



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: February 10, 2020
MOAHR Docket No.: 19-010791
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 February 6, 2020 from Detroit, Michigan. The Department was represented by Dana Mikko, 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 74-page packet of documents was offered and admitted into evidence as Exhibit A, pp. 1-74.

ISSUES

1. Did the Department establish, by clear and convincing evidence, that Respondent committed an Intentional Program Violation (IPV) with respect to the Food Assistance Program (FAP) and Medicaid (MA)?
2. Did Respondent receive an overissuance of MA benefits that the Department is entitled to recoup and/or collect?
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], 2014, Respondent submitted to the Department an application for benefits. Respondent indicated that her household consisted of herself, her husband [REDACTED] and their two minor children. Exhibit A, pp. 12-40.
2. Respondent signed the application, certifying the truth of the information in the application and that she received, read, and understood her rights and responsibilities under the programs. Included in the information Respondent acknowledged receiving was a publication titled Things You Must Do. The Things You Must Do publication informed Respondent that she must be truthful in all her statements to the Department and must report changes to the Department, including change in income and employment, within ten days of the change. Exhibit A, pp. 21-23.
3. On July 19, 2017, the Department issued to Respondent a Notice of Case Action informing Respondent that she was eligible for \$[REDACTED] per month in FAP benefits for her household of three that included Respondent and her two minor children. The July 19, 2017 Notice of Case Action informed Respondent that she was a simplified reporter and stated, "Effective the date of this notice, the only change you are required to report for the Food Assistance program is: WHEN YOUR HOUSEHOLD INCOME EXCEEDS THE LIMIT LISTED BELOW." Immediately under that directive was an income limit of \$2,184. Exhibit A, pp. 49-52.
4. On March 26, 2018, Respondent's husband, [REDACTED], began working for [REDACTED]. April 4, 2018, [REDACTED] received his first paycheck from [REDACTED]. [REDACTED] received relatively regular and substantial earnings from his employment with [REDACTED] from that date through at least the middle of August 2018. Exhibit A, pp. 69-72.
5. [REDACTED] combined with [REDACTED] April 2018 earnings from [REDACTED] exceeded the simplified reporting limit. Exhibit A, pp. 57-59; 69-72.
6. Neither Respondent nor [REDACTED] reported the income or employment to the Department despite their combined income exceeding the simplified reporting limit applicable to FAP.
7. On May 23, 2018, the Department issued to Respondent a Health Care Coverage Determination Notice informing Respondent that Respondent and her two minor children were approved for continuing full-coverage MA benefits. The document notified Respondent that eligibility was based on the premise of Respondent having an annual household income of \$[REDACTED]. Further, Respondent was notified of the obligation to report any changes in household income or employment within ten days of the change. Exhibit A, pp. 53-56.

8. On May 4, 2018, the Department issued to Respondent a Redetermination form to gather relevant information regarding Respondent's ongoing eligibility for FAP and MA benefits. Respondent completed the form and returned it on July 10, 2018. Respondent indicated that her household consisted of herself, her husband [REDACTED], and their two minor children. When asked to provide details regarding household income, including proof of last 30 days of employment, Respondent indicated that the only household income came from her employment, despite her husband regularly working and receiving income. Respondent indicated that she received [REDACTED] in income either per month or per two-week pay period.¹ Exhibit A, pp. 41-48.
9. From June 1, 2018 through July 31, 2018, the Department issued to Respondent \$[REDACTED] in FAP benefits because of Respondent's fraudulent concealment of her household income. Respondent was not entitled to receive any FAP benefits during that period once her fraudulently concealed income is factored into the equation. The Department has already established that Respondent received an overissuance of FAP benefits totaling [REDACTED]. Exhibit A, pp. 1-9.
10. From June 1, 2018 through July 31, 2018, the Department dispensed [REDACTED] in MA benefits for Respondent's benefit. If Respondent had properly reported her household's income to the Department, Respondent would not have been eligible for any MA benefits during that time. Exhibit A, pp. 1-9; 57-62; 69-74.
11. On [REDACTED], 2019, the Department's OIG filed a hearing request to establish an IPV with respect to FAP and MA. The Department's OIG requested that Respondent be disqualified from receiving FAP benefits for one year for a first alleged IPV. Additionally, the Department seeks an order finding that Respondent received an overissuance of MA benefits totaling [REDACTED]. The Department considers the alleged fraud period to be June 1, 2018 through July 31, 2018. Exhibit A, pp. 1-9.
12. 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), 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

¹ Resolving the ambiguity is not necessary for purposes of deciding this case.

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 (October 2016), p. 1; 7 CFR 273.18. When a client group receives more benefits than it is entitled to receive, the Department must attempt to recoup the overissuance. BAM 700, p. 1; 7 CFR 273.18.

In this case, Respondent received more benefits than she was entitled to receive. The Department determined Respondent's eligibility without budgeting Respondent's husband's hidden income, which caused Respondent's household income to be understated. When factored into the calculation, the unreported income reduced the amount of FAP and MA benefits that Respondent was eligible to receive. Prior to the hearing in this matter, the Department had already established that Respondent was overissued [REDACTED] of FAP benefits during the fraud period. During the hearing, the Department proved by clear and convincing evidence that Respondent was overissued [REDACTED] in MA benefits during the fraud period.

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, 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, the Department has met its burden. Respondent was required to report changes in her circumstances to the Department within 10 days of the date of the change. BAM 105 (April 2016), pp. 11-12. The Department clearly and correctly instructed Respondent to report changes to the Department within 10 days, including when the household's income exceeded \$2,184 in any given month. Respondent failed

to report that her husband obtained new employment with [REDACTED] at any time during the time he was working there and receiving FAP and MA benefits from the Department. Additionally, Respondent failed to report that her household's income exceeded the simplified reporting limit applicable to her FAP group at any time, despite it exceeding the limit the very first month he worked there.

Additionally, Respondent had an obligation to completely and honestly answer all questions in form and in interviews. BAM 105, p. 9; 7 CFR 273.16. On July 10, 2018, Respondent submitted to the Department a completed Redetermination. On that report, Respondent fraudulently certified that her household income and employment consisted solely of her income from her employment despite her husband regularly working and receiving income for months. In fact, her husband had received a paycheck just a few days before that submission. Respondent signed the submission, certifying the truth of her false statements under penalty of perjury.

Respondent's failure to report the income change to the Department and subsequent fraudulent misrepresentation regarding her household's income must be considered an intentional misrepresentation to maintain her FAP and MA benefits since Respondent knew or should have known that she was required to report the change to the Department and that reporting the change to the Department would have caused the Department to reduce or terminate her 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, 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.

In this case, there is no indication in the record that Respondent was previously 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 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:

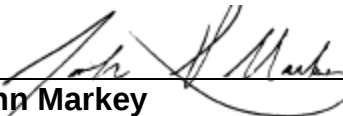
1. The Department has established by clear and convincing evidence that Respondent committed an IPV with respect to her FAP and MA benefits.

2. The Department has established by clear and convincing evidence that Respondent received an MA overissuance of [REDACTED] that the Department is entitled to recoup and/or collect.
3. Respondent is subject to a one-year disqualification from receiving FAP benefits.

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

IT IS FURTHER ORDERED that the Department may initiate recoupment and/or collection of the \$[REDACTED] MA overissuance established in this matter.

JM/tm



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

DHHS

Kimberly Reed
609 North State Street
PO Box 278
Stanton, MI
48888

Petitioner

OIG
PO Box 30062
Lansing, MI
48909-7562

Respondent

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

cc: IPV-Recoupment Mailbox
L. Bengel