



STATE OF MICHIGAN

DEPARTMENT OF HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

MAURA D. CORRIGAN
DIRECTOR

June 8, 2012

The Honorable Bruce Caswell, Chair
Senate Appropriations Subcommittee on DHS
Michigan State Senate
Lansing, Michigan 48933

The Honorable David Agema, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator Caswell and Representative Agema:

Section 672(1) of 2011 Public Act No. 63 requires:

"The department's office of inspector general shall report to the senate and house of representatives appropriations subcommittees on the department budget, the senate and house fiscal agencies, and the senate and house policy offices by May 1 of the current fiscal year on department efforts to reduce inappropriate use of Michigan bridge cards. The department shall provide information on the number of recipients of services who used their electronic benefit transfer card inappropriately and the current status of each case."

The attached report provides information to fulfill the requirements of Section 672(1). If you have any questions about the attached material, please contact me at 517 373-7787.

Sincerely,

A handwritten signature in black ink that reads "Susan Kangas".

Susan Kangas
Chief Financial Officer

cc: Senate and House Appropriations Subcommittees on DHS
Senate and House Fiscal Agencies
Senate and House Policy Offices
State Budget Director

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Electronic Benefit Transfer Card Efforts to Reduce Inappropriate Use

Michigan EBT

Electronic Benefits Transfer (EBT) is the current method used by the Michigan Department of Human Services (MDHS) to provide clients with food and cash assistance. EBT is the alternative to paper food stamps and paper checks. The federal government has mandated that all states use EBT for food assistance benefits. Clients are issued a card when they become eligible for food and/or cash assistance. In Michigan the EBT card is called a Bridge Card.

Approximately 9,800 retailers and more than 12,000 ATMs are currently available for Bridge Card use within the state.

Training and Education

The first line of defense in reducing inappropriate use of Bridge Cards is education. MDHS provides client and retailer training. The trainings include guidelines for appropriate use of Bridge Cards as well as fraud and abuse information.

MDHS county and district offices also use Bridge Card education videos in their lobbies. Michigan offers a toll-free phone line (1-888-678-8914) that is available 24 hours a day, seven days a week. The phone number is located on the back of the Bridge Card. Clients are also provided with written materials when they become eligible for assistance. DHS Pub-322, “How to Use Your Bridge Card,” includes the following information about appropriate use:

- Misuse of your Food Assistance benefits is a violation of state and federal laws.
- DO NOT Sell, trade or give away your Food Assistance benefits, PIN or Michigan Bridge Card.
- DO NOT Allow a retailer to buy your Food Assistance benefits in exchange for cash.
- DO NOT Use someone else’s Food Assistance benefits or Bridge Card for your household.
- People who break Food Assistance program rules may be disqualified from the program, fined, put in prison, or all three; *and* must repay the Food Assistance benefits.

Investigations Unit works with local MDHS staff and law enforcement officials in developing and advocating ways and means to deter and/or detect fraud.

Fraud complaints can be made by calling the Welfare Fraud hotline at 1-800-222-8558 or by going to the following link:
<http://www.mfia.state.mi.us/OIG/SubmitComplaint.aspx?ComplaintMode=client>

Tracking Inappropriate Use

Michigan Bridge Cards are the mechanism that the department uses for administering not only Food Assistance benefits but also certain types of cash assistance. Cash assistance can be used for purchasing non-food items and for accessing cash benefits to pay for housing expenses and approved goods and services.

Tracking inappropriate use of Bridge Cards is, in large part, limited to the Food Assistance Program. Clients who receive cash benefits can withdraw those dollars, which they can then spend anywhere. Aside from educating clients on appropriate use of the cash benefits, it is difficult to monitor or curtail inappropriate use.

Investigating and tracking inappropriate use of EBT cards in the Food Assistance Program has been highly successful. For example, in June 2010 after months of investigation, authorities issued 38 warrants over the alleged misuse of Bridge Cards at a Grand Rapids gas station. Officers served a search warrant for “mis-operation” of the Food Assistance Program. The allegations stated that the store owner was giving customers cash for their Bridge Cards at a 50% discount. OIG agents partnered with the USDA-OIG and the Michigan State Police on the investigation.

During the past three years, the Office of Inspector General has investigated 8,148 fraud cases in the Food Assistance Program. The fraud found in FY 2011 was \$6.12 million for a three-year total of \$17.6 million.

In FY2011, OIG identified 131 recipients of services who used their EBT card inappropriately:

- 45 cases felony convictions
- 2 cases misdemeanor convictions
- 78 cases where prosecutor authorized recoupment in lieu of prosecution
- 6 cases where recoupment was ordered via administrative hearings decisions

131 Total number of recipients who used their EBT cards inappropriately