

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: 2009-27763
Issue No: 2014; 3002
Case No: [REDACTED]
Load No: [REDACTED]
Hearing Date:
July 29, 2009
Genesee County DHS

ADMINISTRATIVE LAW JUDGE: Ivona Rairigh

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 July 29, 2009. Claimant personally appeared and testified. Also present for the claimant was [REDACTED] of Flint.

ISSUE

Did the department correctly terminate claimant's Medicaid (MA) benefits and determine Food Assistance Program (FAP) allotment she was eligible for?

FINDINGS OF FACT

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

1. Claimant was receiving MA and FAP benefits when her case came due for review.

2. Claimant was interviewed and a review determination completed in June, 2009. Department counted claimant's income as an Adult Home Help Provider in the amount of \$428.93 per month and her RSDI income of \$761 per month, when computing claimant's MA budget.

3. Department concluded that the claimant had excess income for MA and terminated claimant's MA benefits in June, 2009. Claimant was still eligible for the payment of Medicare Part B premium.

4. Department determined that the claimant was eligible for \$41 of FAP benefits per month.

5. Claimant requested a hearing on June 18, 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).

Claimant's income from employment and RSDI was reviewed and acknowledged as being correct on department's MA and FAP budgets. Claimant finds it difficult to believe that her monthly net income of \$923 (employment income minus allowable disregards and RSDI income minus allowable exclusion in accordance with departmental policy, PEM 500) makes her ineligible for MA. Claimant is in MA Shelter Area 6, and protected income level for that area is \$408 per month. This is the amount set by the federal government that a person is expected to pay their living expenses with, and any income above that level is countable for MA eligibility purposes. In claimant's case, her income exceeded this level and she therefore had excess income for ongoing MA coverage. However, claimant should have been issued an MA deductible. Department's policy states:

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. Medicaid is also known as Medical Assistance (MA). PEM 105.

The State of Michigan has set guidelines for income, which determine if an MA group is eligible. Income eligibility exists for the calendar month tested when:

- . There is no excess income, **or**
- . Allowable medical expenses equal or exceed the excess income (under the Deductible Guidelines). PEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. PEM 105. Income eligibility exists when net income does **not** exceed the Group 2 needs in PEM 544. PEM 166. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. PRT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. PEM 544. An eligible Medical Assistance group (Group 2 MA) has income the same as or less than the "protected income level" as set forth in the policy contained in the Program

Reference Table (PRT). An individual or MA group whose income is in excess of the monthly protected income level is ineligible to receive MA. However, a MA group may become eligible for assistance under the deductible program. The deductible program is a process, which allows a client with excess income to be eligible for MA, if sufficient allowable medical expenses are incurred. Each calendar month is a separate deductible period. The fiscal group's monthly excess income is called the deductible amount. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. The MA group must report expenses by the last day of the third month following the month it wants medical coverage. PEM 545; 42 CFR 435.831.

Department is utilizing a new computer system, Bridges, and claimant's caseworker states that when the system determined that the claimant was no longer eligible for ongoing MA it did not show the deductible determination. This omission will be corrected.

Claimant's FAP determination was also discussed, and it was determined that all of claimant's income and expenses as of June, 2009, date of the FAP budget, were considered correctly. However, claimant does have verification on the date of the hearing that her rent has been increased by \$20 and this increase will be reflected in the FAP budget. Claimant also states she has various out-of-pocket medical expenses, and the policy on what kind of expenses can be included on the FAP budget was discussed with her. Claimant's caseworker states she will provide the claimant with any additional explanations needed for proper submission of such expenses for possible inclusion on the FAP budget.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department correctly terminated claimant's MA benefits due to excess

income, but failed to compute an MA deductible budget. Department also correctly computed the FAP allotment claimant was eligible to receive.

Accordingly, department's actions are AFFIRMED. However, department shall:

1. Compute an MA deductible budget for the claimant.
2. Enter MA deductible information on department's computer system.
3. Notify the claimant in writing of this determination.

SO ORDERED.

/s/

Ivona Rairigh
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: August 3, 2009

Date Mailed: August 3, 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.

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