



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.: 19-003847
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 90-page packet of documents was offered and admitted into evidence as Exhibit A, pp. 1-90.

ISSUES

1. Did Respondent receive an overissuance (OI) of Food Assistance Program (FAP) and/or Medicaid (MA) 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 and MA?
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 MA and FAP benefits. Exhibit A, pp. 11-38.

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, p. 20.
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, p. 21.
4. Based on the information Respondent provided in the application, the Department approved Respondent for MA and FAP benefits. Exhibit A, pp. 69-90.
5. Starting August 11, 2016, Respondent exclusively redeemed her FAP benefits in Georgia. Exhibit A, pp. 39-51.
6. On October 26, 2016, Respondent began working for employer ██████ in Georgia. She provided to ██████ a Georgia home address. Respondent regularly worked for ██████ until December 2016. In July 2017, Respondent began working for employer ██████. She provided to ██████ a Georgia home address. Respondent regularly worked for ██████ through at least October 2017. Exhibit A, pp. 52-58.
7. Respondent never reported her move or her new income from either job to the Department.
8. In ██████ 2016 and ██████ 2017, Respondent submitted to the Department completed Redeterminations. Respondent signed the documents, indicating that the information contained therein was truthful to the best of her knowledge. Each of the documents indicated that Respondent was living in Michigan and had no income. However, each time Respondent signed onto her online account, it was from an IP Address in Georgia. Additionally, in November 2016, Respondent was working and earning income from her employment with Amazon. Exhibit A, pp. 59-73.
9. From December 1, 2016 through June 30, 2017, the Department issued MA benefits for Respondent's benefit totaling \$2,883.83 and FAP benefits of \$1,817. Exhibit A, pp. 1-8; 74-90.
10. Based on Respondent's pattern of exclusive use of Department-issued FAP benefits in Georgia and her statement to her employers 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 Georgia. Exhibit A, pp. 1-8; 39-59.

11. The Department's OIG filed a hearing request on April 4, 2019, to establish an overissuance of benefits received by Respondent as a result of Respondent having allegedly committed an IPV by collecting FAP and MA benefits from Michigan after moving out of state. Exhibit A, pp. 1-8.
12. This was Respondent's first alleged IPV.
13. The OIG requested that Respondent be disqualified from receiving FAP benefits for a period of one year.
14. The Department's OIG indicates that the time period it is considering the fraud period is December 1, 2016 through June 30, 2017, (fraud period), during which the Department issued Respondent \$1,817 in FAP benefits and dispensed \$2,883.83 in MA benefits. Exhibit A, pp. 1-8, 74-90.
15. 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 Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.105-.112k.

The Department's position in this matter is that Respondent's failure to report her move out of state while continuing to be covered by Michigan's MA and use her Michigan issued EBT card amounted to an Intentional Program Violation (IPV) with respect to MA and 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 Georgia resident as of late October 2016, at the latest. This conclusion is based on the facts that Respondent's FAP benefits were exclusively used in Georgia starting August 11, 2016, Respondent obtained a job where she informed her employer she lived in Georgia in October 2016, and all of Respondent's signins during the relevant time period to the Department's website were done from IP Addresses in Georgia.

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 Georgia, the Department issued for Respondent's benefit FAP benefits of \$1,817 and MA benefits of \$2,883.83. As Respondent was ineligible to receive those benefits, they are considered an overissuance. In total, the overissuance was \$4,700.83.

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 Georgia or obtained new employment despite the fact that she was working in Georgia 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 and MA benefits from the state that she resided in. Respondent sought to maximize her monthly FAP and MA benefits by withholding from the Department the fact that she was no longer a resident who was entitled to its services. Further bolstering the conclusion that Respondent knowingly violated the terms of the programs is the fact that Respondent twice misrepresented to the Department that she still lived in Michigan after she had moved. 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 Georgia 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:

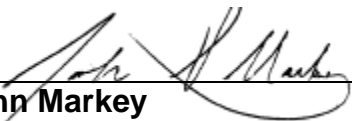
1. The Department has established by clear and convincing evidence that Respondent committed an IPV with respect to her FAP and MA benefits.
2. Respondent is subject to a one-year disqualification from receiving FAP benefits.
3. Respondent received an overissuance of FAP benefits in the amount of \$1,817 that the Department is entitled to recoup and/or collect.
4. The Department paid an overissuance of MA benefits in the amount of \$2,883.83 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 \$1,817 established in this matter less any amounts already recouped or collected.

IT IS ORDERED that the Department may initiate recoupment and/or collection procedures for the MA overissuance amount of \$2,883.83 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

