



GRETCHEN WHITMER
GOVERNOR

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

ORLENE HAWKS
DIRECTOR

[REDACTED]
IN [REDACTED]

Date Mailed: August 19, 2019
MOAHR Docket No.: 19-004695
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 August 6, 2019, from Lansing, Michigan. [REDACTED] Respondent, personally appeared and testified.

The Department was represented by Maria Williams, Lead Agent of the Office of Inspector General (OIG). The Department submitted 88 exhibits which were admitted into evidence. An Interim Order Extending the Record was issued on August 6, 2019 at the request of Respondent to submit additional documentation. On August 13, 2019, Respondent submitted 7 exhibits which were admitted into evidence. Respondent wrote that she was no longer in possession of the evidence she had requested to submit.

ISSUES

1. Did Respondent receive an overissuance 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 OIG filed a hearing request on April 30, 2019, to establish an overissuance of benefits received by Respondent as a result of Respondent having failed to report her earned income and, as such, allegedly committed an IPV. [Dept. Exh. 1].
2. The OIG has requested that Respondent be disqualified for 12 months from receiving program benefits. [Dept. Exh. 1].
3. Respondent was a recipient of FAP benefits issued by the Department. [Dept. Exh. 63-65].
4. On the redetermination submitted by Respondent on September 13, 2013, Respondent reported that she was receiving social security benefits. [Dept. Exh. 12-15].
5. On September 13, 2013, the Department received a copy of Respondent's supplemental security from the Social Security Administration which indicated that Respondent would receive \$ [REDACTED] a month from [REDACTED] [REDACTED] 2013 continuing. The notice also indicated that beginning [REDACTED] 2013, the social security administration would start withholding \$ [REDACTED] a month to collect on an overpayment Respondent had received. [Dept. Exh. 53-56].
6. On October 8, 2013, the Department mailed Respondent a Notice of Case Action informing her she was approved for \$489.00 a month in FAP benefits from October 1, 2013 through October 31, 2013 and \$460.00 a month in FAP benefits from November 1, 2013 through September 30, 2014. [Dept. Exh. 16-22].
7. On [REDACTED] [REDACTED] 2017, Respondent applied for FAP benefits and reported she received supplemental security income of \$490.00 a month and was unemployed. [Dept. Exh. 23-44].
8. On June 26, 2017, the Department mailed Respondent a Notice of Case Action informing her that she would not be receiving any FAP benefits for the month of May 2017, but that she had been approved for \$194.00 a month in FAP benefits beginning June 1, 2017 through June 30, 2017. [Dept. Exh. 45-49].
9. Respondent was aware of the responsibility to report changes in her employment to the Department. [Dept. Exh. 15, 35-44].
10. Respondent had no apparent mental impairments that would limit the understanding or ability to fulfill this requirement.
11. On or about March 15, 2018, the Department received verification of Respondent's employment from [REDACTED], which indicated that Respondent was employed from [REDACTED] [REDACTED] 2014 through [REDACTED] [REDACTED] 2014. [Dept. Exh. 50-52].

12. On March 5, 2018, the Department received a verification of employment from [REDACTED] showing Respondent was employed starting [REDACTED] [REDACTED] 2017 and worked at [REDACTED] through [REDACTED] 2018. [Dept. Exh. 59-62].
13. During the alleged fraud period of November 1, 2017 through February 28, 2018, Respondent was issued \$759.00 in FAP benefits from the State of Michigan from when she was only entitled to \$64.00 based on her unreported income, resulting in a \$695.00 overissuance. [Dept. Exh. 4].
14. During the alleged fraud period of August 1, 2014 through September 30, 2014, Respondent was issued \$994.00 in FAP benefits from the State of Michigan from when she was not entitled to any FAP benefits based on her unreported income, resulting in a \$994.00 overissuance. [Dept. Exh. 4].
15. This was Respondent's first alleged IPV. [Dept. Exh. 1, 5].
16. 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, 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 this case, the record evidence clearly shows that Respondent was employed at [REDACTED] from [REDACTED] 2014 through [REDACTED] 2014, in addition to being employed at [REDACTED] from [REDACTED] 2017 through [REDACTED] 2018. The Department established by clear and convincing evidence that Respondent intentionally withheld and misrepresented information that she was not working for the purpose of maintaining

Food Assistance Program benefits. Therefore, the Department has established an Intentional Program Violation.

Disqualification

A court or hearing decision that finds a client committed an IPV disqualifies that client from receiving program benefits. BAM 720, p 15. A disqualified recipient remains a member of an active group as long as he lives with them, and other eligible group members may continue to receive benefits. BAM 720, p 17.

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).

Respondent's signature on the redetermination from September 13, 2013 and her application from May 21, 2017, certifies that she was aware that fraudulent participation in FAP could result in criminal or civil or administrative claims. This Administrative Law Judge therefore concludes that the Department has shown, by clear and convincing evidence, that Respondent committed a first intentional violation of the FAP program, resulting in a 12-month disqualification.

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 the above captioned matter, the record evidence shows Respondent intentionally failed to report her earned income to the Department. This resulted in a total overissuance of \$1,689.00 for the fraud August 1, 2014 through September 30, 2014, and November 1, 2017 through February 28, 2018, which the Department is entitled to recoup.

DECISION AND ORDER

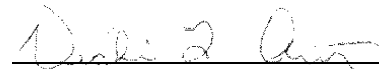
Therefore, this Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, concludes that:

1. The Department has established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent did receive an overissuance of Food Assistance Program benefits in the amount of \$1,689.00.

The Department is ORDERED to initiate recoupment/collection procedures for the amount of \$1,689.00 in accordance with Department policy.

It is FURTHER ORDERED that Respondent be personally disqualified from participation in the Food Assistance Program for one year.

VLA/nr



Vicki L. Armstrong
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

DHHS

Linda Gooden
25620 W. 8 Mile Rd
Southfield, MI
48033

Oakland 3 County DHHS- via electronic
mail

MDHHS- Recoupment- via electronic mail

L. Bengel- via electronic mail

Petitioner

OIG
PO Box 30062
Lansing, MI
48909-7562

Respondent

[REDACTED]
[REDACTED]
[REDACTED] IN
[REDACTED]