



GRETCHEN WHITMER
GOVERNOR

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

ORLENE HAWKS
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED] MI [REDACTED]

Date Mailed: February 4, 2019
MAHS Docket No.: 18-009596
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED] [REDACTED]

ADMINISTRATIVE LAW JUDGE: Vicki L. Armstrong

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 2, 2019, from Lansing, Michigan. Respondent personally appeared and testified.

The Department was represented by Daniel Marchetti, Regulation Agent of the Office of Inspector General (OIG). Mr. Marchetti testified on behalf of the Department. The Department submitted 56 exhibits which were admitted into evidence. The record was closed at the conclusion of the hearing.

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 for 12 months?

FINDINGS OF FACT

The Administrative Law Judge, based on competent, material, and substantial evidence on the whole record, finds as material fact:

1. The Department's Office of Inspector General filed a hearing request on September 12, 2018, to establish an overissuance of benefits received by

- Respondent as a result of Respondent having allegedly committed an Intentional Program Violation. [Dept Exh. 1].
2. The Office of Inspector General has requested that Respondent be disqualified from receiving program benefits. [Dept Exh. 1].
 3. Respondent was a recipient of FAP benefits issued by the Department. [Dept Exh. 52].
 4. Respondent was aware of the responsibility to report previous drug convictions as evidenced by his checking “no,” when asked if he had previous drug convictions on the Redetermination dated [REDACTED] [REDACTED] 2016. [Dept. Exh. 10-16].
 5. During the hearing on January 2, 2019, Respondent did not deny the two previous drug convictions. He testified that he had been in jail and did not know who had been using his FAP benefits while he was incarcerated. [Testimony of [REDACTED] [REDACTED] 1/2/2019].
 6. On [REDACTED] [REDACTED] 2017, Respondent submitted an application for FAP benefits. Respondent checked “no” when asked about being convicted of a drug felony or whether he had been convicted more than once. [Dept. Exh. 18-47].
 7. Respondent did not have an apparent physical or mental impairment that would limit his understanding or ability to complete the documents accurately and truthfully. [Dept. Exh. 13, 22].
 8. On July 28, 2016, Respondent was found guilty of two counts of Controlled Substance – Possession (narcotic or Cocaine) under 25 grams. [Dept. Exh. 48-49].
 9. Respondent pled guilty on August 15, 2016, to two counts of Controlled Substance -Delivery/manufacture (narcotic or Cocaine) Less than 50 grams. [Dept. Exh. 50-51].
 10. The Department’s Office of Inspector General indicates that the time period it is considering the fraud period is [REDACTED] [REDACTED] 2016 through November 30, 2017. [Dept. Exh. 5].
 11. During the fraud period, Respondent was issued \$1,799.00 in FAP benefits by the State of Michigan, and the Department alleges that Respondent was not entitled to any benefits during this time period. [Dept. Exh. 5].
 12. The Department alleges that Respondent received an overissuance in Food Assistance Program benefits in the amount of \$1,799.00. [Dept. Exh. 3, 20-24].
 13. This was Respondent’s first alleged Intentional Program Violation. [Dept. Exh. 5].

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, 2017, the Department's Office of Inspector General requests Intentional Program Violation hearings for the following cases:

1. FAP trafficking overissuances that are not forwarded to the prosecutor.
2. Prosecution of welfare fraud or Food Assistance Program trafficking is declined by the prosecutor for a reason other than lack of evidence, and
 - The total amount for the Family Independence Program (FIP), State Disability Assistance (SDA), Child Development and Care (CDC), Medicaid (MA) and Food Assistance Program (FAP) programs combined is \$500 or more, or
 - the total amount is less than \$500, and
 - the group has a previous Intentional Program Violation, or
 - the alleged Intentional Program Violation involves Food Assistance Program 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, pp 12-13 (10/1/2017).

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. 7 CFR 271.2; BAM 720, p 1 (emphasis in original).

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 273.16(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 the above captioned matter, when Respondent was asked if he had previous drug convictions on his June 28, 2016 FAP redetermination and his October 23, 2017 FAP application. Respondent checked “no” on both. As evidenced by Respondent answering “no” on the application and redetermination, the Department has established by clear and convincing evidence that Respondent intentionally withheld information for the purpose of establishing and maintaining FAP benefits. This is Respondent’s first IPV.

Disqualification

A client who is found to have committed an Intentional Program Violation by a court or hearing decision is disqualified from receiving program benefits. 7 CFR 273.16(b)(1); 7 CFR 273.16(b)(5); 7 CFR 273.16(b)(11); BAM 720, p 16. Clients are disqualified for ten years for a Food Assistance Program Intentional Program Violation involving concurrent receipt of benefits, and, for all other Intentional Program Violation cases involving Family Independence Program, Food Assistance Program or State Disability Assistance, for standard disqualification periods of one year for the first Intentional Program Violation, two years for the second Intentional Program Violation, and lifetime for the third Intentional Program Violation or conviction of two felonies for the use, possession, or distribution of controlled substances in separate periods if both offenses occurred after August 22, 1996. 21 USC 862a; 7 CFR 273.1(b)(7)(vii); 7 CFR 273.11(m); 7 CFR 273.11(c)(1); BEM 203, p 2; BAM 720, p 16. A disqualified member may continue as the grantee **only if** there is no other eligible adult in the group. BAM 720, p 17 (emphasis in original).

Here, the Department has requested a 12-month disqualification. Because Respondent's felony drug convictions occurred after August 22, 1996, Respondent was not eligible for FAP benefits. Consequently, Respondent is disqualified from receiving FAP benefits for 12 months.

Overissuance

When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the overissuance. BAM 700, p 1 (1/1/2018).

In this case, Respondent had two drug convictions and more after August 22, 1996. As a result of the felony drug convictions, Respondent was not eligible for FAP benefits. Therefore, Respondent received an overissuance of \$1,799.00 for the fraud period of [REDACTED] 2016 through November 30, 2017.

DECISION AND ORDER

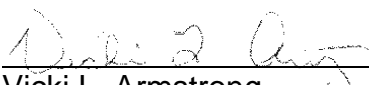
Based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, this Administrative Law Judge concludes that:

1. The Department has established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent did receive an OI of FAP benefits in the amount of \$1,799.00.

The Department is ORDERED to initiate recoupment/collection procedures for the amount of \$1,799.00 in accordance with Department policy.

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

VLA/nr



Vicki L. Armstrong
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

Petitioner

OIG
PO Box 30062
Lansing, MI
48909-7562

Oakland 4 County DHHS- via electronic mail

MDHHS- Recoupment- via electronic mail

M. Shumaker- via electronic mail

DHHS

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Respondent

[REDACTED]
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