

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.: 2008-30003  
Issue No.: 2026/3019  
Case No.: [REDACTED]  
Load No.: [REDACTED]  
Hearing Date:  
June 25, 2009  
Wayne County DHS (49)

ADMINISTRATIVE LAW JUDGE: Jonathan W. Owens

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, a telephone hearing was held on June 25, 2009. Claimant appeared and testified.

ISSUE

1. Did the Department properly determine the Claimant had excess income for Medicare premium coverage?
2. Did the Department properly close Claimant's Food Assistance Program (FAP) case?

FINDINGS OF FACT

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

1. On August 2007 the Department completed an MA budget for the Claimant. The Department determined based on RSDI amount the Claimant had excess income for MA and Medicare premium coverage and thus placed the Claimant's case into a spend-down.
2. On August 27, 2007 Claimant filed a request for hearing.

3. On December 5, 2007 the Department initiated closure of the Claimant's FAP case.
4. On December 13, 2007 the Claimant requested a hearing regarding the FAP case closure.
5. The Department subsequently reopened the Claimant's FAP case and supplemented him for the loss due to closure.

#### CONCLUSIONS OF LAW

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 (formerly known as the Family Independence Agency) 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).

Michigan provides MA for eligible clients under two general classifications: Group 1 and Group 2 MA. Claimant falls under Group 2 MA classification which consists of client's whose eligibility results from the state designating types of individuals as "medically needy." MCL 400.106; MSA 16.490 (16), MCL 400.107; MSA 16.490(17), and PEM, Item 105.

In order to qualify for Group 2 MA, a medically needy client must have income which is equal to or less than the protected basic maintenance level. Department policy sets forth the method for determining the protected basic maintenance level by considering: (1) the protected income level; (2) the amount diverted to dependents; (3) health insurance premiums; and (4) remedial services if determining eligibility for clients in adult-care homes. The protected income level is a set amount for non-medical needs such as shelter, food and incidental expenses. In all other cases other than those involving long-term care, the appropriate protected income level must be taken from PRT 240. PEM Item 545, and 42 CFR 435.811 through 435.814. If the

individual's income exceeds the protected income level, the excess amount must be used to pay medical expenses before Group 2 MA coverage can begin. This process is known as "spend-down." Policy requires the agency to count and budget all income received that is not specifically excluded. There are three main types of income: countable earned, countable unearned and excluded.

In the present case, Claimant's total countable income is \$1411. The Claimant's protected income level is \$375. After subtracting the total needs of the Claimant figured at \$375, the Claimant would be left with \$1036 spend-down amount. The Department properly completed a budget reflected all countable sources of income and determined correctly that the Claimant would only qualify for MA under a spend-down case.

The Claimant during hearing stated he was no longer aggrieved by the Department regarding the FAP case. The Department had remedied the FAP error and supplemented him for the loss in benefits.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department properly determined the Claimant the Claimant MA case to be a spend-down.

1. Accordingly the Department's decision is hereby AFFIRMED.
2. The Claimant's request regarding FAP is hereby DISMISSED since he is no longer aggrieved by the Department action.

/s/  
Jonathan W. Owens  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

2008-30003/JWO

Date Signed: 06/30/09

Date Mailed: 06/30/09

**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 60 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.

JWO/jlg

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