



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
Christopher Seppanen
Executive Director

SHELLY EDGERTON
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: August 17, 2017
MAHS Docket No.: 17-000635
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris

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, 42 CFR 431.230(b), 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 [REDACTED], from Detroit, 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 Respondent committed an Intentional Program Violation (IPV)?
3. Should Respondent be disqualified from receiving benefits for 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. The Department's OIG filed a hearing request on [REDACTED], to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.
2. The OIG has requested that Respondent be disqualified from receiving program benefits.
3. Respondent was a recipient of FAP benefits issued by the Department.
4. Respondent was aware of the responsibility to correctly report criminal disqualification information including convictions for drug related felonies.
5. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
6. The Department's OIG indicates that the time period it is considering the fraud period is [REDACTED], (fraud period).
7. During the fraud period, Respondent was issued \$ [REDACTED] in FAP benefits by the State of Michigan; and the Department alleges that Respondent was entitled to \$ [REDACTED] in such benefits during this time period.
8. The Department alleges that Respondent received an OI in FAP benefits in the amount of \$ [REDACTED]
9. This was Respondent's **first** alleged IPV.
10. 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), Bridges Eligibility Manual (BEM), Adult Services Manual (ASM), and 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.

Effective October 1, 2014, the Department's OIG requests IPV hearings for the following cases:

- Willful overpayments of \$500.00 or more under the AHH program.
- FAP trafficking overissuances 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 amount for the FIP, SDA, CDC, MA and FAP programs combined is \$500.00 or more, or
 - the total amount is less than \$500.00, 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.

BAM 720 (January 2016), pp. 12-13; ASM 165 (August 2016), p. 1-2.

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 (October 2016), 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). 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.

In this case, the Department alleges that Respondent committed an IPV of his FAP benefits because he failed to notify the Department of his prior drug-felony convictions in which both offenses occurred after August 22, 1996.

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. BEM 203 (October 2012), p. 2.

Based on the foregoing information and evidence, the Department has established that Respondent committed an IPV of FAP benefits. There was clear and convincing evidence that Respondent was aware of his responsibility to report his criminal justice disqualification and that he intentionally withheld this information for the purpose of maintaining Michigan FAP eligibility.

The evidence presented demonstrated that Respondent was convicted of a felony on [REDACTED], in [REDACTED] County, Michigan, and on [REDACTED], in [REDACTED] County, Michigan, for the use, possession, or distribution of controlled substances two or more times in separate periods and in which both offenses occurred after August 22, 1996. Exhibit A, pp. 69-70. The Department presented an email verification from the Michigan Department of Corrections for [REDACTED] [REDACTED].

The Department presented additional evidence to show that Respondent committed the IPV. The Department presented Respondent's multiple applications and/or a redetermination submitted during the fraud period in which Respondent indicated "yes" to the question whether he was "convicted of a drug felony?" and "no" to the question "convicted more than once?" even though the evidence established that he was convicted of two or more drug-related felonies at the time he provided answers. See Exhibit A, pp. 54, redetermination dated [REDACTED].

The Department also presented an application completed for [REDACTED], where the Respondent correctly answered the two questions because at the time he had only one felony drug conviction in Michigan. Exhibit A, p. 27. A third application for [REDACTED], he answered yes to the question "convicted of a drug felony?" Given the fact that the convictions as established by the evidence occurred a little over two years apart the Respondent's answer to the redetermination completed in [REDACTED] that he was not convicted of two or more drug-related felonies was not true and caused the Respondent to continue to receive FAP benefits he was not entitled to receive. The second drug-related felony conviction occurred [REDACTED] [REDACTED]; and thus, Respondent was ineligible for FAP benefits from and after that date. Exhibit A, p. 69.

The convictions made Respondent permanently disqualified from receipt of FAP benefits because he was convicted of two or more drug-related felony convictions in separate periods and in which both offenses occurred after August 22, 1996. See BEM 203, p. 2. The evidence presented of drug felony convictions in the State of [REDACTED] without actual records are not sufficient to establish the felony convictions in that State, only the Michigan convictions were considered. The [REDACTED] convictions list no statute numbers or the source date where the MDOC received the information from. Nonetheless, the convictions in Michigan were established as discussed above. The evidence outlined above is persuasive to demonstrate by clear and convincing evidence that the Respondent intentionally withheld information during the fraud period and that an IPV is established.

Disqualification

A client who is found to have committed an IPV by a court or hearing decision is disqualified from receiving program benefits. BAM 720, p. 15; BEM 708 (October 2016), p. 1. Clients are disqualified for ten years for a FAP IPV involving concurrent receipt of benefits, and, for all other IPV cases involving FIP, FAP or SDA, for standard disqualification periods of one year for the first IPV, two years for the second IPV, and lifetime for the third IPV. BAM 720, p. 16. CDC clients who intentionally violate CDC program rules are disqualified for six months for the first occurrence, twelve months for the second occurrence, and lifetime for the third occurrence. BEM 708, p. 1. 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.

In this case, the Department has satisfied its burden of showing that Respondent committed an IPV concerning FAP benefits. Therefore, Respondent is subject to a disqualification under the FAP program. BAM 720, p. 16.

Overissuance

When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the OI. BAM 700, p.1. The amount of the OI is the benefit amount the group or provider actually received minus the amount the group was eligible to receive. BAM 720, p. 8.

As previously stated, Respondent should have been permanently disqualified from eligibility for FAP benefits once it was established that he was convicted of two or more drug-related felony convictions in separate periods and in which both offenses occurred after August 22, 1996. See BEM 203, p. 2. Thus, Respondent was not eligible for FAP benefits and was overissued FAP benefits for any period he was ineligible to receive FAP benefits which in this case is [REDACTED]. As discussed above the evidence provided to establish the two alleged State of [REDACTED] convictions was not sufficient. The Department concluded the fraud period was [REDACTED]; but based upon the evidence of a second Michigan conviction which occurred [REDACTED], the overissuance period is decreased. Based upon the evidence, the Department is entitled to an overissuance for the period [REDACTED].

Based upon the period [REDACTED], the Department is not entitled to recoup \$ [REDACTED] as alleged, but based upon the FAP Benefit Issuance Summaries provided is entitled to recoup the following benefits:

[REDACTED] the Respondent received \$ [REDACTED] in FAP benefits monthly for a total OI of \$ [REDACTED] Exhibit A, pp. 73, 74.

[REDACTED], the Respondent received \$ [REDACTED] a month for 12 months for a total OI of \$ [REDACTED] Exhibit A, pp. 75-77.

[REDACTED] and [REDACTED], the Respondent received \$ [REDACTED] a month for a total OI of \$ [REDACTED] Exhibit A, p. 78.

Based upon the Benefit issuance summaries the total OI is \$ [REDACTED] that the Department is entitled to recoup.

DECISION AND ORDER

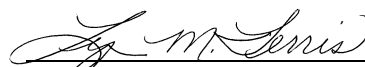
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

1. The Department **has** established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent **did** receive an OI of FAP benefits in the amount of \$ [REDACTED]

The Department is ORDERED to reduce the OI to \$ [REDACTED] for the period [REDACTED] and initiate recoupment/collection procedures for the amount of \$ [REDACTED] in accordance with Department policy.

It is FURTHER ORDERED that Respondent be disqualified from receiving food assistance benefits for a period of **12 months**.

LF/jaf



Lynn M. Ferris
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]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]