



GRETCHEN WHITMER
GOVERNOR

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

MARLON I. BROWN
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: May 8, 2024
MOAHR Docket No.: 23-005847
Agency No.: [REDACTED]
Petitioner: OIG
Respondent: [REDACTED] [REDACTED]

ADMINISTRATIVE LAW JUDGE: Colleen Lack

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] [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 April 3, 2024.

Jonathan Edwards, Regulation Agent of the Office of Inspector General (OIG), represented MDHHS.

Respondent appeared and represented herself.

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?
3. Did Respondent receive an overissuance (OI) of FAP benefits that MDHHS is entitled to recoup and/or collect as a recipient claim?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. From December 1, 2022 to December 31, 2022 (fraud period), Respondent received \$[REDACTED] in FAP benefits. (Exhibit A, p. 81)

2. On January █ 2022, Respondent submitted a Renew Benefits for her FAP and childcare benefit cases. Respondent reported that that household members were herself and two children. It the reported that the father(s) of the children were not living in the home. (Exhibit A, pp. 10-12)
3. On July █ 2022, Respondent submitted a Renew Benefits for her FAP benefit cases. Respondent reported that that household members were herself and two children. (Exhibit A, pp. 58-59)
4. In October 2022, Respondent had a child and █ █ █ was listed as the father on the birth certificate. (Exhibit A, pp. 1 and 60)
5. Respondent's signature on the Renew Benefit forms certified that the information she provided was accurate and that she read and understood the rights and responsibilities, which would include providing accurate information and timely reporting any changes. (Exhibit A, pp. 3-4, 12-57 and 59; Regulation Agent Testimony)
6. On October █ 2022, Respondent reported that she had her child. The child was added to the FAP case and benefits increased. (Exhibit A, pp. 86-87)
7. On October █ 2022, a Notice of Case Action was issued to Respondent at █ █ █ approving FAP for a household of four, Respondent and the three children. (Exhibit A, pp. 71-77)
8. On December █ 2022, Respondent submitted birth documentation. A consolidated inquiry report showed the father of the child had income from employment and a Verification Checklist was issued. (Exhibit A, p. 86)
9. On December █ 2022, Respondent called about the Verification Checklist noting that she never reported █ as a household member, he only uses the address for mailing purposes. (Exhibit A, p. 86)
10. A report from The Work Number documents that █ █ █ reported his address as █. His earnings from employment during the fraud period were documented. (Exhibit A, pp. 62-70)
11. █ also reported his address as █ █ █ when he registered vehicles on May █ 2021 and May █ 2022. This was also his address for his driving license issued January █ 2023. (Exhibit A, pp. 78-80)
12. Respondent was aware of the responsibility to accurately report information and to timely report any changes. (Exhibit A, pp. 3-4, 12-57 and 59; Regulation Agent Testimony)

13. Respondent did not have an apparent physical or mental impairment that would limit the ability to understand or fulfill the reporting requirements. (Exhibit A, p. 90)
14. Respondent has no prior FAP IPV disqualifications. (Exhibit A, pp. 1 and 89)
15. On September 18, 2023, MDHHS' OIG filed a hearing request alleging that Respondent intentionally failed to report earned income of her child's father, a mandatory group member, to the Department and as a result, received FAP benefits from December 1, 2022 to December 31, 2022 (fraud period) that Respondent was ineligible to receive. OIG requested that (i) Respondent repay \$[REDACTED] to MDHHS for FAP benefits that Respondent was ineligible to receive and (ii) Respondent be disqualified from receiving FAP benefits for a period of 12 months due to committing an IPV. (Exhibit A, pp. 1-92)
16. 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 (October 1, 2017), p. 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 understanding or fulfill these reporting responsibilities. BAM 720, p. 1.

In this case, MDHHS alleges that Respondent committed an IPV based on Respondent intentionally failing to report a mandatory group member and his income to the Department, resulting in receiving FAP benefits from December 1, 2022 to December 31, 2022 (fraud period) that Respondent was ineligible to receive.

The Department has established that Respondent was aware of the responsibilities to accurately report information and to timely report any changes to the Department. Department policy requires clients to completely and truthfully answer all questions on forms and in interview. BAM 105 (April 1, 2022) p. 9. Households must also report all changes in household composition, such as the addition or loss of a household member. 7 CFR 273.12(a)(1)(ii) and 7 CFR 273.12(a)(1)(iii) Department policy requires clients to report any change in circumstances that will affect eligibility or benefit amount within 10 days. This includes changes with household composition. BAM 105, pp. 11-13. Respondent’s signature on the Renew Benefit forms certified that the information she provided was accurate and that she read and understood the rights and responsibilities, which would include providing accurate information and timely reporting any changes. (Exhibit A, pp. 3-4, 12-57 and 59; Regulation Agent Testimony). Respondent did not have an apparent physical or mental impairment that would limit the ability to understand or fulfill the reporting requirements. (Exhibit A, p. 90).

On January ■ 2022, Respondent submitted a Renew Benefits for her FAP and childcare benefit cases. Respondent reported that that household members were herself and two children. It the reported that the father(s) of the children were not living in the home. (Exhibit A, pp. 10-12).

On July ■ 2022, Respondent submitted a Renew Benefits for her FAP benefit cases. Respondent reported that that household members were herself and two children. (Exhibit A, pp. 58-59).

In October 2022, Respondent had a child and ■ was listed as the father on the birth certificate. (Exhibit A, pp. 1 and 60).

On October ■ 2022, Respondent reported that she had her child. The child was added to the FAP case and benefits increased. (Exhibit A, pp. 86-87). On October ■ 2022, a Notice of Case Action was issued to Respondent at ■ approving FAP for a household of four, Respondent and the three children. The notice

indicates that at that point Respondent became a simplified reporter. (Exhibit A, pp. 71-77). However, there is no evidence that Respondent was considered a simplified reporter prior to the October 25, 2022 determination. Accordingly, it appears that Petitioner was a change reporter and would have been required to report any change in circumstances that will affect eligibility or benefit amount within 10 days. This includes changes with household composition.

On December [REDACTED] 2022, Respondent submitted birth documentation. A consolidated inquiry report showed the father of the child had income from employment and a Verification Checklist was issued. (Exhibit A, p. 86). On December [REDACTED] 2022, Respondent called about the Verification Checklist noting that she never reported [REDACTED] as a household member, he only uses the address for mailing purposes. (Exhibit A, p. 86).

Respondent testified that she signed the paperwork agreeing to repay the overissuance. Respondent noted that she is not married to [REDACTED], and he is only the father of one of her children. He cannot claim the other children on his taxes. This creates barriers and seems unfair. Respondent questioned whether the overissuance was calculated with the group size of five (rather than four) if [REDACTED] and his income are counted for the FAP group. (Respondent Testimony). The Regulation Agent confirmed that the group size, and applicable income limit, were for a group size of five when the overissuance was calculated. (Regulation Agent Testimony).

A report from The Work Number documents that [REDACTED] reported his address as [REDACTED]. His earnings from employment during the fraud period were documented. (Exhibit A, pp. 62-70). [REDACTED] also reported his address as [REDACTED] when he registered vehicles on May [REDACTED] 2021 and May [REDACTED] 2022. This was also his address for his driving license issued January 4, 2023. (Exhibit A, pp. 78-80). The evidence supports that [REDACTED] was properly included as a FAP household member once Respondent's third child was born.

The evidence shows that Respondent did not accurately and timely report the household composition when she was receiving FAP benefits, as required per policy. The father of the Respondent's third child was a mandatory group member once that child was born, and his income should have been included in the FAP budgets. Respondent's failure to accurately and timely report that he was in the home, and his income, resulted in an OI of FAP benefits. Therefore, 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. Respondent has no prior FAP IPV disqualifications. (Exhibit A, pp. 1 and 89). Because this was Respondent's first IPV for FAP, Respondent is subject to a 12-month disqualification from receipt of FAP benefits.

Overissuance

When a client group receives more benefits than entitled to receive, MDHHS must attempt to recoup the OI as a recipient claim. 7 CFR 273.18(a)(2); BAM 700, (October 1, 2018), p. 1. The amount of a FAP OI is the benefit amount the client actually received minus the amount the client was eligible to receive. 7 CFR 273.18(c)(1); BAM 720, p. 8; BAM 715 (October 1, 2017), p. 6; BAM 705 (October 1, 2018), p. 6.

In this case, MDHHS alleged that Respondent was overissued FAP benefits totaling \$[REDACTED] during the fraud period. From December 1, 2022 to December 31, 2022 (fraud period), Respondent received \$[REDACTED] in FAP benefits. (Exhibit A, p. 81). When the corrected household composition and income was utilized to redetermine eligibility for FAP, Respondent's household was not eligible for FAP benefits during the fraud period. The income limit and household income were reviewed during the hearing proceeding. (Exhibit A, pp. 3-4; Regulation Agent Testimony). Therefore, MDHHS is entitled to repayment from Respondent of \$[REDACTED] in overissued FAP benefits for the fraud period.

DECISION AND ORDER

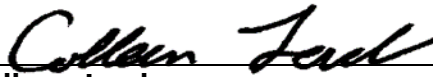
The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, concludes that:

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.
3. Respondent did receive an OI of FAP benefits in the amount of \$ [REDACTED]

IT IS ORDERED that MDHHS initiate recoupment and/or collection procedures in accordance with MDHHS policy for a FAP OI in the amount of \$ [REDACTED] less any amounts already recouped/collected for the fraud period.

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

CL/dm



Colleen Lack
Administrative Law Judge

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
Keisha Koger-Roper
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Policy-Recoupment

StebbinsN

MOAHR

Via-First Class Mail :

Respondent

[REDACTED]
[REDACTED]
[REDACTED]