



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: April 30, 2024
MOAHR Docket No.: 23-006102
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 April 24, 2024, from Lansing, Michigan. The Department was represented by Walter Broadworth, 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 June [REDACTED] 2022, Respondent acknowledged her duties and responsibilities including the duty to report all household income. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.

2. Respondent acknowledged under penalties of perjury that her June ■ 2022, application form was examined by or read to her, and, to the best of her knowledge, contained facts that were true and complete.
3. Respondent reported on her June ■ 2022, application for assistance that child support was the sole source of income for her household of four people, and that her employment had recently ended.
4. On June ■ 2022, the Department notified Respondent that she was eligible for Food Assistance Program (FAP) benefits as a household of four receiving earned income in the gross monthly amount of \$■ and unearned income in the gross monthly amount of \$■. Respondent was also instructed to report if her household income exceeded \$2,871 per month.
5. On an application for assistance dated September ■ 2022, Respondent reported that she was working 40 hours per week at a rate of \$■ per hour (\$■ prospective monthly income) and that she continued to receive child support.
6. Respondent's husband received earned income from employment from July 22, 2022, through September 30, 2022.
7. Respondent received Food Assistance Program (FAP) benefits totaling \$865 from September 1, 2022, through September 30, 2022.
8. Department records indicate that on October ■ 2022, the Department notified Respondent that she had received a \$■ overissuance in September of 2022, and that the Department intended to recoup that debt.
9. The Department's OIG filed a hearing request on September 28, 2023, to establish that Respondent committed an Intentional Program Violation (IPV).
10. On September 27, 2023, the Department sent Respondent an Intentional Program Violation Repayment Agreement (DHS-4350) with notice of a \$■ overpayment.
11. On September 28, 2023, the Department sent Respondent a Request for Waiver of Disqualification Hearing (DHS-826).
12. This was Respondent's first established IPV.
13. 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.

On an application for assistance dated June █ 2022, Respondent acknowledged the duty to report all household income in a timely manner. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. On June █ 2022, the Department notified Respondent that she was eligible for FAP benefits as a household of four received earned income in the gross monthly amount of \$█ and unearned income (child support) in the gross monthly amount of \$█. Respondent was also instructed on June 21, 2022, to report if her household income exceeded \$2,871 per month.

Respondent failed to report when her husband started receiving earned income from employment on July █ 2022. This unreported income, when combined with Respondent's earned income and the child support being received in the household, totaling \$█ in July of 2022.

Respondent was the grantee of a simplified reporting FAP household. Simplified reporting households are required to report only when the household's actual gross monthly income exceeds the simplified reporter income limit for their group size. If the group's income exceeds the limit at the end of the month, the group must report this change to the Department by the 10th day of the following month. Department of Health and Human Services Bridges Administrative Manual (BAM) 200 (July 1, 2023), p 1.

If Respondent had reported that her household income exceeded the simplified reporter income limit in a timely manner, the Department would have closed her FAP benefits by September 1, 2022. Respondent received FAP benefits totaling \$█ from September 1, 2022, through September 30, 2022. Therefore, Respondent received a █ overissuance of FAP benefits. On October 4, 2022, the Department notified Respondent that it intended to recoup that debt. No evidence was presented on the record that Respondent filed a timely hearing request protesting the recoupment of overissued 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 an application for assistance dated June ■ 2022. Respondent did not have an apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement. The Department notified Respondent on June ■ 2022, that it was her duty to report if her household income exceeded \$2,871 per month.

Respondent failed to report when her husband began receiving earned income from employment that caused the household to exceed the simplified reporter limit in July of 2022. Respondent had reported enough income to remain eligible for FAP benefits and then received the maximum allotment of benefits. As a result of Respondent's failure to report that her husband started receiving an income and her household income exceeded the limit for her to remain eligible for FAP benefits, 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 the increase of her household income 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 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 first 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 12 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
Jessica Sheely
Hillsdale County DHHS
**MDHHS-Hillsdale-
Hearings@michigan.gov**

Policy-Recoupment

StebbinsN

MOAHR

Via-First Class Mail :

Respondent

[REDACTED]
[REDACTED]
[REDACTED]