



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]
Date Mailed: August 9, 2019
MOAHR Docket No.: 19-003610
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: John Markey

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 August 1, 2019, 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. The hearing 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). During the hearing, a 105-page packet of documents was offered and admitted into evidence as Exhibit A, pp. 1-105.

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) with respect to FAP?
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 [REDACTED], 2016, Respondent submitted to the Department an application for FAP benefits. Exhibit A, pp. 12-34.

2. Respondent signed the application. By signing the application, Respondent certified that she received, reviewed, and understood the information contained within the DHHS publication titled "Things You Must Do." Exhibit A, pp. 32-33.
3. "Things You Must Do" advised Respondent that she was required to report any changes in address or moving out of the State of Michigan within 10 days and that an intentional failure to do so violated the law and if proven, would result in criminal and/or civil penalties, including potential disqualification from the program. Exhibit A, pp. 33-34.
4. Based on the information Respondent provided in the application, the Department approved Respondent for FAP benefits. Exhibit A, pp. 102-104.
5. Starting November 18, 2016, Respondent's FAP benefits were redeemed exclusively out of state until August 12, 2017, when Respondent began redeeming the FAP benefits in Michigan once again. All but one of the purchases from November 18, 2016 through August 12, 2017 were made in the State of North Carolina. Exhibit A, pp. 80-92.
6. On February 15, 2017, Respondent began working for [REDACTED] in North Carolina. She provided a North Carolina address as her home address. From February 15, 2017 through the first week of August 2017, Respondent worked regular hours at [REDACTED]. Exhibit A, pp. 93-95.
7. Respondent reported neither the beginning of employment nor the move to North Carolina to the Department.
8. In June and July 2017, Respondent submitted four documents to the Department. Respondent failed to report that she was living in North Carolina or that she had income from her job with [REDACTED]. Each document was signed, thereby certifying that the information contained therein was true and correct to the best of Respondent's knowledge. While each document contained an assertion that Respondent was living in Michigan, the IP Address associated with the device that Respondent used to fill out the forms was in North Carolina, South Carolina, or Florida. Exhibit A, pp. 35-77; 96-97.
9. Starting in January 2018, Respondent began receiving FAP benefits from the State of North Carolina. Exhibit A, pp. 98-101.
10. From January 1, 2017 through January 31, 2018, the Department issued Respondent FAP benefits of \$3,208. Exhibit A, pp. 1-9; 102-105.
11. Based on Respondent's pattern of exclusive use of Department-issued FAP benefits in North Carolina and her statement to her employer that she lived there, the Department investigated the matter to determine whether Respondent was eligible to receive the benefits. During the course of the investigation, the

Department found that Respondent appeared to be living in North Carolina from at least November 2016 through January 2018. Exhibit A, pp. 1-9; 80-97.

12. The Department's OIG filed a hearing request on April 2, 2019, to establish an overissuance of benefits received by Respondent as a result of Respondent having allegedly committed an IPV by collecting FAP benefits from Michigan after moving out of state. Exhibit A, pp. 1-9.
13. This was Respondent's first alleged IPV.
14. The OIG requested that Respondent be disqualified from receiving FAP benefits for a period of one year.
15. The Department's OIG indicates that the time period it is considering the fraud period is January 1, 2017 through January 31, 2018, (fraud period), during which the Department issued Respondent \$3,208 in FAP benefits. Exhibit A, pp. 1-9, 102-105.
16. A Notice of Hearing was mailed to Respondent at the 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.

The Department's position in this matter is that Respondent's failure to report her move out of state while continuing to receive and use her Department-issued FAP benefits amounted to an Intentional Program Violation (IPV) with respect to FAP.

Overissuance

Only residents of Michigan are eligible to receive benefits from the Department. BEM 220 (January 2016), p. 1; 7 CFR 273.18. When an ineligible client is issued benefits or an eligible client is issued more benefits than the client is entitled, the Department must attempt to recoup the OI. BAM 700 (January 2016), p. 1; 7 CFR 273.18.

In this case, the Department showed by clear and convincing evidence that Respondent was a North Carolina resident as of November 2016, at the latest. This conclusion is based on the facts that Respondent's FAP benefits were exclusively used in North Carolina starting November 18, 2016, Respondent obtained a job where she informed her employer she lived in North Carolina in February 2017, and Respondent applied for public benefits from North Carolina in January 2018.

Thus, Respondent was no longer a Michigan resident and was ineligible to receive benefits. However, because of Respondent's failure to report her move to North Carolina and her subsequent dishonest statements regarding the move, the Department issued Respondent FAP benefits of \$3,208. As Respondent was ineligible to receive those benefits, they are considered an overissuance. In total, the overissuance was \$3,208.

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; (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 his or her reporting responsibilities. BAM 720 (January 2016), p. 1; 7 CFR 273.16(c).

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, page 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)).

Respondent was required to report changes in her group's circumstances, including residency and income changes, to the Department within 10 days of the date of the change. BAM 105 (April 2014), pp. 11-12; 7 CFR 273.12(a)(1)-(2). The Department clearly and correctly instructed Respondent to report changes to the Department within 10 days. Respondent failed to report that she moved to North Carolina or obtained new employment despite the fact that she was working in North Carolina and using her benefits there exclusively. The Department clearly and correctly instructed Respondent be honest and the consequences for failing to do so.

Respondent's failure to report the change to the Department must be considered an intentional misrepresentation to receive benefits she was not entitled to from Michigan since Respondent knew or should have known that she could only receive FAP benefits from the state that she resided in. Respondent sought to maximize her monthly FAP

benefits by withholding from the Department the fact that she was no longer a resident who was entitled to its services. Then, in June and July 2017, Respondent affirmatively misrepresented her residency to the Department on four separate submissions. The Department has proven by clear and convincing evidence that Respondent committed an Intentional Program Violation.

Disqualification

A client who is found to have committed an IPV by a court or hearing decision is disqualified from receiving FAP benefits. BAM 720, pp. 15-16; 7 CFR 273.16(b). 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 ten-year disqualification is imposed if a client makes a fraudulent statement or representation regarding residence in order to receive concurrent benefits from more than one state. BAM 720, p. 16; BEM 203 (October 2015), p. 1.

Respondent committed an IPV with respect to her FAP benefits case by failing to report her move to North Carolina and failing to report her new income while there. As there is no evidence that Respondent has ever been found to have committed an IPV related to FAP benefits, this is Respondent's first FAP IPV sanction. Therefore, Respondent is subject to a one-year disqualification from receiving FAP benefits.

DECISION AND ORDER

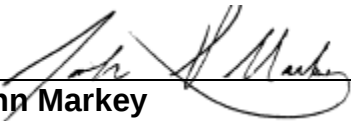
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

1. The Department has established by clear and convincing evidence that Respondent committed an IPV with respect to her FAP benefits.
2. Respondent is subject to a one-year disqualification from receiving FAP benefits.
3. Respondent received an overissuance of FAP benefits in the amount of \$3,208 that the Department is entitled to recoup and/or collect.

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

IT IS ORDERED that the Department may initiate recoupment and/or collection procedures for the FAP overissuance amount of \$3,208 established in this matter less any amounts already recouped or collected.

JM/cg


John Markey
Administrative Law Judge
for Robert Gordon, 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 Office of Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR 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. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office of Administrative Hearings and Rules
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

Via Email:

MDHHS-Wayne-17-Hearings
OIG Hearings
Recoupment
MOAHR

Respondent – Via First-Class Mail:

[REDACTED]