

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.: 2009-30381  
Issue No.: 3002/2026/2017  
Case No.: [REDACTED]  
Load No.: [REDACTED]  
Hearing Date:  
August 27, 2009  
Oakland County DHS (2)

ADMINISTRATIVE LAW JUDGE: Aaron McClintic

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 a hearing. After due notice, a telephone hearing was held on August 27, 2009. The Claimant appeared and testified along with her daughter in law [REDACTED]. [REDACTED] FIS appeared on behalf of the Department.

ISSUE

Is the department correct in reducing claimant's FAP benefit, denying eligibility for Medicare savings program and calculating Medicaid deductible amount?

FINDINGS OF FACT

- (1) Claimant was an FAP recipient.
- (2) The claimant was an ongoing MA recipient in a household of one person.
- (3) Claimant was a Medicare savings program recipient.
- (4) Claimant had income consisting of RSDI benefits of \$1152 and pension income of \$141 per month from the [REDACTED]. (Exhibit pp 11-12)

- (5) The department determined that claimant had a net income of \$1273 per month resulting in a Medicaid deductible of \$865 per month. (Exhibit pp. 6-9) .
- (6) The department reduced claimants FAP benefits on May 1, 2009 from \$120 to \$17 per month.
- (7) The department determined that claimant was ineligible for the medicare savings program due to excess income.
- (8) Claimant requested a hearing on July 8, 2009 contesting the denial of Medicare savings program, her Medicaid deductible amount and the reduction in FAP benefits.
- (9) Claimant testified regarding significant medical expenses at the hearing.

#### CONCLUSIONS OF LAW

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 all earned income. 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 273.9, as amended, \$135.00 is deducted from the gross income of FAP recipients in determining FAP grants.

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 Medical Assistance program was designed to assist needy persons with medical expenses. The State of Michigan has set guidelines for income, which determines if a MA group falls within the needy classification. Under PEM Items 544 and 545, an eligible Medical Assistance group (Group II MA) has income the same as or less than the “protected income level” plus medical insurance premiums as set forth in the policy contained in the program reference table. 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. A deductible 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)

The Medicare Savings Program provides for payment of Medicare premiums for qualified and low income Medicare beneficiaries that are below a certain income level. Qualified Medicare Beneficiaries who have net income below 100% poverty receive Medicare premiums, coinsurances and deductibles. Specified Low-Income Beneficiaries who have net income over

100% poverty, but not over 120% of poverty receive Medicare Part B premiums paid. Additional Low-Income Medicare Beneficiaries receive Medicare Part B premiums paid provided funding available. PEM 165

At hearing, Claimant testified she has significant regular ongoing medical expenses but she did not report and verify these expenses with the department prior to the hearing. Program policy dictates to process changes during the benefit period only if they are voluntarily reported and verified during the benefit period. PEM 554 pg.7 During the hearing, the worker informed the claimant that she could submit documentation regarding her medical expenses and that they would considered at her upcoming review.

In the present case, claimant is contesting the deductible amount for her MA benefits. In determining net income a standard deduction of \$20 is deducted for SSI-related Medical Assistance recipients (disabled). In determining net income \$65 plus half the remaining amount is deducted from gross earned income. PEM 541, (Earned PEM 536). 42 GFR 435.811. In the present case, claimant's net income \$1273 exceeds the monthly protected income level \$408 by \$865 per month. Claimant is consequently ineligible to receive Medical assistance. However under the deductible program, if the claimant incurs medical expenses in excess of \$865 during the month she may then be eligible for Medical Assistance. This ALJ finds that the department has acted in accordance with department policy and law in denying ongoing Medical assistance and determining her deductible amount.

In the present case, claimant had \$1293 unearned income from RSDI and pension. The standard deduction of \$135 was taken resulting in adjusted gross income of \$1158. Claimant has shelter expense of \$250. Claimant has net income of \$609. (Department Exhibit 1, pg. 5) The

Food Assistant Issuance Table shows \$17 in benefit for \$609 net income. RFT 260 This is the amount determined by the department.

Claimant is not eligible for the Medicare Savings Program because she has excess income. The income limit for the Additional Low Income Medicare Beneficiary benefit is \$1219. RFT 242 Claimant has income of \$1293.

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 benefits and Medicaid deductible amount and correctly closed her Medicare Savings Program Benefit.

Accordingly, the Department's determinations are AFFIRMED.

/s/ \_\_\_\_\_  
Aaron McClintic  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 09/03/09

Date Mailed: 09/03/09

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.

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