



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

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

MARLON I. BROWN, DPA
ACTING DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: December 4, 2023
MOAHR Docket No.: 23-004246
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED] [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 November 14, 2023, from Lansing, Michigan. The Department was represented by Karrie Felenchak, 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 an application for assistance dated March [REDACTED] 2021, Respondent acknowledged her duties and responsibilities including the duty to report all cash assets. 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 reported on her March [REDACTED] 2021, application for assistance that she did not have any cash assets. Exhibit A, p 14.
3. Department records indicate that Respondent reported during an eligibility interview on April [REDACTED] 2021, that she did not have assets exceeding \$15,000 in value. Exhibit A, pp 63-65.
4. On April [REDACTED] 2021, the Department notified Respondent that she was eligible for Food Assistance Program (FAP) benefits. Exhibit A, pp 66-73.
5. On an application for assistance dated February [REDACTED] 2022, Respondent acknowledged her duties and responsibilities including the duty to report all cash assets. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Exhibit A, pp 74-80.
6. Respondent reported on her February [REDACTED] 2022, application for assistance that she did not have any cash assets. Exhibit A, p 78.
7. Department records indicate that Respondent reported during an eligibility interview on February [REDACTED] 2022, that she did not have assets exceeding \$15,000 in value. Exhibit A, pp 81-87.
8. Bank records indicate that as of January [REDACTED] 2021, Respondent had \$[REDACTED] in her bank account, and the balance of her account exceeded \$15,000 through September 22, 2021. Exhibit A, pp 95-126.
9. Bank records indicate that as of December [REDACTED] 2021, Respondent had \$[REDACTED] in her bank account, and that balance of her account exceeded \$15,000 through August 22, 2022. Exhibit A, pp 130-170.
10. Respondent received Food Assistance Program (FAP) benefits totaling \$[REDACTED] from March 22, 2021. Exhibit A, pp 180-185.
11. Respondent received Food Assistance Program (FAP) benefits totaling \$[REDACTED] from February 11, 2022, through June 30, 2022. Exhibit A, pp 180-185.
12. The Department's OIG filed a hearing request on July 25, 2023, to establish that Respondent committed an Intentional Program Violation (IPV). Exhibit A, p 3.
13. On July 25, 20223, the Department sent Respondent an Intentional Program Violation Repayment Agreement (DHS-4350) with notice of a \$[REDACTED] overpayment. Exhibit A, pp 212-213.
14. On July 25, 2023, the Department sent Respondent a Request for Waiver of Disqualification Hearing (DHS-826). Exhibit A, pp 7-8.

15. On October █ 2003, Respondent signed an Intentional Program Violation Recoupment and Disqualification Agreement admitting that she had received an overpayment of Food Assistance Program (FAP) benefits, waving her right to a hearing, and accepting disqualification from the Food Assistance Program (FAP). Exhibit A, pp 201-211.
16. This was Respondent's second established IPV.
17. 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) is funded under the federal Supplemental Nutrition Assistance Program (SNAP) established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 through 7 USC 2036a. It is implemented by the federal regulations contained in 7 CFR 273. The Department administers FAP pursuant to MCL 400.10 of the Social Welfare Act, MCL 400.1 *et seq*, and Mich Admin Code, R 400.3001 through 400.3011.

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 (October 1, 2017), pp 12-13.

Overissuance

An “overissuance” is an amount owed because of benefits that are overpaid, which the Department must establish and collect. 7 CFR 273.18(a). 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.

Assets means cash, any other personal property and real property. Real property is land and objects affixed to the land such as buildings, trees, and fences. Condominiums are real property. Personal property is any item subject to ownership that is not real property. Countable assets cannot exceed the applicable asset limit. An asset is countable if it meets the availability tests and is not excluded. Available means that someone in the asset group has the legal right to use or dispose of the asset. Department of Human Services Bridges Eligibility Manual (BEM) 400 (July 1, 2023).

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 all cash assets. Department of Health and Human Services Bridges Administrative Manual (BAM) 105 (October 1, 2023), 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 (November 1, 2023), 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 an application for assistance dated March █ 2021, Respondent acknowledged the duty to report all cash assets. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. Respondent reported on her March █ 2021, application for assistance and during an eligibility interview that she did not have assets exceeding \$15,000. On April █ 2021, the Department notified Respondent that she was eligible for FAP benefits.

Respondent failed to report that as of December █ 2021, she had \$█ in her bank account, and the balance of her account exceeded \$15,000 through September 22, 2021. The limit for households to remain eligible for any FAP benefits is \$15,000. BEM 400, p 5. If Respondent had reported the balance of her bank account, the Department would have closed her FAP benefits. Respondent received FAP benefits totaling \$2,148

from March 22, 2021, through August 31, 2021. Respondent was not eligible for any of those benefits but received emergency supplemental FAP benefits totaling \$8 during that period that the Department is not authorized to recoup. Therefore, Respondent received a \$[REDACTED] overissuance of FAP benefits.

On February [REDACTED] 2022, Respondent reapplied for FAP benefits, falsely reporting that she did not possess assets with a value exceeding \$15,000. Respondent received FAP benefits totaling \$[REDACTED] from February 11, 2022, through June 30, 2022, and no emergency supplemental FAP benefits that cannot be recouped were being granted by the Department during that period. Since Respondent had countable cash assets exceeding \$15,000, she was not eligible for any FAP benefits, and she received a \$[REDACTED] overissuance of FAP benefits.

Intentional Program Violation

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).

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.*

Respondent acknowledged the duties and responsibilities of receiving FAP benefits on applications for assistance dated March 20, 2021, and February 11, 2022. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. It is the Department's practice to provide pamphlet material to eligible FAP recipients advising them of their duty to report all assets. The hearing record supports a finding that Respondent was provided with notice that Respondent was instructed to truthfully and accurately report her cash assets in a timely manner.

Respondent failed to report that she possessed cash assets exceeding \$15,000 in a timely manner, and falsely reported that she did not possess assets when she reapplied for FAP benefits. As a result of Respondent's failure to report her cash assets, she received an overissuance of FAP benefits.

This Administrative Law Judge finds that the Department has presented clear and convincing evidence that Respondent intentionally withheld reporting her countable cash assets for the purposes of becoming eligible for and 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 if 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. Department of Health and Human Services Bridges Administrative Manual (BAM) BAM 710 (January 1, 2018), 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 second established IPV violation.

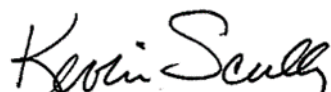
The Department has established an Intentional Program Violation (IPV).

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 Intentional Program Violation (IPV).
2. Respondent did receive an overissuance of Food Assistance Program (FAP) benefits in the amount of \$[REDACTED]
3. The Department is ORDERED to initiate recoupment procedures for the amount of \$[REDACTED] in accordance with Department policy.
4. It is FURTHER ORDERED that Respondent be disqualified from the Food Assistance Program (FAP) for a period of 24 months.

KS/dm



Kevin Scully
Administrative Law Judge
Michigan Office of Administrative Hearings
and Rules (MOAHR)

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-Electronic Mail :

Petitioner
OIG
**MDHHS-OIG-
HEARINGS@michigan.gov**

DHHS
Denise Key-McCoggle
Wayne-Greydale-DHHS
**MDHHS-Wayne-15-Greydale-
Hearings@michigan.gov**

Policy-Recoupment

StebbinsN

MOAHR

Via-First Class Mail :

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