



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: May 7, 2018
MAHS Docket No.: 17-014404
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Zainab A. Baydoun

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 April 19, 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 the Department establish, by clear and convincing evidence, that Respondent committed an Intentional Program Violation (IPV) of the Food Assistance Program (FAP)?
2. Should Respondent be disqualified from receiving FAP benefits?
3. Did Respondent receive an overissuance (OI) of FAP benefits that the Department is entitled to recoup?

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 or around October 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 FAP benefits.
3. Respondent was a recipient of FAP benefits issued by the Department.
4. Respondent was aware of the responsibility to accurately report his circumstances and to report changes in his circumstances to the Department, such as changes in employment and income.
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 periods it is considering the fraud periods are July 1, 2013 to April 30, 2014, November 1, 2014 to December 31, 2014 and March 1, 2015 to March 31, 2015 (fraud periods).
7. During the fraud periods, the Department alleges that Respondent was issued a total of [REDACTED] in FAP benefits by the State of Michigan, and the Department alleges that Respondent was entitled to [REDACTED] in such benefits during these time periods.
8. The Department alleges that Respondent received an OI in FAP benefits in the total amount of [REDACTED] for the fraud periods.
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 US Post Office 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), p. 5,12-13; ASM 165 (August 2016).

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 (January 2016), pp. 7-8; 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 the FAP because during the fraud periods, he failed to report to the Department that he gained employment with five different employers and was earning income, causing an overissuance of FAP benefits in the total amount of [REDACTED]. Clients must completely and truthfully answer all questions on forms and in interviews. Clients must report changes in circumstances that potentially affect eligibility or benefit amount. Changes such as starting or stopping employment, earning income, and starting or stopping a source of unearned income must be reported within ten days of receiving the first payment reflecting the change. BAM 105 (July 2015), pp. 7-11.

The Department contended that Respondent's failure to report the start of his employment and his income from five jobs caused an OI of FAP benefits in the amount of: [REDACTED] from July 2013 to April 2014; [REDACTED] from November 2014 to December 2014; and [REDACTED] for the month of March 2015. The Department provided verification of Respondent's employment showing that he was employed and had earnings that were unreported to the Department.

In support of its contention that Respondent committed an IPV, the Department presented a redetermination completed by Respondent and received by the Department on February 28, 2013, during the period in which he was employed at and earning income from Genesee Village Associates, on which he reported his unearned income from unemployment benefits but failed to disclose his earned income from his employment.

The Department's evidence was sufficient to establish that Respondent was advised of his responsibility to completely and truthfully answer all questions on the redetermination he completed, and further, that he was advised of his responsibility to report changes in circumstances, as well as the penalties for failing to do so. After further review, Respondent failed to report his employment and income from his five jobs and as such, the Department's evidence establishes, by clear and convincing evidence, that Respondent intentionally withheld information for the purpose of establishing or maintaining benefit eligibility and thus committed an IPV of the FAP.

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 FAP, 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 by CDC Policy 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 she lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 16.

As referenced above, the Department has satisfied its burden of showing that Respondent committed an IPV of the FAP. Because this was Respondent's first FAP IPV, he is subject to a one-year disqualification under the FAP.

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 is the benefit amount the client actually received minus the amount the client was eligible to receive. BAM 720, p. 8; BAM 715 (January 2016), p. 6; BAM 705 (January 2016), p. 6.

At the hearing, the Department presented a FAP benefit summary inquiry to establish that the State of Michigan issued a total of [REDACTED] in FAP benefits to Respondent during the fraud periods. The Department contended that Respondent's failure to report his employment and income caused an OI of FAP benefits in the total amount of [REDACTED], as the Department alleged that Respondent's group was eligible for [REDACTED] in FAP benefits during the fraud periods identified.

In support of its OI case, the Department presented verification of Respondent's earnings from each of his five employers which detailed the amounts earned and the pay dates. The Department also presented FAP OI budgets for each month in the fraud periods to show how the OI was calculated. A review of the budgets for each month shows that given the first pay dates for each employment, the Department properly determined that the first month in each OI period would be July 2013, November 2014 and March 2015. See BAM 720, p. 7. Furthermore, upon review, when Respondent's earned income from employment is included in the calculation of the group's FAP eligibility, Respondent's group was eligible to receive a total of [REDACTED] in FAP benefits during the fraud periods.

Thus, the Department is entitled to recoup or collect from Respondent [REDACTED] in FAP benefits, which is the difference between the [REDACTED] in FAP benefits actually issued to him and the [REDACTED] in FAP benefits he was eligible to receive.

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 the FAP.
2. Respondent **did** receive an OI of FAP benefits in the amount of [REDACTED].

The Department is ORDERED to initiate recoupment/collection procedures for the amount of [REDACTED] in accordance with Department policy, less any amount already recouped/collected.

It is FURTHER ORDERED that Respondent be disqualified from the FAP for a period of **12 months**.

ZB/tlf



Zainab A. Baydoun
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]