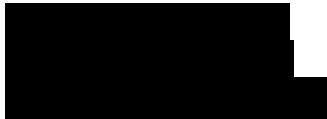




Date Mailed: August [REDACTED], 2025
Docket No.: 25-025428
Case No.: [REDACTED]
Petitioner: [REDACTED]



This is an important legal document. Please have someone translate the document.

هذه وثيقة قانونية مهمة. يرجى أن يكون هناك شخص ما يترجم المستند.

এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।

Este es un documento legal importante. Por favor, que alguien traduzca el documento.

这是一份重要的法律文件。请让别人翻译文件。

Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

Date Mailed: August [REDACTED], 2025
Docket No.: 25-025428
Case No.: [REDACTED]
Petitioner: [REDACTED]

HEARING DECISION

Following Petitioner's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a hearing was held via telephone conference on August 5, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Dawn McKay, Overpayment Establishment Analyst.

ISSUE

Did Petitioner receive an overpayment (OP) of Food Assistance Program (FAP) benefit due to client error that the Department 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. At all times relevant to this case, Petitioner was an ongoing recipient of FAP benefits for a FAP group size of one.
2. On May 6, 2024, Petitioner submitted an Assistance Application to the Department for medical assistance benefits and FAP benefits for herself. Petitioner indicated in the application that she was unemployed, disabled, and had no reportable income. Exhibit A, pp. 6-13.
3. On June 20, 2024, the Department completed a FAP interview with Petitioner. During the interview, Petitioner reported that she lived with her parents but purchased and prepared food separately. Petitioner further indicated that her parents provided her with her necessities but did not provide her with cash directly. Exhibit A, p. 14-20.
4. On June 20, 2024, the Department sent Petitioner a Notice of Case Action informing her that she was approved for FAP benefits in the amount of [REDACTED] for May 6, 2024, to May 31, 2024, and [REDACTED] per month effective June 1, 2024, to April 30, 2025, for a household size of one. The Notice included a Budget Summary which noted Petitioner's income as [REDACTED]. The Notice also explained the simplified reporting rules. As a simplified reporter, Petitioner was informed that she was

obligated to report changes in household income that exceeded [REDACTED] per month. Exhibit A, pp. 21-28.

5. On October 22, 2024, the Department received a Semi-Annual Contact Report from Petitioner regarding her FAP case. Petitioner reported no changes to her income. Exhibit A, pp. 29-31.
6. On October 25, 2024, the Department sent Petitioner a Notice of Case Action informing her that she was approved for FAP benefits in the amount of [REDACTED] per month effective November 1, 2024, to April 30, 2025, for a household size of one. The Notice included a Budget Summary which noted Petitioner's income as [REDACTED] and informed her of her simplified reported responsibilities. Petitioner's simplified reporting income limit was [REDACTED]. Exhibit A, pp. 32-38.
7. On March 5, 2025, the Department received a FAP Redetermination Application from Petitioner. Petitioner did not report any income. Exhibit A, pp. 39-40.
8. On April 8, 2025, the Department completed a FAP interview with Petitioner. During the interview, Petitioner disclosed that she had been off work due to a car accident and began receiving short-term disability payments from her car insurer in September 2023. Petitioner indicated that she was paid [REDACTED] per month in short-term disability payments. Exhibit A, pp. 41-47.
9. Payment logs received from Petitioner's car insurer indicated that she was paid [REDACTED] in loss of income benefits due to a car accident. Based on the documentation received and communication with the car insurer, the Department concluded that Petitioner was issued [REDACTED] in monthly benefits from her car insurer that was not reported. Exhibit A, pp. 48-56.
10. During the alleged OP period, Petitioner was issued [REDACTED] in FAP benefits. Exhibit A, pp. 57-58, 83.
11. On May 14, 2025, the Department sent Petitioner a Notice of Overissuance informing her that she received more FAP benefits than she was eligible to receive from the Department totaling [REDACTED] from May 1, 2024, to April 30, 2025. The Department also expressed its intent to recoup the overpaid benefits. Exhibit A, pp. 84-89.
12. On June 30, 2025, Petitioner submitted a request for hearing to the Department disputing the Department's FAP OP determination. Exhibit A, pp. 3-5.

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) [formerly known as the Food Stamp program] is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 273. The Department (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-119b, and Mich Admin Code, R 400.3001-.3011.

Petitioner requested a hearing in this matter to dispute a finding by the Department that she was overissued FAP benefits in the amount of [REDACTED] from May 20, 2024, through April 30, 2025, due to client error. The Department alleged that Petitioner failed to report income received from insurance for short-term disability.

Clients must report changes in circumstances that potentially affect eligibility or benefit amount. Changes such as starting or stopping employment, earning income, and starting or stopping a source of unearned income must be reported within ten days of receiving the first payment reflecting the change. BAM 105 (March 2024), pp. 10-13; 7 CFR 273.12(a)(1); 7 CFR 273.21. Additionally, when a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the overissuance (overpayment). BAM 700 (October 2018), p. 1. A client error occurs when the client received more benefits than they were entitled to because the client gave incorrect or inaccurate information to the Department. BAM 700, pp. 4-6. An agency error is caused by incorrect actions by the Department, including delayed or no action, which result in the client receiving more benefits than they were entitled to receive. BAM 700, pp. 4-6. The amount of a FAP OP is the benefit amount the client received minus the amount the client was eligible to receive. BAM 715 (October 2017), p. 6; 7 CFR 273.18(c)(1). When an OP in excess of \$250.00 is discovered, the Department is required to establish a claim for repayment for the OI. BAM 715, p. 7; 7 CFR 273.18(d)(3).

Based on the evidence of record, there is no dispute among the parties that Petitioner received loss wage payments from her auto insurer following a car accident that rendered her unable to work. At the hearing, Petitioner acknowledged that she began receiving these payments prior to the date of the May 6, 2024, Assistance Application and continued to receive the payments during the alleged OP period. There is also no dispute among the parties that the payments received were replacement benefits for loss employment income.

Employment income and unearned income is considered in the calculation of a client's FAP eligibility and amount. BEM 556 (March 2024, pp. 1-8). FAP recipients who are simplified reporters, such as Petitioner, are required to report income only when the group's actual gross monthly income (not converted) exceeds the SR income limit for their group size. BAM 200 (July 2023), p. 1. No other change reporting is required. BAM

200, p. 1. Petitioner's monthly payments of [REDACTED] were over the SR reporting limit and should have been reported to the Department at application and thereafter. No evidence was presented confirming that Petitioner reported this unearned income to the Department at the time of application. Petitioner reported the unearned income during a FAP interview almost a year following the May 2024 application.

While the Petitioner failed to report the payments timely, as required, the Department continued to budget Petitioner's household income at [REDACTED]. As a result, Petitioner received FAP benefits she was not entitled to receive resulting in the OP. BEM 505 (October 2023), pp. 1, 13-14. Therefore, the Department properly processed the OP as a client error.

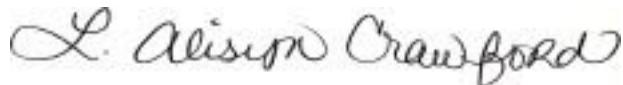
In support of its calculation of an OP, the Department presented monthly OP budgets for each month of the OP period. (Exhibit A, pp. 57-83). The Department testified that it calculated the OP total for the OP period by calculating what Petitioner's FAP budget would have been for each month during the OP period had her unearned income been included in the household budget. BEM 505, pp. 13-14. To calculate Petitioner's income for purposes of determining the OP, the Department utilized payment logs from Petitioner's auto insurer. Exhibit A, pp. 48-56.

A review of the OP budgets shows that the Department correctly recalculated Petitioner's gross monthly income based on actual pay for each month at issue. Because all FAP applicants and recipients are eligible for enhanced authorization for Domestic Violence Prevention Services (DVPS), the monthly categorical gross income limit is 200% of the federal poverty level (FPL). RFT 250 (October 2023), Column D. If a FAP group has excess income and is not categorically eligible, it is subject to the FAP gross income limit limiting FAP eligibility to 130% of the FPL. RFT 250, Column A. The FAP gross income limit for a group size of one was \$1,580 and \$1,632 during the relevant period. RFT 250, p. 1. Based on Petitioner's unearned income during the OP period, Petitioner's FAP group was eligible for some FAP benefits. The Department presented an issuance summary to establish that during the OP period it issued [REDACTED] in recoupable FAP benefits to Petitioner, for which she was only eligible for [REDACTED], which resulted in an OP of [REDACTED] in FAP benefits.

DECISION AND ORDER

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it determined that an OP of FAP benefits occurred, due to client error; and the Department is entitled to recoup [REDACTED] in FAP benefits that were overissued from May 6, 2024, to April 30, 2025.

Accordingly, the Department's decision is **AFFIRMED**.



L. ALISYN CRAWFORD
ADMINISTRATIVE LAW JUDGE

APPEAL RIGHTS: Petitioner 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 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, 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:

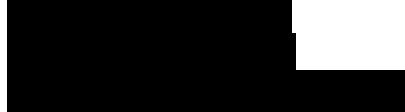
Agency Representative
DAWN MCKAY
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Via First Class Mail:

Petitioner

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