



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

[REDACTED]
MI [REDACTED]

Date Mailed: July 30, 2018
MAHS Docket No.: 18-003754
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 July 25, 2018, from Lansing, Michigan. The Department was represented by Jason Rupp, Regulation Agent of the Office of Inspector General (OIG). Respondent, [REDACTED] [REDACTED] did not appear. The hearing was held in Respondent's absence pursuant to 7 CFR 273.16(e)(4).

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 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 June 20, 2005, Respondent pled guilty to a controlled substance felony in the 10th Judicial Circuit Court. Exhibit A, p. 119.
2. On October 16, 2008, Respondent pled guilty to a controlled substance felony in the 21st Judicial Circuit Court. Exhibit A, p. 122.

3. On September 2, 2014, Respondent applied for assistance from the Department, including FAP benefits. In the application Respondent submitted, the Department asked Respondent if she had been convicted of a drug felony and Respondent answered "No." Respondent signed the application and thereby affirmed that she understood the questions and that she provided true and complete information. Exhibit A, p. 11-45.
4. Respondent did not have any apparent physical or mental impairment which would have limited her understanding or her ability to answer the questions on her application truthfully and completely.
5. On October 8, 2014, Respondent applied for assistance from the Department again, including FAP benefits. The Department asked Respondent whether she had been convicted of a drug felony, and Respondent answered "No." Exhibit A, p. 46-86.
6. The Department approved Respondent for FAP benefits based on the information she provided in her applications. The Department issued \$3,229.00 in FAP benefits to Respondent from September 2014 through May 2016. Exhibit A, p. 124.
7. The Department conducted an investigation of Respondent's case and determined that Respondent had two or more felony drug convictions which she had not reported. The Department determined that it overissued Respondent \$2,803.00 in FAP benefits from September 2014 through May 2016. Exhibit A, p. 125.
8. On April 16, 2018, the Department's OIG filed a hearing request to establish that Respondent received an overissuance of benefits and that Respondent committed an IPV.
9. The OIG requested recoupment of a \$2,803.00 overissuance of FAP benefits issued from September 2014 through May 2016, and the OIG requested that Respondent be disqualified from receiving program benefits for 12 months for a first IPV.
10. A notice of hearing was mailed to Respondent at her last known address and it 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.

Overissuance

An overissuance is the amount of benefits issued to the client group in excess of what it was eligible to receive. BAM 700 (May 1, 2014), p. 1. When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the overissuance. BAM 700, p. 1. In this case, Respondent received more FAP benefits than she was entitled to receive.

An individual who has been convicted of two or more felony drug offenses after August 22, 1996, is permanently disqualified from receiving FAP benefits. BEM 203 (July 1, 2014), p. 2. Respondent had two or more felony drug convictions after August 22, 1996, so she was permanently disqualified from receiving benefits as of the date of her last conviction, October 16, 2008.

Respondent applied for assistance after the date she became disqualified. The Department issued benefits to Respondent based on a group size of 2, which included Respondent as a group member. Respondent should not have been included as a group member since she was disqualified. Since Respondent was included as a group member, Respondent's FAP benefit issuance was calculated at a greater amount than it should have been.

The Department alleged that Respondent received an overissuance of \$1,680.00 for FAP benefits issued from September 2014 through May 2016, but the Department did not present sufficient evidence to establish that Respondent received an overissuance in the amount alleged. The Department's allegation was that Respondent received an overissuance because one group member (Respondent) was erroneously included in the Department's original issuance budget because she was disqualified due to felony drug convictions; the Department did not allege that anyone had unreported income. Any income properly budgeted in the original issuance budget remains the same in that month's corrected budget. BAM 720 (May 1, 2014), p. 10. Since the Department did not allege that Respondent's income was not properly budgeted, the Department should have used the same income it used in its original issuance budget.

However, the Department calculated Respondent's correct issuance for September 2014, December 2014, April 2016, and May 2016 based on an income amount greater than the amount used in its original issuance budget. This caused the Department to allege a greater overissuance than what was caused by erroneously including Respondent as a group member. The overissuance which was caused by erroneously including Respondent was only \$1,429.00 for FAP benefits issued from September 2014 through May 2016.

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, 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 completely and truthfully answer all questions on forms and in interviews. BAM 105 (April 1, 2014), p. 6. The Department clearly and correctly instructed Respondent to provide true and complete information on her application. Respondent failed to completely and truthfully answer all questions on her application for assistance. In the application, the Department asked Respondent if she had been convicted of a drug felony, and Respondent answered "No" when in fact she had two such convictions. Respondent intentionally misrepresented information to the Department to obtain benefits because she withheld information about her felony drug convictions when she knew or should have known that the Department would consider the information in determining her eligibility for benefits. Respondent did not have any apparent physical or mental impairment that would limit her understanding or ability to fulfill her 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. Respondent received an overissuance of FAP benefits in the amount of \$1,429.00 that the Department is entitled to recoup.
2. The Department has established, by clear and convincing evidence, that Respondent committed an IPV.
3. Respondent should be disqualified from receiving FAP benefits.

IT IS ORDERED THAT the Department may initiate recoupment procedures for the amount of \$1,429.00 in accordance with Department policy.

IT IS FURTHER ORDERED that Respondent shall be disqualified from FAP benefits for a period of one year.

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

Heather Englehart
1509 Washington, Ste. A
PO BOX 1609
Midland, MI
48641

Midland 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

[REDACTED]
MI