



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], MI [REDACTED]

Date Mailed: February 21, 2020
MOAHR Docket No.: 19-012174
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Kevin Scully

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, and with Mich Admin Code, R 400.3130 and R 400.3178. After due notice, a telephone hearing was held on February 4, 2020, from Lansing, Michigan. The Department was represented by Christina Herrod, Regulation Agent of the Office of Inspector General (OIG). Respondent did not appear at the hearing and it 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).

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 the Food Assistance Program (FAP)?

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 a Redetermination (DHS-1010) form received by the Department on July 13, 2014, Respondent acknowledged her duties and responsibilities including the duty to report persons in her home. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 11-16.

2. Respondent acknowledged under penalties of perjury that her July 13, 2014, Redetermination form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 16.
3. Respondent reported on her July 13, 2014, Redetermination form that there were three people living in her household. Exhibit A, p 12.
4. On a Semi-Annual Contact Report (DHS-1046) received by the Department on December 1, 2014, Respondent acknowledged her duties and responsibilities including the duty to report persons in her home. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 17-18.
5. Respondent acknowledged under penalties of perjury that her December 1, 2014, Semi-Annual Contact Report was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 18.
6. Respondent reported on her December 1, 2014, Semi-Annual Contact Report that there were three people living in her household. Exhibit A, p 19.
7. On December 17, 2014, the Department notified Respondent that she was eligible for ongoing Food Assistance Program (FAP) benefits as a household of three people. Exhibit A, pp 38-42.
8. On a Redetermination (DHS-1010) form received by the Department on June 2, 2015, Respondent acknowledged her duties and responsibilities including the duty to report persons in her home. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 19-23.
9. Respondent acknowledged under penalties of perjury that her June 2, 2015, Redetermination form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 23.
10. Respondent reported on her June 2, 2015, Redetermination form that there were three people living in her household. Exhibit A, p 19.
11. On July 9, 2015, the Department notified Respondent that she was eligible for ongoing Food Assistance Program (FAP) benefits as a household of three people. Exhibit A, pp 43-48.
12. On a Redetermination (DHS-1010) form received by the Department on June 1, 2016, Respondent acknowledged her duties and responsibilities including the duty to report persons in her home. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 24-29.

13. Respondent acknowledged under penalties of perjury that her June 1, 2016, Redetermination (DHS-1010) form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 29.
14. Respondent reported on her June 1, 2016, Redetermination form that there were three people living in her household. Exhibit A, p 25.
15. On June 7, 2016, the Department notified Respondent that she was eligible for ongoing Food Assistance Program (FAP) benefits as a household of three persons. Exhibit A, pp 55-60.
16. On a Redetermination (DHS-1010) form received by the Department on June 5, 2017, Respondent acknowledged her duties and responsibilities including the duty to report her. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 30-37.
17. Respondent acknowledged under penalties of perjury that her June 5, 2017, Redetermination form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Exhibit A, p 36.
18. Respondent reported on her June 5, 2017, Redetermination form that there were three people living in her home. Exhibit A, p 31.
19. On June 9, 2017, the Department notified Respondent that she was eligible for ongoing Food Assistance Program (FAP) benefits as a household of three persons. Exhibit A, pp 61-66.
20. On September 9, 2017, the Department notified Respondent that she was eligible for ongoing Food Assistance Program (FAP) benefits as a household of three. Exhibit A, pp 67-71.
21. On January 26, 2018, the Department notified Respondent that she was eligible for ongoing Food Assistance Program (FAP) benefits as a household of three persons. Exhibit A, pp 72-76.
22. Respondent failed to report that one of her sons served on active duty in the [REDACTED] from November 3, 2015, through February 20, 2018, and was receiving earned income that was not reported to the Department. Exhibit A, pp 81-82.
23. Respondent received Food Assistance Program (FAP) totaling \$17,427 from January 1, 2015, through February 28, 2018. Exhibit A, pp 87-93.
24. On February 1, 2018, the Department notified Respondent that she was eligible for ongoing Food Assistance Program (FAP) benefits as a household of two persons. Exhibit A, pp 77-80.

25. On October 21, 2019, the Department sent Respondent an Intentional Program Violation Repayment Agreement (DHS-4350) with notice of a \$6,194 overpayment, and a Request for Waiver of Disqualification Hearing (DHS-826). Exhibit A, pp 5-8.
26. The Department's OIG filed a hearing request on October 21, 2019, to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV. Exhibit A, p 2.
27. This was Respondent's first established IPV.
28. A notice of hearing was mailed to Respondent at the last known address and was not returned by the United States Postal Service as undeliverable.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM).

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-.3011.

The Department's OIG requests IPV hearings for the following cases:

- FAP trafficking OIs that are not forwarded to the prosecutor.
- Prosecution of welfare fraud or FAP trafficking is declined by the prosecutor for a reason other than lack of evidence, and
 - the total OI amount for the FIP, SDA, CDC, MA and FAP programs is \$500 or more, or
 - the total OI amount is less than \$500, and
 - the group has a previous IPV, or
 - the alleged IPV involves FAP trafficking, or

- the alleged fraud involves concurrent receipt of assistance (see BEM 222), or
- the alleged fraud is committed by a state/government employee.

Department of Health and Human Services Bridges
Administrative Manual (BAM) 720 (January 1, 2016), pp 12-13.

Overissuance

When a client group receives more benefits than it is entitled to receive, the Department must attempt to recoup the overissuance. Department of Human Services Bridges Administrative Manual (BAM) 700 (October 1, 2018), p 1.

Clients must report changes in circumstance that potentially affect eligibility or benefit amount within 10 days of receiving the first payment reflecting the change. Changes that must be reported include changes to persons in the home. Department of Health and Human Services Bridges Administrative Manual (BAM) 105 (October 1, 2019), p 12. The Department will act on a change reported by means other than a tape match within 15 workdays after becoming aware of the change, except that the Department will act on a change other than a tape match within 10 days of becoming aware of the change. Department of Health and Human Services Bridges Administrative Manual (BAM) 220 (April 1, 2019), p 7. A pended negative action occurs when a negative action requires timely notice based on the eligibility rules in this item. Timely notice means that the action taken by the department is effective at least 12 calendar days following the date of the department's action. BAM 220, p 12.

On Redetermination (DHS-1010) forms received by the Department on July 13, 2014, June 2, 2015, June 1, 2016, and June 5, 2017, as well as a Semi-Annual Contact Report (DHS-1046) received by the Department on December 1, 2014, Respondent acknowledged the duty to report changes to her circumstances including changes to persons in her home. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent acknowledged under penalties of perjury that each of the forms she signed and filed with the Department were examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Respondent reported on each of those forms that there were three people living in her home.

Respondent received FAP benefits as a household of three people totaling \$17,427 from January 1, 2015, through December 28, 2018. Respondent failed to report that one of her sons was not living in her household during that period, but was serving on active duty in the [REDACTED]. Respondent was not eligible for FAP benefits as a group of three people during that period, but was eligible as a group of two. As a group of two, Respondent would have been eligible for FAP benefits totaling \$11,233. Therefore, Respondent received a \$6,194 overissuance of FAP benefits.

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 the reporting responsibilities, and
- The client has no apparent physical or mental impairment that limits the understanding or ability to fulfill reporting responsibilities.

BAM 700, p 7, BAM 720, p. 1.

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).

The Department has the burden of establishing by clear and convincing evidence that Respondent committed an Intentional Program Violation (IPV). The clear and convincing evidence standard, which is the most demanding standard applied in civil cases, is established where there is evidence so clear, direct and weighty and convincing that a conclusion can be drawn without hesitancy of the truth of the precise facts in issue. *Smith v Anonymous Joint Enterprise*, 487 Mich 102; 793 NW2d 533 (2010), reh den 488 Mich 860; 793 NW2d 559 (2010).

Clear and convincing proof is that which produces in the mind of the trier of fact a firm belief or conviction as to the truth of the precise facts in issue. Evidence may be uncontroverted and yet not be clear and convincing. Conversely, evidence may be clear and convincing even if contradicted. *Id.*

On Redetermination (DHS-1010) forms received by the Department on July 13, 2014, June 2, 2015, June 1, 2016, and June 5, 2017, as well as a Semi-Annual Contact Report (DHS-1046) received by the Department on December 1, 2014, Respondent acknowledged the duty to report changes to her circumstances including changes to persons in her home. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent acknowledged under penalties of perjury that each of the forms she signed and filed with the Department were examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete. Respondent reported on each of those forms that there were three people living in her home.

Respondent failed to report that her son was not living in her household, but falsely reported that there were three people living in her household. Despite a number of notifications that she was eligible for FAP benefits as a household of three, Respondent failed to report that one of her son's was out of the home while serving on active duty in the US Marine Corp. As a result of Respondent falsely reporting that there were three people living in her household, she received an overissuance of FAP benefits.

This Administrative Law Judge finds that the Department has presented clear and convincing evidence that Respondent intentionally and fraudulently reported that there were three people living in her household for the purposes of maintaining her eligibility for FAP benefits that she would not have been eligible for otherwise.

Disqualification

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 15-16. A disqualified recipient remains a member of an active group as long as the disqualified person lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 16.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period, or except when the OI relates to MA. BAM 720, p. 13. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (July 1, 2013), p. 2. Clients are disqualified for periods of one year for the first IPV, two years for the second IPV, lifetime disqualification for the third IPV, and ten years for a FAP concurrent receipt of benefits. BAM 720, p. 16.

The record evidence indicates that this is Respondent's first established IPV.

The Department has established an Intentional Program Violation (IPV).

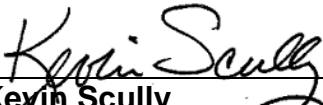
DECISION AND ORDER

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.
2. Respondent did receive an OI of Food Assistance Program (FAP) benefits in the amount of \$6,194.
3. The Department is ORDERED to initiate recoupment procedures for the amount of \$6,194 in accordance with Department policy.

4. It is FURTHER ORDERED that Respondent be disqualified from Food Assistance Program (FAP) for a period of 12 months.

KS/hb



Kevin Scully
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

Wayne County (District 76) via electronic mail

Policy-Recoupment via electronic mial

L. Bengel via electronic mail

Petitioner

OIG via electronic mail

Respondent

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