

Date Mailed: September [REDACTED] 2025  
Docket No.: 25-015083  
Case No.: [REDACTED]  
Petitioner: OFFICE OF INSPECTOR  
GENERAL (OIG)

## **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) concerning state benefits. 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 September 3, 2025. Valerie Lancour, Regulation Agent with 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?
3. Did Respondent receive an overpayment (OP) of FAP benefits that MDHHS is entitled to recoup?
4. Did Respondent receive an OP of Medical Assistance/Medicaid (MA) benefits that MDHHS is entitled to recoup?

### **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 October 5, 2023, Respondent applied for MA coverage for himself. Prior to submission of the application, Respondent must review rights and responsibilities as a MA recipient, including timely reporting changes in household circumstances to MDHHS (Exhibit A, pp. 11-16).
2. On October 5, 2023, MDHHS issued a Healthcare Coverage Determination Notice to Respondent, informing him that he was approved for full coverage MA under the

Healthy Michigan Plan, effective October 1, 2023. This Notice reminded Respondent the rights and responsibilities as a MA recipient, including timely reporting changes in household circumstances to MDHHS (Exhibit A, pp. 17-20).

3. On October 21, 2023, Respondent applied for FAP benefits for himself. Prior to submission of the application, Respondent must review rights and responsibilities as a FAP recipient, including timely reporting changes in household circumstances to MDHHS (Exhibit A, pp. 21-27).
4. On October 23, 2023, MDHHS issued a Notice of Case Action to Respondent informing him that he had been approved for FAP benefits for a group size of one. MDHHS notified Respondent that he is a Simplified Reporter and that the only change that he is responsible to report is if his household income exceeds the simplified reporting (SR) limit of [REDACTED] (Exhibit A, pp. 28-35).
5. On November 15, 2023, Respondent began to work for [REDACTED] [REDACTED] (Employer), receiving his first paycheck on November 24, 2023. Respondent reported a Colorado home address to Employer (Exhibit A, pp. 37-39).
6. From November 15, 2023 through April 9, 2024, Respondent's FAP benefits were used exclusively to make purchases within the State of Colorado (Exhibit A, p. 36).
7. From February 1, 2024 through March 31, 2024, Respondent received [REDACTED] in FAP benefits (Exhibit A, p. 44).
8. From January 1, 2024 through April 30, 2024, MDHHS issued [REDACTED] in capitation payments for MA coverage for Respondent (Exhibit A, pp. 50-54).
9. Respondent does not have an apparent physical or mental impairment that would limit the understanding or ability to accurately report where she is residing.
10. Respondent has no prior FAP IPV disqualifications.
11. On April 29, 2025, MDHHS' OIG filed a hearing request alleging that Respondent intentionally failed to report that he exceeded the SR limit and as a result, Respondent was overpaid FAP benefits from February 1, 2024 through March 31, 2024 (FAP fraud period) that he was not eligible to receive. Additionally, Respondent intentionally failed to report that he was no longer a Michigan resident and received MA coverage from January 1, 2024 through April 30, 2024 (MA fraud period) that he was no longer eligible to receive. OIG requested that:
  - a. Respondent repay [REDACTED] to MDHHS for FAP benefits that he was ineligible to receive.
  - b. Respondent repay [REDACTED] to MDHHS for MA benefits that Respondent was ineligible to receive.

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- c. Respondent be disqualified from receiving FAP benefits for a period of 12-months due to committing an IPV.

12. 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.

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396 to 42 USC 1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10 to 42 CFR 430.25. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.103 to MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.*

### **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 2017), 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 uncontested 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 for failing to report that his household income exceeded the SR limit once he began to work for Employer. Simplified reporters are only required to report when the group's actual gross monthly income (not converted) exceeds the SR limit for their group size. If the group has an increase in income, the group must determine their total gross income at the end of that month. If the total gross income exceeds the group's SR income limit, the group must report this change to their specialist by the 10th day of the following month, or the next business day if the 10th day falls on a weekend or holiday. BAM 200 (July 2023) p. 1. The SR limit is equal to the gross income limit for the group size. BAM 200, p. 2. For a FAP group size of one, the simplified reporting limit was [REDACTED] during the fraud period. RFT 250 (October 2023), p. 1, Column E. The only client error overissuance related to simplified reporting that can occur are when the group fails to report that income exceeds the group's SR income limit or the client voluntarily reports inaccurate information. For failure to report income over the limit, the first month of the overissuance is two months after the actual monthly income exceeded the limit. BAM 200, pp. 5-6.

Here, Respondent was advised that he was a simplified reporter when MDHHS issued a Notice of Case Action on October 23, 2023. Respondent began to exceed the SR limit in December 2023 when he worked for Employer. The lack of reporting when over the simplified reporting limit is consistent with an intent to fraudulently obtain FAP benefits. Respondent reported having no disabilities which may affect his capacity to truthfully report his circumstances. Respondent did not appear at the hearing to explain or contradict any evidence presented against him. MDHHS has shown clear and convincing evidence that Respondent intentionally failed to report exceeding the SR limit for the purpose of maintaining or preventing reduction of his 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. There was evidence of no prior IPVs by Respondent. Because this was Respondent's first IPV for FAP, Respondent is subject to a 12-month disqualification from receipt of FAP benefits.

**OVERPAYMENT:**

**Food Assistance Program:**

When a client group receives more benefits than entitled to receive, MDHHS must attempt to recoup the OP as a recipient claim. 7 CFR 273.18(a)(2); BAM 700 (October 2018), p. 1. The amount of a FAP OP 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 2017), pp. 5-7.

MDHHS calculates the OP total for the fraud period by calculating what Respondent's FAP budget would have been if his earned income from employment would have been included in the budget. MDHHS determined what Respondent's monthly benefit amount should have been if earned income was included in her FAP budget by using the income information received from the Work Number database (see Exhibit A, pp. 37-39). MDHHS determined that had Respondent's income been included in his household budget, he would not have been eligible to receive FAP benefits. A review of Respondent's household income during the fraud period shows that, for each month, the household had income in excess of the gross income limit for FAP eligibility (see Exhibit A, pp. 45-49). Since Respondent was not eligible to receive FAP benefits, all benefits issued during this time were overpaid. Therefore, since Respondent was issued [REDACTED] during the fraud period, MDHHS is entitled to recoup [REDACTED] in overpaid FAP benefits.

**Medical Assistance:**

MDHHS may initiate recoupment of an MA overissuance only due to client error or IPV, not when due to agency error. BAM 710 (January 2018), p. 1. A client error OP occurs when the client received more benefits than entitled to because the client gave incorrect or incomplete information to MDHHS. BAM 700, p. 7.

In this case, MDHHS alleges that Respondent failed to update when he was no longer a Michigan resident, causing an OP of MA benefits. Clients must report changes, such as changes in address to MDHHS within 10 days after the client is aware of them. BAM 105 (October 2019), p. 12-13. A person must be a Michigan resident to receive MA issued by the MDHHS. BEM 220, p. 1. For MA purposes, an individual is a Michigan resident if living in Michigan except for a temporary absence. Residency continues for an individual who is temporarily absent from Michigan or intends to return to Michigan when the purpose of the absence has been accomplished. BEM 220, p. 1-2.

Here, MDHHS presented evidence that Respondent no longer lived in Michigan beginning November 15, 2023. Since Respondent failed to report to MDHHS that he moved to Colorado, he was overissued MA benefits issued by the State of Michigan. Because Respondent failed to accurately and timely report her change in address and residency, MDHHS' evidence establishes that Respondent withheld information and as a result received MA benefits he was not entitled to.

The amount of a MA OP for an OP due to any reason other than unreported income or a change affecting need allowances is the amount of MA payments. BAM 710, pp. 1-2.

MDHHS established that the State of Michigan paid [REDACTED] in MA payments to provide Respondent with MA coverage from January 1, 2024 through April 30, 2024, the period in which he was no longer considered to be a resident of the State of Michigan. Since Respondent was not eligible for the MA benefits Michigan issued, MDHHS is entitled to to recoup [REDACTED]

### **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:

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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 benefits.
3. Respondent did receive an OP of FAP benefits in the amount of [REDACTED]
4. Respondent did receive an OP of MA benefits in the amount of [REDACTED].

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

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

**IT IS FURTHER ORDERED** that MDHHS initiate recoupment and/or collection procedures in accordance with MDHHS policy for [REDACTED] in OP MA benefits, less any amounts already recouped/collected for the fraud period.



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**DANIELLE NUCCIO**  
**ADMINISTRATIVE LAW JUDGE**

**APPEAL RIGHTS:** Respondent may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at courts.michigan.gov. The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available but assistance may be available through the State Bar of Michigan at <https://lrs.michbar.org> or Michigan Legal Help at <https://michiganlegalhelp.org>. A copy of the circuit court appeal should be sent to MOAHR. A circuit court appeal may result in a reversal of the Hearing Decision.

Either party who disagrees with this Hearing Decision may also send a written request for a rehearing and/or reconsideration to MOAHR within 30 days of the mailing date of this Hearing Decision. The request should include Petitioner's name, the docket number from page 1 of this Hearing Decision, an explanation of the specific reasons for the request, and any documents supporting the request. The request should be sent to MOAHR

- by email to [MOAHR-BSD-Support@michigan.gov](mailto:MOAHR-BSD-Support@michigan.gov), OR
- by fax at (517) 763-0155, OR
- by mail addressed to  
Michigan Office of Administrative Hearings and Rules  
Rehearing/Reconsideration Request  
P.O. Box 30639  
Lansing Michigan 48909-8139

Documents sent via email are not secure and can be faxed or mailed to avoid any potential risks. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed.

**Via Electronic Mail:**

**Petitioner**

OFFICE OF INSPECTOR GENERAL (OIG)  
PO BOX 30062  
LANSING, MI 48909-7562  
**MDHHS-OIG-HEARINGS@MICHIGAN.GOV**

**Via First Class Mail:**

**Respondent**

A large rectangular area of the page is completely blacked out, indicating a redacted address for the respondent.