

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: 2009-20723  
Issue No: 2014, 3015  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
June 17, 2009  
Wayne County DHS

ADMINISTRATIVE LAW JUDGE: Jeanne M. VanderHeide

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon the Claimant's request for hearing. After due notice, a telephone hearing was conducted from Detroit, Michigan on June 17, 2009. The Claimant was present and testified. Ellen Wiggins, JET specialist appeared on behalf of the Department.

ISSUE

Whether the Department properly reduced Claimant's Food Assistance Program benefits ("FAP") due to excess income?

Whether the Department properly terminated Claimant's Medicaid ("MA") benefits due to excess income converting to a Medicaid deductible instead?

FINDINGS OF FACT

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

1. The Claimant was an active FIP and MA recipient.

2. A food assistance budget was completed for April 2009 in conjunction with an annual re-determination review conducted on 3/23/09. (Exhibit 1).
3. Claimant has a household group of two (2) people.
4. The Claimant testified that the wage verifications upon which the Department based its decision are accurate, including \$724.00 every two weeks in unemployment compensation. (Exhibit 4).
5. The Department reduced Food Assistance Benefits effective 4/2/2009 due to excess income. (Exhibit 8).
6. The Department also completed a MA budget on 3/23/09. (Exhibit 3)
7. As a result, the Department determined that Claimant no longer qualified for straight Medicaid based on excess income.
8. The Department also evaluated Claimant for a LIF Medicaid program, but found Claimant to be over income for that program as well. (Exhibit 2)
9. Claimant objected to the FAP reduction and conversion to MA deductible and filed this appeal. The Department received the Claimant's Request for Hearing on April 29, 2009.

#### CONCLUSIONS OF LAW

##### **A. Medical Assistance Program**

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, formally 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").

The goal of the Medicaid program is to ensure that essential health care services are made available to those who otherwise could not afford them. PEM 105, p. 1 Medicaid is also known as Medical Assistance (“MA”). *Id.* The Medicaid program is comprised of several categories; one category is for FIP recipients while another is for SSI recipients. *Id.* Programs are categorized as either FIP-related or SSI-related. *Id.* To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formally blind or disabled. *Id.* Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant women, receive MA under FIP-related categories. *Id.* Clients who receive cash assistance through FIP automatically receive MA benefits as well. There is an income test for all FIP related MA categories.

In order to determine if an individual qualifies for Group 2 FIP-related MA, PEM 500 and 530 is used to determine the group member’s countable earned income. \$90.00 is then deducted from the countable earnings of each fiscal group member with earnings. \$30.00 plus 1/3 of a fiscal group member’s remaining earned income should be deducted if the member received FIP or LIF in at least 1 of 4 preceding calendar months. A deduction is made for child care expenses and dependent care per PEM 536. A deduction of \$50.00 is made from the child support received by a fiscal group member. The net income is the total of the remaining earned income, child support and other unearned income. Then after determining the number of dependents living with the fiscal group member, 2.9 is added and the result is the prorate divisor.

The total net income is divided by the prorate divisor and the result is the prorated share of the fiscal group member’s net income. PEM 536. The member’s prorated portion of the net income is then compared to the protected income levels set forth in RFT 240. The monthly protected income level for a Medical Assistance group of one living in Wayne County is \$375.00 per month. RFT 240, RFT 200.

In the present case, claimant's pro rata net income of \$1154 exceeds the monthly protected income level by \$779.00. Claimant is consequently ineligible to receive Medical Assistance under FIP based Medicaid.

Clients who no longer qualify for FIP related Medicaid can be considered for Low Income Family "LIF" Medicaid benefits. In order to qualify for LIF Medicaid, the total countable group income (PEM 500, 530) must be below the LIF income limit. PEM 110, p. 17. RFT 243. Income eligibility exists for LIF if there is a deficit of at least \$1.00. *Id.* \$50.00 can be deducted for groups who receive child support benefits. The monthly protected income level for a LIF group of two living in Wayne County is \$413.00 per month. RFT 243.

In the present case, Claimant's net income of \$1556.00 exceeds the monthly protected income level of \$413.00 allowed for receipt of FIP benefits. Claimant is consequently ineligible to receive LIF Medical Assistance.

Accordingly, the Department's determination is AFFIRMED.

#### **B. FAP Benefits**

The Food Assistance Program, 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"), formally known as the Family Independence Agency, administers the FAP program pursuant to MCL 400.10, *et seq* and MAC R 400.3001-3015. Departmental policies are found in the Program Administrative Manual ("PAM"), the Program Eligibility Manual ("PEM"), and the Program Reference Manual ("PRM").

The federal regulations define household income to include RSDI benefits. 7 CFR 273.9(b). All monthly income must be converted to a nonfluctuating monthly amount. Only 80% of earned income is counted in determining FAP benefits. PEM 550. Under 7 CFR 23.9, as

amended, \$138.00 is deducted from the gross income of FAP recipients in determining FAP grants. Under 7 CFR 273.9 deductions for excess shelter are also made. PEM 554. Household groups that do not have a Senior/Disabled/Veteran (SDV) member are giving a standard deduction of \$35.00/month for medical expenses. Id. Household groups with a Senior/Disabled/Veteran are entitled to a deduction for medical expenses of the Senior/Disabled/Veteran, including any expense applied toward a Medicaid deductible. PEM 554 at p. 6.

FAP benefits are paid based on an individual's family group. The relationship of the people who live together affects whether they must be included or excluded from the group. People included in the group include spouses and children (natural, step and adopted) who purchase and prepare food together. The FAP group may choose to include or exclude a foster child whose foster parent is a group member. If excluded, the foster child is **not** eligible for FAP as a separate group, and the foster care payment is **not** income to the group. PEM 212, p. 1.

In the present case, according to the aforementioned policy on budgeting, Claimant has a net monthly income of \$2108. This was obtained by subtracting the standard deduction of \$138.00 and the excess shelter amount of \$91.00 from the gross income of \$2418.00 less actual medical expenses minus the standard medical deductible ( $\$116 - \$35 = \$81$ ). The amount of food assistance allotment is established by regulations at 7 CFR 273.10. A household of four persons with a net monthly income of \$2108.00 is entitled to a monthly FAP grant of \$0 per month. RFT 260.

Based upon the foregoing facts and relevant law, it is found that the Department's determination is AFFIRMED.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that the Department properly calculated the Claimant's FAP and MA cases.

Accordingly, the Department's MA and FAP eligibility determinations are AFFIRMED.

/s/  
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Jeanne M. VanderHeide  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 07/02/09

Date Mailed: 07/08/09

**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 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 mailing 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.

JV/dj

Cc: 