



GRETCHEN WHITMER  
GOVERNOR

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

ORLENE HAWKS  
DIRECTOR

[REDACTED]

Date Mailed: March 12, 2021  
MOAHR Docket No.: 20-006695  
Agency No.: [REDACTED]  
Petitioner: OIG  
Respondent: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Amanda M. T. Marler**

### **HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION**

The Michigan Department of Health and Human Services (MDHHS or the Department) requested a hearing alleging that Respondent [REDACTED] committed an intentional program violation (IPV). Pursuant to MDHHS' request and in accordance with MCL 400.9, 7 CFR 273.16, 42 CFR 431.230(b), and 45 CFR 235.110, and Mich Admin Code, R 400.3130 and R 400.3178, this matter is before the undersigned Administrative Law Judge. After due notice, a hearing was held via telephone conference on March 11, 2021.

Nicole Heinz-Hosking, Regulation Agent of the Office of Inspector General (OIG), represented MDHHS.

Respondent did not appear at the hearing, and it was held in Respondent's absence pursuant to 7 CFR 273.16(e)(4); Mich Admin Code, R 400.3130(5); or Mich Admin Code, R 400.3178(5).

### **ISSUES**

1. Did MDHHS establish, by clear and convincing evidence, that Respondent committed an IPV concerning Food Assistance Program (FAP) benefits?
2. Should Respondent be disqualified from receiving benefits for 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 January 11, 2017, Respondent's husband [REDACTED] (Husband) began employment with [REDACTED].

2. On January 27, 2017, Husband received his first paycheck from employment in the amount of \$653.66.
3. On February 1, 2017, the Department received a completed Semi-Annual Contact Report from Respondent indicating that her husband and two children were in the home and that their household income had decreased.
4. On February 10, 2017, Husband received his second paycheck in the amount of \$1,119.10.
5. On February 20, 2017, the Department issued a Notice of Case Action to Respondent informing her that her FAP benefits had been approved based on \$468.00 in earned income for a group size of four and notified her that she only needed to report changes in household gross income greater than the simplified reporting limit of \$2,633.00 per month.
6. The Notice of Case Action included a comment from Respondent's case worker at the top in all capital letters "IF INCOME RETURNS TO HIGHER AMOUNTS, REPORT IT IMMEDIATELY."
7. On February 24, 2017, Husband received his third paycheck in the amount of \$2,566.11.
8. Husband continued to receive bi-weekly wages through May 2020.
9. From April 2017 through August 2017, the Department issued \$3,245.00 in FAP benefits to Respondent based upon \$468.00 in earned income because Respondent never reported Husband's increased income.
10. On August 31, 2020, the Department established a debt for overissued FAP benefits in the amount of \$2,901.00 for the period April 2017 through August 2017.
11. Respondent was informed of the responsibility to report changes in gross income greater than the simplified reporting limit.
12. Respondent does not have an apparent physical or mental impairment that would limit the understanding or ability to accurately report changes in gross income.
13. Respondent has no prior FAP IPV disqualifications.
14. On September 24, 2020, MDHHS' OIG filed a hearing request alleging that Respondent intentionally concealed Husband's income and as a result received FAP benefits from April 2017 through August 2017 (fraud period) that Respondent was ineligible to receive. OIG requested that Respondent be disqualified from receiving FAP benefits for a period of 12 months due to committing an IPV.

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**

MDHHS policies are contained in the MDHHS 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 funded under the federal Supplemental Nutrition Assistance Program (SNAP) established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 7 USC 2036a. It is implemented by the federal regulations contained in 7 CFR 273. MDHHS administers FAP pursuant to MCL 400.10 of the Social Welfare Act, MCL 400.1 *et seq.*, and Mich Admin Code, R 400.3001 to R 400.3031.

#### **Intentional Program Violation**

An IPV occurs when a recipient of MDHHS benefits intentionally made a false or misleading statement, or misrepresented, concealed, or withheld facts. 7 CFR 273.16(c)(1). Effective October 1, 2014, MDHHS's OIG requests IPV hearings for cases where (1) the total repayment amount sought from Respondent for all programs combined is \$500 or more or (2) the total repayment amount sought from Respondent for all programs combined is less than \$500 but the group has a previous IPV, the matter involves concurrent receipt of assistance, the IPV involves FAP trafficking, or the alleged fraud is committed by a state government employee. BAM 720 (January 2016), pp. 12-13.

To establish an IPV, MDHHS must present clear and convincing evidence that the household member committed, and intended to commit, the IPV. 7 CFR 273.16(e)(6); BAM 720, p. 1. Clear and convincing evidence is evidence sufficient to result in "a firm belief or conviction as to the truth of the precise facts in issue." *Smith v Anonymous Joint Enterprise*, 487 Mich 102, 114-115; 793 NW2d 533 (2010); see also M Civ JI 8.01. Evidence may be uncontroverted and yet not be clear and convincing; conversely, evidence may be clear and convincing despite the fact that it has been contradicted. *Smith* at 115. The clear and convincing standard is "the most demanding standard applied in civil cases." *In re Martin*, 450 Mich 204, 227; 538 NW2d 399 (1995). For an IPV based on inaccurate reporting, MDHHS policy also requires that the individual have been clearly and correctly instructed regarding the reporting responsibilities and have no apparent physical or mental impairment that limits the ability to understand or fulfill these reporting responsibilities. BAM 720, p. 1.

In this case, MDHHS alleges that Respondent committed an IPV based on her failure to report employment income greater than the simplified reporting limit for her group. Earned income received by the group is considered in the calculation of a client's FAP eligibility and amount of benefits. BEM 500 (July 2017); BEM 556 (April 2018), pp. 2-3; 7 CFR 273.9(a). FAP recipients who are not simplified reporters are required to report

starting or stopping employment and changes in circumstance that potentially affect eligibility or benefit amount within ten days of receiving the first payment reflecting the change. BAM 105 (January 2018), p. 12; 7 CFR 273.10(b)(1)(i). Simplified reporters are required to report changes in household income which are greater than the simplified reporting limit of their group size. BAM 200 (January 2017), p. 1; 7 CFR 273.10(b)(1)(i).

Respondent was notified of the responsibility to report a change in household gross income greater than the simplified reporting limit via the Notice of Case Action dated February 28, 2017. Since Respondent had a group size of four, her simplified reporting limit as noted on the Notice of Case Action was \$2,633.00. The Notice of Case Action also included a note from the case worker which stated in all capital letters "IF INCOME RETURNS TO HIGHER AMOUNTS, REPORT IT IMMEDIATELY." This notation from the case worker was based on Respondent's assertion on the most recent Semi-Annual Contact Report that the group's income had decreased. Based on the Semi-Annual Contact Report, the Department issued \$3,245.00 in FAP benefits to Respondent from April 2017 through August 2017.

However, a review of wages for Husband shows the following:

February 10, 2017	\$1,119.10
February 24, 2017	\$2,566.11
March 10, 2017	\$1,176.14
March 24, 2017	\$2,676.18
April 7, 2017	\$1,196.85
April 21, 2017	\$2,907.16

Husband's wages exceeded the simplified reporting limit by a significant amount in each month. Despite the significant income greater than the simplified reporting limit, reminder from the case worker, and notation of the limit on the Notice of Case Action, Respondent did not report the income to the Department. Given the amount of the income received, the length of time it was received, and the fact that the Notice of Case Action was issued in the same month that the income began exceeding the simplified reporting limit, MDHHS has presented clear and convincing evidence that Respondent committed an IPV.

### **IPV Disqualification**

An individual who is found pursuant to an IPV disqualification hearing to have committed a FAP IPV is disqualified from receiving benefits for the same program for 12 months for the first IPV, 24 months for the second IPV, and lifetime for the third IPV. 7 CFR 273.16(b)(1); BAM 720, p. 16. As discussed above, MDHHS has established by clear and convincing evidence that Respondent committed an IPV. There was no evidence of prior IPV's by Respondent. This was Respondent's first IPV for FAP; Respondent is subject to a 12-month disqualification from receipt of 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. MDHHS has established by clear and convincing evidence that Respondent committed an IPV.
2. Respondent is subject to a 12-month disqualification from FAP.

**IT IS ORDERED** that Respondent be personally disqualified from FAP for a period of 12 months.

AMTM/cc



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**Amanda M. T. Marler**

Administrative Law Judge  
for Elizabeth Hertel, 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-Jackson-Hearings  
MDHHS-OIG-Hearings  
D. Sweeney  
M. Holden  
MOAHR

**Respondent- Via USPS:**

