

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: 2009-19589  
Issue No: 2006; 3003  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
August 25, 2009  
Iosco County DHS

ADMINISTRATIVE LAW JUDGE: Jay W. Sexton

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 August 25, 2009, in East Tawas. Claimant personally appeared and testified.

ISSUES

- (1) Did the department correctly compute claimant's MA-P spend-down for May 2009?
- (2) Did the department correctly compute claimant's FAP allotment for 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) Claimant and her husband are current MA-P and FAP recipients.
- (2) On April 2009, the caseworker prepared paperwork to determine claimant's eligibility for ongoing benefits.

(3) On April 7, 2009, the caseworker prepared an MA-P budget as follows:

RSDI-- [REDACTED] --\$1,481; RSDI-- [REDACTED] --\$676;

Total income \$2,157

Standard deduction-- \$20;

Adjusted income-- \$2,157; Medical needs--\$562; Excess income--\$1,574; spend-down/copay--\$1,574.

(4) On April 7, 2009, the caseworker sent claimant a Notice of Case Action (DHS-1605) stating that claimant's spend-down/copay would be \$1,574 effective May 1, 2009.

(5) On April 7, 2009, the caseworker prepared an FAP eligibility budget, as follows:

FAP income--\$2,157; standard deduction \$135; Adjusted gross income \$1,730; Excess shelter allowance (0); Net FAP income--\$1,730; FAP allowance--\$16 (group size equals two).

(6) On April 7, 2009 the caseworker sent a FAP Notice of Benefits to claimant for May 2009.

(7) On April 15, 2009, claimant requested a hearing.

(8) Claimant is currently being treated for cancer and has extensive medical bills, which she is unable to pay.

## CONCLUSIONS OF LAW

### ISSUE #1

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).

Michigan provides Medicaid for eligible persons in two broad classifications: Group I is for those persons who are categorically eligible because they receive FAP/ADC or SSI. Group II is for those persons whose eligibility results in their level of need. These persons are referred to as needy persons. MCL 400.16 and MCL 400.107. PEM Items 150, 500, 505, 550, 554, and 556. PAM Item 105, 110, 115, 210 and 600.

Claimant falls under the group classification of Medicaid recipients.

The agency's policy provides a spend-down process which allows clients with excess income to become eligible for Group II MA when sufficient allowable benefits incurred. Policy provides that Group II MA coverage may be provided as long as:

(a) The fiscal group has excess income; and at least one fiscal group member meets all other Group II eligibility factors.

Such cases are called active spend-down cases. Periods of MA coverage are added on the CIS system each time the group meets a spend-down amount.

Each calendar month is a separate spend-down period. The fiscal group's monthly excess income is called a spend-down amount. PEM 545, pages 8 and 9.

Meeting a spend-down amount means reporting and verifying allowable medical expenses that equal or exceed the spend-down amount for the calendar month expenses. The department must notify a spend-down recipient when the spend-down period begins.

In order to qualify for Group II MA, a medically needy person must have income which is equal to or less than the prescribed income limit, also known as "medical needs." To determine whether a recipient is eligible for Group II MA, the only income available to the fiscal

group, on a monthly basis may be considered. Both earned and unearned income must be budgeted. Certain deductions are allowed. PEM Item 545.

Income eligibility is for MA applicants when the fiscal group has no monthly excess income. For current MA applications, income eligibility exists on the first day of the month in which monthly excess income for MA purposes is zero.

Persons who have excess income for MA purposes may still qualify for MA, if they have incurred medical expenses. The department will apply current medical expenses to reduce excess income for eligibility purposes. When the applicant's medical expenses are less than the excess income, the ongoing case must be closed, using spend-down notice, FIA-4400. Income eligibility exists when the recipient establishes that the cost of medical incurred exceeds the spend-down amount.

The recipient has until the last day of the spend-down period to provide the necessary verification that the spend-down amount has been met. If the required verification was not provided prior to the expiration of that, MA cannot be authorized at any time during the spend-down period. PEM Item 505.

The preponderance of the evidence in the record establishes that the department correctly budgeted claimant's unearned income, and set claimant's spend-down for May 2009 at \$1574.

### **ISSUE #2**

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 Food Assistance Program provided the budgeting procedure for determining eligibility and the amount of the Food Assistance Program allotment. The FAP program provides a budgeting procedure for determining eligibility and the amount of FAP allotment.

This procedure is described in the department's PAM at Items 500, 518, and 550. The preponderance of the evidence in the record establishes that claimant's caseworker correctly budgeted claimant's RSDI income and correctly determined that claimant's FAP allotment for May 1, 2009 was \$16.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department correctly imposed a spend-down for May 1, 2009 of \$1574 and correctly computed claimant's FAP allotment for May 1, 2009 at \$16.

Accordingly, the department's action is, hereby, AFFIRMED.

SO ORDERED.

/s/ \_\_\_\_\_  
Jay W. Sexton  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: March 26, 2010

Date Mailed: March 29, 2010

**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.

JWS/tg

cc:

