was held on August 2, 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 September 4, 2012, Respondent acknowledged her duties and responsibilities including the duty to report the history of drug-related felony convictions for all benefit group members. Exhibit A, pp 12-47.

2. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
3. Respondent acknowledged under penalties of perjury that her September 4, 2012, application for assistance was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 28.
4. Respondent reported on her September 4, 2012, application for assistance that no one in her benefit group had been convicted of any drug-related felonies. Exhibit A, p 20.
5. On an application for assistance dated June 3, 2014, the Respondent acknowledged her duties and responsibilities including the duty to report the history of drug-related felony convictions for all benefit group members. Exhibit A, pp 48-84.
6. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
7. Respondent acknowledged under penalties of perjury that her June 3, 2014, application for assistance was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 65.
8. Respondent reported on her June 3, 2014, application for assistance that no one in her benefit group had been convicted of any drug-related felonies. Exhibit A, p 54.
9. Respondent acknowledged under penalties of perjury on a redetermination form received by the Department on September 3, 2014, that the form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, pp 92-97.
10. Respondent reported to the Department on her September 3, 2014, Redetermination form that no one in her benefit group had been convicted of a drug-related felony occurring after August 22, 1996. Exhibit A, p 96.
11. On an application for assistance dated December 1, 2014, the Respondent acknowledged her duties and responsibilities including the duty to report the history of drug-related felony convictions for all benefit group members. Exhibit A, pp 98-1369.
12. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
13. Respondent acknowledged under penalties of perjury that her December 1, 2014, application for assistance was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 118.

14. Respondent reported on her December 1, 2014, application for assistance that no one in her benefit group had been convicted of any drug-related felonies. Exhibit A, p 106.
15. Respondent acknowledged under penalties of perjury on a redetermination form received by the Department on March 12, 2015, that the form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, pp 137-142.
16. Respondent reported to the Department on her March 12, 2015, Redetermination form that no one in her benefit group had been convicted of a drug-related felony occurring after August 22, 1996. Exhibit A, p 141.
17. Respondent acknowledged under penalties of perjury on a redetermination form received by the Department on October 13, 2015, that the form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, pp 145-150.
18. Respondent reported to the Department on her October 13, 2015, Redetermination form that no one in her benefit group had been convicted of a drug-related felony occurring after August 22, 1996. Exhibit A, p 149.
19. Respondent acknowledged under penalties of perjury on a redetermination form received by the Department on March 17, 2016, that the form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, pp 151-157.
20. Respondent reported to the Department on her March 17, 2016, Redetermination form that no one in her benefit group had been convicted of a drug-related felony occurring after August 22, 1996. Exhibit A, p 155.
21. Respondent failed to report to the Department that a mandatory member of her Food Assistance Program (FAP) benefit group had pled guilty to Delivery/Manufacture of a Controlled Substance Less Than 50 Grams. Exhibit A, p 161.
22. Respondent failed to report to the Department that a mandatory member of her Food Assistance Program (FAP) benefit group had pled guilty to Delivery/Manufacture of a Controlled Substance Less Than 50 Grams. Exhibit A, p 162.
23. Respondent received Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from October 1, 2012, through March 31, 2015. Exhibit A, pp 85-91.
24. If Respondent had truthfully reported the history of felony drug-convictions for all members of her benefit group then she would have been eligible for Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from October 1, 2012, through March 31, 2015. Exhibit A, pp 167-214.

25. Respondent received Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from October 1, 2015, through August 31, 2016. Exhibit A, pp 163-164.
26. If Respondent had truthfully reported the history of felony drug-convictions for all members of her benefit group then she would have been eligible for Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from October 1, 2015, through August 31, 2016. Exhibit A, pp 215-237.
27. On February 24, 2017, 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 6-9.
28. The Department's OIG filed a hearing request on February 24, 2017, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. Exhibit A, p 2.
29. This was Respondent's first established IPV.
30. On July 13, 2017, an amended 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 benefits than they are entitled to receive, the Department must attempt to recoup the overissuance. Department of Health and Human Services Bridges Administrative Manual (BAM) 700 (October 1, 2016), 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. Department of Health and Human Services Bridges Eligibility Manual (BEM) 203 (October 1, 2015), p 2.

Respondent acknowledged her duties and responsibilities including her duty to report the history of drug-related felony convictions for all group members on applications for assistance dated September 4, 2012, June 3, 2014, and December 1, 2014. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent acknowledged under penalties of perjury that each of her application forms were examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Respondent reported to the Department on each of her application forms that no one in her benefit group had been convicted of a drug-related felony.

Respondent acknowledged under penalties of perjury that redetermination forms received by the Department on September 3, 2014, March 12, 2015, October 13, 2015, and March 17, 2016, were examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Respondent reported on each of her redetermination forms that no one in her benefit group had been convicted of a drug-related felony occurring after August 22, 1996.

Despite Respondent's repeated assertions that no one in her benefit group had a history of drug-related felony convictions, the information she had provided to the Department for the purposes of determining her eligibility for benefits was neither true nor complete. A mandatory member of Respondent's FAP benefit group had pled guilty to drug-related felonies on June 20, 2008, and November 6, 2009. If Respondent had reported these convictions to the Department then this mandatory group member would have been permanently disqualified from FAP, and the remainder of the benefit group would have remained potentially eligible for FAP benefits.

Respondent received FAP benefits totaling \$ [REDACTED] from October 1, 2012, through March 31, 2015, but would have been eligible for only \$ [REDACTED] if she had truthfully reported her circumstances to the Department. Therefore, Respondent received a \$ [REDACTED] overissuance of FAP benefits during this period.

Respondent received FAP benefits totaling \$ [REDACTED] from October 1, 2105, through August 31, 2016, but would have been eligible for only \$ [REDACTED] if she had truthfully reported her circumstances to the Department. Therefore, Respondent received a \$ [REDACTED] overissuance of FAP benefits during this period.

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 her duty to report the history of drug-related felony convictions for all FAP benefit group members on several applications for assistance and redetermination forms. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent acknowledged under penalties of perjury that her application and redetermination forms were examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete.

However, the information Respondent had reported to the Department for the purposes of determining her eligibility for FAP benefits was neither true nor complete. Respondent had falsely claimed that no one in her benefit group had been convicted of any drug-related felonies when a mandatory member of her FAP benefit group had actually pled guilty to two separated drug-related felonies with each offense occurring after August 22, 1996. If Respondent had provided the Department with true and complete information then this mandatory FAP group member would have been permanently disqualified from FAP, and Respondent would have received a lesser allotment of FAP benefits. As a result of the false information Respondent provided 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 the history of drug-related felony convictions of a mandatory member of her FAP benefit group for the purposes of becoming eligible for and maintaining her eligibility for FAP benefits that she would not have been eligible for 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



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]

[REDACTED]

[REDACTED]

[REDACTED]

DHHS

[REDACTED]

Respondent

[REDACTED]