

STATE OF MICHIGAN
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF: [REDACTED],
Claimant

Reg. No: 2007-17565
Issue No: 3015; 2014
Case No: [REDACTED]
Load No: [REDACTED]
Hearing Date:
July 10, 2007
Newaygo County DHS

ADMINISTRATIVE LAW JUDGE: Jana A. Bachman

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9; and MCL 400.37 upon claimant's request for a hearing. After due notice, an in-person hearing was held on July 10, 2007. Claimant was represented by [REDACTED].

ISSUE

Whether the Department of Human Services (department) acted in compliance with department policy when it determined claimant's Food Assistance Program (FAP) and Medical Assistance (MA) benefits?

FINDINGS OF FACT

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

(1) March 19, 2007, claimant applied for FAP. May 2, 2007, the department prepared a FAP budget. Total earned income was [REDACTED] which consisted of claimant's [REDACTED] less actual expenses. A standard 20% was deducted from earnings.

Unearned income consisted of unemployment benefits for a household member and [REDACTED] [REDACTED] for claimant and spouse making total gross income of [REDACTED]. A standard [REDACTED] was deducted leaving adjusted gross of [REDACTED]. Allowable medical expenses of [REDACTED] were included less deductible of [REDACTED] leaving [REDACTED]. Allowable FAP shelter expenses were [REDACTED] which exceeded 50% of countable income by [REDACTED]. An excess shelter deduction of [REDACTED] was included leaving net income for FAP purposes of [REDACTED]. Claimant's household had excess income to qualify. April 18, 2007, a second FAP budget was prepared that also revealed claimant to have excess income to qualify. Department Exhibit A.

(2) February 2, 2007, the department prepared an MA budget for the month of March 2007. Total unearned income was [REDACTED] consisting of [REDACTED]. A standard [REDACTED]0 was deducted from unearned income. Claimant's [REDACTED] was included at [REDACTED] [REDACTED] of earnings deduction making total net income for MA purposes of [REDACTED]. Protected needs for a household of 2 was a standard [REDACTED] plus health insurance premiums of [REDACTED] making total needs for MA purposes of [REDACTED]. Monthly deductible was [REDACTED]. Department A.

(3) April 18, 2007, the department prepared an MA budget for the month of May 2007. . Total unearned income was [REDACTED] consisting of [REDACTED]. A standard [REDACTED] was deducted from unearned income. Claimant's [REDACTED] was included at [REDACTED] of earnings deduction making total net income for MA purposes of [REDACTED]. Protected needs for a household of 2 was a standard [REDACTED] plus health insurance premiums of [REDACTED] making total needs for MA purposes of [REDACTED]. Monthly deductible was [REDACTED]. Department A.

CONCLUSIONS OF LAW

The Food Assistance Program (FAP) (formerly known as the Food Stamp (FS) program) is established by the Food Stamp Act of 1977, as amended, and is implemented by the federal regulations contained in Title 7 of the Code of Federal Regulations (CFR). The Department of Human Services (DHS or department) administers the FAP program pursuant to MCL 400.10, *et seq.*, and MAC R 400.3001-3015. Department policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The Department of Human Services (DHS or department) administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105. Department policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

Department manuals provide the following policy statements and instructions for caseworkers:

When determining eligibility for FAP, all income must be included unless it is specifically excluded. Earned income, unemployment compensation, and Social Security benefits are not excluded and must be counted when determining FAP eligibility. The FAP program provides for a deduction from earned income of 20% and a deduction for the cost of child care when necessary to enable a FAP household member to work. A standard deduction from income of \$125.00 is allowed for each household. Certain non-reimbursable medical expenses above \$35.00 per month may be deducted for senior/disabled/veteran group members.

Another deduction is provided if monthly shelter costs are in excess of 50% of the household's income after all the other deductions have been allowed. Program Eligibility Manual (PEM) 500, 550, 554; Reference Table (RFT) 255; 7 CFR 273.2.

In this case, claimant asserts that the department overestimated his income and that his future income was not expected to be as much as past income. The department based its figures on claimant's statements on his application. Claimant provided further documentation regarding his income. After careful examination of the record, the Administrative Law Judge finds that a preponderance of the evidence establishes that the department properly determined claimant's income when preparing his FAP budget. Finding of Fact 1.

The federal regulations set forth at 7 CFR 273.10 provide the standards for the amount of a household's benefits. The department, in compliance with these regulations, has prepared issuance tables that are set forth at Reference Table (RFT) 260. RFT 260 provides that a senior/disabled/veteran household of three, living in [REDACTED] with income for FAP purposes of [REDACTED] is not entitled to receive FAP benefits due to excess income. Finding of Fact 1. Accordingly, the department has met its burden of proof and its action must be upheld.

When determining eligibility for MA, the household's total income must be evaluated. All earned and unearned income of each household member must be included unless specifically excluded. Social Security benefits and earned income are not excluded and must be counted when determining MA eligibility. The MA program provides for a standard [REDACTED] deduction from unearned income. [REDACTED] of earned income is deducted. A deduction may be included for expenses that enable an impaired or blind person to work and for guardianship or conservatorship fees. An allocation from income may be made to non-SSI children living with the household. PEM 500, 541.

Federal regulations at 42 CFR 435.811, .814, .831(C)(I), and .1007 provide standards for MA eligibility. The department, in compliance with these regulations, has prepared income tables that are set forth at Reference Table (RFT) 240 and specify the amount of income a household may have to qualify for MA. These maximum income limits are referred to as the protected income levels. MA policy provides for additions to the protected income level. An addition is allowed if the individual or household pays health insurance premiums. An addition may also be made for the cost of remedial services. PEM 544.

Monthly deductible is a process by which a person or household with excess income may qualify for MA coverage. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the monthly deductible amount for the calendar month being tested. The group must report expenses by the last day of the third month following the month it wants MA coverage. Medical expenses may be allowed when: (a) the expenses are incurred by an MA group member; AND (b) the MA individual or household is responsible for payment, AND (c) when they have not previously been used to meet a monthly deductible. The bills may be old or new expenses. PEM 545.

In this case, the Administrative Law Judge has examined the record and the department policy and finds that a preponderance of the evidence establishes that the department correctly calculated claimant's countable income and protected income level. A household of 2 residing in [REDACTED] with countable income for MA purposes of [REDACTED] and a protected income level for MA purposes of [REDACTED] has a monthly deductible of [REDACTED]. A household of 2 residing in [REDACTED] with countable income for MA purposes of [REDACTED] and a protected income level of [REDACTED] has a monthly deductible of [REDACTED].

Finding of Fact 2-3. The department has met its burden of proof. Therefore, the department's action must be upheld.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides the Department of Human Services properly determined claimant's eligibility for Food Assistance Program and Medical Assistance benefits.

Accordingly, the department's action is **HEREBY UPHELD**.

/s/ _____
Jana A. Bachman
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: November 17, 2009

Date Mailed: November 18, 2009

NOTICE: Administrative Hearings may order a rehearing or reconsideration on either its own motion or at the request of a party within 30 days of the mailing date of this Decision and Order. Administrative Hearings will not order a rehearing or reconsideration on the Department's motion where the final decision cannot be implemented within 90 days of the filing of the original request.

The Claimant may appeal the Decision and Order to Circuit Court within 30 days of the receipt of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt date of the rehearing decision.

JAB/db

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