



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: June 18, 2018
MAHS Docket No.: 18-000631
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Jeffrey Kemm

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 Title 7 of the Code of Federal Regulation (CFR), particularly 7 CFR 273.16. After due notice, a telephone hearing was held on June 14, 2018, from Lansing, Michigan. The Department was represented by Allyson Carneal, Regulation Agent of the Office of Inspector General (OIG). The Respondent did not appear. The hearing was held in Respondent's absence pursuant to 7 CFR 273.16(e)(4).

ISSUES

1. Did the Department establish, by clear and convincing evidence, that Respondent committed an Intentional Program Violation (IPV)?
2. Should Respondent be disqualified from receiving FAP benefits?

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 July 10, 2012, Respondent received a \$ [REDACTED] (gross) payroll remittance from [REDACTED]
2. On July 11, 2012, Respondent applied for assistance from the Department, including FAP benefits. On the application Respondent submitted, Respondent reported that he had a monthly income of \$ [REDACTED] from SSI. Respondent reported that he did not have any employment income. The application contained instructions to report changes which could affect eligibility for assistance to the Department within 10 days of the date of the change.

3. Respondent did not have any apparent physical or mental impairment that would limit his understanding or ability to fulfill his reporting requirement.
4. Respondent continued to receive payroll remittances from [REDACTED] through July 2012 and the following months.
5. Respondent did not report to the Department that he was receiving employment income.
6. The Department issued FAP benefits to Respondent without taking into account his unreported income.
7. On January 12, 2017, the Department issued \$ [REDACTED] (gross) to Respondent for home help services he provided and billed.
8. On January 18, 2017, Respondent applied for assistance from the Department, including FAP benefits. On the application Respondent submitted, Respondent reported that he had a monthly income of \$ [REDACTED] from employment at Spherion. Respondent reported that he did not have any other income. The application contained instructions to report changes which could affect eligibility for assistance to the Department within 10 days of the date of the change.
9. On April 24, 2017, Respondent began employment at [REDACTED] [REDACTED]. Respondent received payroll remittances from [REDACTED] [REDACTED] through September 10, 2017.
10. On September 18, 2017, Respondent began employment at [REDACTED]. Respondent received payroll remittances from [REDACTED] through October 2017.
11. Respondent did not report to the Department that he was receiving income from home help services, from employment at [REDACTED] [REDACTED] or from employment at [REDACTED].
12. From January 2017 through November 2017, the Department issued \$ [REDACTED] in FAP benefits to Respondent. The Department should have only issued \$ [REDACTED] in FAP benefits to Respondent because he had unreported income.
13. The Department initiated an investigation of Respondent's case and discovered that Respondent had unreported income while he was receiving FAP benefits from the Department.
14. The Department determined that it overissued benefits to Respondent because Respondent had unreported income.
15. On January 19, 2018, the Department's OIG filed a hearing request to establish that Respondent committed an IPV.

16. The OIG requested Respondent be disqualified from receiving program benefits for 12 months for a first IPV.
17. A notice of hearing was mailed to Respondent at his 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), 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.

Intentional Program Violation

Respondent received an overissuance of FAP benefits because the Department issued FAP benefits to Respondent from January 2017 through November 2017 when Respondent had unreported income. Respondent's unreported income caused an overissuance because his FAP benefits would have been reduced but for the fact that his income was not reported. The issue here is whether the overissuance was due to an intentional program violation.

The Department's policy in effect at the time of Respondent's alleged IPV defined an IPV as an overissuance in which the following three conditions exist: (1) The client intentionally failed to report information or intentionally gave incomplete or inaccurate information needed to make a correct benefit determination, and (2) The client was clearly and correctly instructed regarding his or her reporting responsibilities, and (3) The client has no apparent physical or mental impairment that limits his or her understanding or ability to fulfill their reporting responsibilities. BAM 720 (January 1, 2016) 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; see also 7 CFR 273.16(e)(6). Clear and convincing evidence is evidence which is so clear, direct, weighty, and convincing that it enables a firm belief as to the truth of the allegations sought to be established. *In re Martin*, 450 Mich 204, 227; 538 NW2d 399 (1995) (citing *In re Jobes*, 108 NJ 394 (1987)).

In this case, I find that the Department has met its burden. Respondent was required to report changes in his circumstances to the Department within 10 days of the date he received the first payment reflecting the change. BAM 105 (October 1, 2016), p. 11. The Department clearly and correctly instructed Respondent to report changes to the Department within 10 days. Respondent failed to report that he began receiving income within 10 days of receiving his first remittance from home help services, [REDACTED] and [REDACTED]. Respondent's failure to report these changes to the Department must be considered an intentional misrepresentation to maintain his FAP benefits since Respondent knew or should have known that he was required to report the changes to the Department and that reporting the changes to the Department would have caused a reduction in his FAP benefits. Respondent did not have any apparent physical or mental impairment that would limit his understanding or ability to fulfill his reporting requirement.

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. 15-16. In general, clients are disqualified 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/she lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 16.

In this case, there is no evidence that Respondent has ever been found to have committed an IPV related to FAP benefits. Thus, this is Respondent's first IPV related to FAP benefits. Therefore, Respondent is subject to a one-year disqualification.


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 should be disqualified from receiving FAP benefits.

IT IS ORDERED THAT Respondent shall be disqualified from FAP benefits for a period of 12 months.

JK/nr



Jeffrey Kemm
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) 763-0155; 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

Carisa Drake
190 East Michigan
Battle Creek, MI
49016

Calhoun County DHHS- via electronic mail

MDHHS- Recoupment- via electronic mail

M. Shumaker- via electronic mail

Petitioner

OIG
PO Box 30062
Lansing, MI
48909-7562

Respondent

