

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: 2009-22476  
Issue No: 2026; 3002  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
June 18, 2009  
Presque Isle County DHS

ADMINISTRATIVE LAW JUDGE: Suzanne L. Keegstra

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 18, 2009. The claimant personally appeared and provided testimony.

ISSUES

1. Did the department properly budget the claimant's Food Assistance Program (FAP) benefit beginning May, 2009?
2. Did the department properly determine that the claimant had excess income for Low Income Family (LIF) Medical Assistance (MA) coverage and determine the claimant should be placed on a MA deductible case in May, 2009?

FINDINGS OF FACT

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

1. The claimant was a recipient of FIP, FAP and MA when her Family Independence

Program (FIP) case was closed for noncompliance on March 4, 2009. The claimant was sanctioned for three months.

2. The amount of the claimant's FIP grant that she had been receiving prior to the sanction, \$492.00 was budgeted into the FAP budget as unearned income, beginning March, 2009 (Department Exhibit #14).

3. The department completed a FAP budget for the claimant, including the FIP penalty amount, and her existing shelter expense of rent (\$350.00 monthly). The claimant's monthly FAP benefit was \$407.00 beginning March, 2009 (Department Exhibit #14 – 15).

4. The claimant began receiving Unemployment Compensation Benefits (UCB) on March 14, 2009, in the amount of \$155.00 weekly (Department Exhibit #13).

5. The department completed a new FAP budget, effective May, 2009, that included the FIP penalty amount and the UCB, as well as the existing shelter expense. This resulted in a FAP benefit of \$219.00 per month (Department Exhibit #10 – 11).

6. A MA budget was completed for the claimant effective May, 2009 that indicated the claimant had excess income for LIF MA coverage, which she had been active on previously (Department Exhibit #7 - 8).

7. The claimant was only eligible for group 2 caretaker relative MA with a deductible of \$24.00 (Department Exhibit #2 – 4).

8. The claimant's children were both eligible for Healthy Kids MA coverage (Department Exhibit #2).

9. The claimant submitted a hearing request on May 6, 2009.

## 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 (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).

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).

Department policy states:

### **INCOME**

#### **DEPARTMENT POLICY**

##### **All Programs**

The group composition and program budgeting items specify whose income to count. The program budgeting items might also contain program-specific income deductions or disregards.

Income means benefits or payments measured in money. It includes money a person owns even if NOT paid directly such as stock dividends automatically reinvested and income paid to a representative.

Earned income means income received from another person or organization or from self-employment for duties that were performed for remuneration or profit. Unearned income means all income that is NOT earned income. The item specifies whether the income is earned or unearned.

The amount of income counted may be more than the amount a person actually receives, because it is the amount before any deductions including deductions for taxes and garnishments. The amount before any deductions is called the **gross** amount. PEM, Item 500, p. 1.

Income remaining after applying the policy in this item is called **countable**.

Count all income that is NOT specifically excluded. PEM, Item 500, p. 1.

### **FIP/SDA BENEFITS**

#### **FIP, SDA, CDC, MA, AMP and TMAP**

Exclude as income.

#### **FAP Only**

FIP/SDA benefits are considered the unearned income of the FIP/SDA grantee. Count as unearned income the amount of FIP/SDA benefits minus any excludable portion.

The following portions of FIP/SDA benefits are excluded:

- . The amount of **non**-IPV administrative recoupment.
- . The amount of an initial FIP/SDA benefit intended to cover a previous month. PEM, Item 500, p. 16.

### **MA GROUP 2 INCOME ELIGIBILITY**

#### **Deductible**

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred.

### **Active Deductible**

Open an MA case **without ongoing Group 2 MA coverage** on CIMS as long as:

- . The fiscal group has excess income, **and**
- . At least one fiscal group member meets all other Group 2 MA eligibility factors.

Such cases are called active deductible cases. Periods of MA coverage are added on CIMS each time the group meets it deductible.

### **Deductible Period**

Each calendar month is a separate spend-down period.

### **Deductible Amount**

The fiscal group's monthly excess income is called a deductible amount. PEM 545, pp. 8-9.

### **Meeting a Deductible**

Meeting a deductible means reporting and verifying allowable medical expenses (defined in "**EXHIBIT I**") that equal or exceed the deductible amount for the calendar month tested. PEM, Item 545, p. 9.

The group must report expenses by the last day of the third month following the month for which it wants MA coverage. PAM 130 explains verification and timeliness standards. PEM, Item 545. p. 9.

Department policy indicates that if a claimant is active on FIP and FAP when the FIP case is sanctioned for noncompliance, the FAP benefits will also be affected. PEM, Item 233B, page 1. Policy requires the department to budget in the last FIP grant amount on the FAP budget for the number of months that corresponds with the FIP penalty (three months in this case). PEM, Item 233B, page 2. The claimant was sanctioned for three months for FIP noncompliance

in March, 2009. Thus, the claimant will have the FIP grant amount budgeted into her FAP case for the months of April, May and June, 2009.

The department did properly include the claimant's FIP grant amount during the penalty period, as the claimant was active on FAP when she was sanctioned for FIP noncompliance. The claimant also began receiving UCB on March 14, 2009. The department properly budgeted in the claimant's UCB beginning on the May, 2009 FAP budget. This resulted in total unearned income of \$1158.00. The claimant had shelter expenses that continued in the amount of \$350.00 for rent, but was not required to pay any utilities. Thus, her total shelter expenses were \$350.00. The claimant testified that the UCB and rent expense amounts were correct.

When determining eligibility for FAP benefits, the household's total income must be evaluated. All earned and unearned income of each household member must be included unless specifically excluded. PEM, Item 500. The FAP program provides 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 \$135 is allowed for each household. Another deduction from income is provided if monthly shelter costs are in excess of 50% of the household's income after all of the other deductions have been allowed, up to a maximum of \$300 for non-senior/disabled/veteran households. Program Eligibility Manual, Items 500 and 554; Program Reference Manual, Table 255; 7 CFR 273.2.

In this case, the Administrative Law Judge has reviewed the FAP budget and finds that the department properly computed the claimant's net income. The federal regulations at 7 CFR 273.10 provide standards for the amount of a household's benefits. The department in compliance with the federal regulations has prepared issuance tables which are set forth at Program Reference Manual, Table 260. The issuance table provides that a household with

household size and net income of the claimant is eligible for an FAP allotment of \$219.00 monthly.

The UCB income that the claimant received beginning in March, 2009 also produced excess income for the claimant to remain eligible for LIF MA. The department completed an MA budget on April 23, 2009 (to be effective June 1, 2009). This budget showed the claimant had a net income for MA of 365.00. The protected income level for MA was 341.00, thus the claimant was given a deductible of the difference, or \$24.00.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides

1. The department properly budgeted the claimant's FAP benefits in May, 2009.
2. The department properly determined that the claimant had excess income for Low Income Family (LIF) Medical Assistance (MA) coverage and determined the claimant should be placed on a MA deductible case in May, 2009.

Accordingly, the department's actions are UPHeld. SO ORDERED.


/s/ \_\_\_\_\_  
Suzanne L. Keegstra  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: June 25, 2009

Date Mailed: June 29, 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 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.

SLK 

cc:

