



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: March 30, 2018
MAHS Docket No.: 17-015024
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 February 27, 2018, from [REDACTED] 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) and Medical Assistance (MA) 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 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 17, 2014, Respondent acknowledged her duties and responsibilities including the duty to report any change of residency to the Department in a timely manner. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 11-40.

2. Respondent acknowledged under penalties of perjury that her September 17, 2014, application 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 21.
3. On July 29, 2015, the Department received Respondent's completed Mid-Certification Contact Notice (DHS-2240-A) form where she certified that she would not give false information or hide information to get or to continue to get food assistance benefits. Exhibit A, pp 41-42.
4. On Respondent's July 29, 2015, Mid-Certification Contact Notice, Respondent reported no change to her address or shelter expenses. Exhibit A, p 41.
5. Respondent's July 29, 2015, Mid-Certification Contact Notice was faxed to the Department from a business located in [REDACTED] Exhibit A, pp 41-43.
6. Respondent failed to report to the Department that she had moved to a [REDACTED] apartment on September 27, 2014. Exhibit A, p 60.
7. Respondent acknowledged under penalties of perjury that a Redetermination (DHS-1010) form received by the Department on August 31, 2015, was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, pp 44-49.
8. Respondent failed to report a change in address or housing expenses on her August 31, 2015, Redetermination (DHS-1010) form. Exhibit A, p 48.
9. Respondent started using Food Assistance Program (FAP) benefits in [REDACTED] and used them predominately in [REDACTED] through June 8, 2016. Exhibit A, pp 50-54.
10. Respondent received Food Assistance Program (FAP) benefits totaling \$ [REDACTED] from November 1, 2014, through June 30, 2016. Exhibit A, pp 69-71.
11. Respondent received Medical Assistance (MA) with a value of \$ [REDACTED] from November 1, 2014, through November 30, 2014. Exhibit A, pp 72-74.
12. On October 12, 2017, the Department sent 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.
13. The Department's OIG filed a hearing request on October 12, 2017, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. Exhibit A, p 3.
14. This was Respondent's first established IPV.

15. 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 Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

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.

To be eligible for FAP benefits, a person must be a [REDACTED] resident. A person is considered a resident under the FAP while living in [REDACTED] for any purpose other than a vacation, even if there is no intent to remain in the state permanently or indefinitely. For MA benefits, a [REDACTED] resident is an individual who is living in [REDACTED] except for a temporary absence. Department of Health and Human Services Bridges Eligibility Manual (BEM) 220 (January 1, 2016), p 1.

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 September 17, 2014, Respondent acknowledged her duties and responsibilities including the duty to report any change of residency 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 received FAP totaling \$ [REDACTED] from November 1, 2014, through June 30, 2016. Respondent also received MA benefits with a value of \$ [REDACTED] from November 1, 2014, through November 30, 2014. Respondent began using FAP benefits in [REDACTED] on October 26, 2014 and used them predominately in [REDACTED] through June 8, 2016.

Respondent failed to report to the Department that she was moved into an apartment in Florida on September 27, 2014, which the Department credibly determined through a collateral contact with a manager of those apartments.

On July 29, 2015, the Department received a completed Mid-Certification Contact Notice where Respondent certified that her address or shelter expenses had not

changed and were not expected to change. Respondent's Mid-Certification Contact Notice was received from a fax machine located at a business in Florida.

On August 31, 2015, the Department received Respondent's Redetermination (DHS-1010) form which she acknowledged that to the best of her knowledge contained facts that were true and complete. Respondent failed to report a change of address or housing expenses on her August 31, 2015, Redetermination form.

Respondent used FAP benefits in [REDACTED] on October 22, 2014, then she used those benefits exclusively in [REDACTED] from October 26, 2014, through February 28, 2015. Respondent's FAP benefits were used to make one purchase in [REDACTED] on March 3, 2015, but then used exclusively in [REDACTED] from April 3, 2015, through October 8, 2015. Respondent's FAP benefits were then used to make three purchases in [REDACTED] from November 3, 2015, through November 13, 2015. Respondent then returned to [REDACTED] where her FAP benefits were used exclusively from December 3, 2015, through June 8, 2016.

Respondent's extensive use of FAP benefits outside [REDACTED] is evidence of a lack of intent to remain living in [REDACTED] as a resident. The record evidence does not support a finding that Respondent had any remaining ties to [REDACTED] during the period she was in [REDACTED]. Respondent continued to report to the Department that her circumstances had not changed while living in [REDACTED]. Respondent failed to Report to the Department that she was in [REDACTED] for some temporary purpose. The four purchases Respondent made in [REDACTED] using FAP benefits are insufficient to establish an intent to live in [REDACTED] after she had moved to a [REDACTED] apartment.

If Respondent had reported a change of residency to the Department on September 27, 2014, Respondent would not have been eligible for any FAP benefits by the benefit period after October 29, 2014. Therefore, Respondent was not eligible for any of the FAP benefits received from November 1, 2014, through June 30, 2016, and there was a \$[REDACTED] overissuance of FAP benefits. Respondent also received MA benefits with a value of \$[REDACTED] in November of 2014, which she was not eligible for as a non-resident of [REDACTED]. Therefore, Respondent received a \$[REDACTED] overissuance of MA 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 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 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.*

On application for assistance dated September 17, 2014, Respondent acknowledged her duties and responsibilities including the duty to report any change of residency 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 failed to report becoming a [REDACTED] resident on September 27, 2014, which was established by her moving into an apartment located in [REDACTED] and her use of FAP benefits in [REDACTED]. As a result, Respondent received an overissuance of FAP and MA benefits.

This Administrative Law Judge finds that the Department has presented clear and convincing evidence that Respondent intentionally failed to report a change of residency to the Department for the purposes of becoming eligible for and maintaining eligibility for FAP benefits that her 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. Respondent did receive an OI of Medical Assistance (MA) benefits in the amount of \$ [REDACTED]
4. The Department is ORDERED to initiate recoupment procedures for the amount of \$ [REDACTED] in accordance with Department policy.
5. 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]

DHHS

[Redacted]

Respondent

[Redacted]