



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

SHELLY EDGERTON
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: January 19, 2018
MAHS Docket No.: 17-013558
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 January 17, 2018, 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 (FAP) benefits and Family Independence Program benefits (FIP) cash assistance that the Department is entitled to recoup?
2. Did the Department establish, by clear and convincing evidence, that Respondent committed Intentional Program Violations (IPVs)?
3. Should Respondent be disqualified from receiving benefits for Food Assistance (FAP) and Family Independence Program benefits (FIP) cash assistance?

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 September 5, 2017, 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 Family Independence Program (FIP) cash assistance and Food Assistance (FAP) benefits issued by the Department.
4. Respondent **was** aware of the responsibility to report felony drug convictions and to answer accurately and completely criminal justice disqualification questions.
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 concerning Respondent's FIP is March 1, 2013 through July 31, 2014 (fraud period).
7. The Department's OIG indicates that the time period it is considering the fraud period concerning Respondent's FAP is March 1, 2013 through May 31, 2015 and April 7, 2016 through July 31, 2016. (fraud periods).
8. During the fraud period, Respondent was issued [REDACTED] in FIP benefits by the State of Michigan, and the Department alleges that Respondent was entitled to [REDACTED] in such benefits during this time period.
9. The Department alleges that Respondent received an OI in FIP cash assistance **benefits** in the amount of [REDACTED].
10. During the fraud period, March 1, 2013 through May 31, 2015 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. For the period April 7, 2016 through July 31, 2016 the Petitioner 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.
11. The Department alleges that Respondent received an OI in FAP benefits in the amount of [REDACTED] and [REDACTED] for a total FAP OI of [REDACTED].

12. The total overissuance sought by the Department for both FIP cash assistance and FAP is [REDACTED]. Exhibit A, p. 4.
13. This was Respondent's **first** alleged IPV for FIP and FAP.
14. A notice of hearing was mailed to Respondent at the last known address and **was not** returned by the United States Postal Services 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 Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, and 42 USC 601 to 679c. The Department (formerly known as the Department of Human Services) administers FIP pursuant to 45 CFR 233-260; MCL 400.10; the Social Welfare Act, MCL 400.1-.119b; and Mich Admin Code, R 400.3101 to .3131.

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), p. 12-13.

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 because he failed to report his two felony drug convictions to the Department. Individuals convicted of certain crimes and probation or parole violators are not eligible for FAP benefits or FIP cash assistance. BEM 203 (October 2015), p. 1. Clients must completely and truthfully answer all questions on forms and in interviews. BAM 105 (July 2015 and April 2016), pp. 5, 8-11.

Effective October 1, 2011, an individual convicted of a felony for the use, possession, or distribution of controlled substances will be permanently disqualified from receipt of FAP and FIP benefits if (i) the terms of probation or parole are violated and the qualifying

conviction occurred after August 22, 1996 or (ii) the individual was convicted two or more times and both offenses occurred after August 22, 1996. BEM 203, p. 2.

In support of its contention that Respondent failed to report his felony-drug convictions, the Department presented (i) an applications Respondent submitted to the Department on February 4, 2013, April 15, 2013, April 23, 2015 and April 7, 2016; (ii) a Register of Actions from Wayne County 3rd Judicial Circuit Court showing that Respondent pled guilty to a drug felony on December 13, 1999 to delivery/manufacture of a controlled substance less than 25 grams, MCL 333.74032 A5 (iii) a Register of Actions from the Wayne County 3rd Judicial Circuit Court showing that Respondent pled guilty in on May 6, 2002 to delivery/manufacture of a controlled substance less than 25 grams, MCL 333.74032 A5; and (iv) a benefits summary inquiry showing that Respondent received FIP benefits and FAP benefits from during the multiple fraud periods setforth in the Findings of Fact, paragraphs (6) and (7). Exhibit A, 167-176.

The cited statutory basis supporting the convictions in the judgments establish that Respondent had two felony drug convictions. Because both felony drug convictions were after August 22, 1996, Respondent was permanently disqualified from receipt of FAP benefits and FIP Cash Assistance benefits following his second conviction in May 2002. Respondent had two felony drug convictions at the time filing of all applications and redeterminations referenced above that were submitted to the Department but he denied having any felony drug convictions (See Exhibit A, pps. 23, 58-59, 94-95, and 139.). In his multiple applications, Respondent certified that the information he provided was true and acknowledged understanding that he could be prosecuted for fraud and be required to repay any benefits wrongfully received by his based on the information he provided.

Respondent's failure to report that he had two felony drug convictions on his redeterminations/applications established that he intentionally withheld information that, if properly disclosed, would have made him ineligible for FAP benefits. Under these circumstances, the Department established by clear and convincing evidence that Respondent committed an IPV in connection with his FAP and FIP cash assistance case.

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. 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. 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 established by clear and convincing evidence that Respondent committed an IPV of both his FIP Cash Assistance and FAP benefits.

Therefore, the Department is entitled to a finding that Respondent is subject to a disqualification from receiving FAP benefits and FIP Cash Assistance benefits. Because this was Respondent's first FAP IPV and first FIP IPV, he is subject to a one-year disqualification from receipt of FAP and FIP benefits on the basis of an IPV.

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 a FAP OI and a FIP OI is the benefit amount the client actually received minus the amount the client was eligible to receive. BAM 720, p. 8; BAM 715 (October 2015 and January 2016), p. 6; BAM 705 (October and January 2016), p. 6.

In this case, the Department alleged that Respondent was overissued FAP benefits totaling ██████ during the fraud periods March 1, 2013 through May 31, 2015 and April 7, 2016 through July 31, 2016. (fraud periods). The Department alleged that Respondent was overissued FIP Cash Assistance benefits totaling ██████ during the fraud period March 1, 2013 through July 31, 2014.

Respondent originally received benefits based upon a FAP group and FIP group of 3 members. Because the Respondent was disqualified from receiving both FIP and FAP benefits due to having two or more drug related felonies during the time period he received benefits, he was removed from the FAP and FIP groups. The OI budgets presented were correctly calculated based upon a FAP group and FIP group of 2 members composed of Respondent's minor children.

The Department presented a benefits summary inquiry for both FAP and FIP benefits to demonstrate that Respondent was issued FAP and FIP benefits during the fraud periods. Because of his two drug felony convictions, Respondent was disqualified from receiving FAP and FIP benefits during the fraud period.

The Department's evidence contained FAP overissuance budgets and FIP overissuance budgets which were reviewed during the hearing. Once the Respondent was removed from the group the benefits were calculated based upon a group size of two members thus resulting in an overissuance of FAP benefits ██████ and FIP cash assistance benefits of ██████. Exhibit A, pps.188-253. The OI Budgets as reviewed were accurate and correct.

Thus, the Department is entitled to recoup and/or collect ██████ from Respondent for overissued FAP and FIP benefits for the fraud periods.

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:

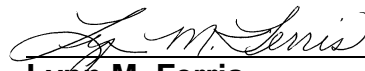
1. The Department **has** established by clear and convincing evidence that Respondent committed an IPV of his FAP and FIP Cash Assistance program benefits.
2. Respondent **did** receive an OI of program benefits in the amount of [REDACTED] (FAP) benefits and Respondent did receive an OI of program benefits in the amount of [REDACTED] from the FIP cash assistance program. The total overissuance for both benefits programs, FIP and FAP is [REDACTED].

The Department is ORDERED to 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 for a period of **12 months**.

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

LF/cg



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

Via Email:

[REDACTED]

Respondent – Via First-Class Mail:

[REDACTED]