

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.: 2009-31829

Issue No.: 3002/2014

Case No.: [REDACTED]

Load No.: [REDACTED]

Hearing Date:

September 8 , 2009

Wayne County DHS (49)

ADMINISTRATIVE LAW JUDGE: Aaron McClintic

HEARING DECISION

This matter is before the undersigned Administrative Law Judge upon pursuant to MCL 400. 9; MCL 400.37 upon claimant's request for a hearing. After due notice a telephone hearing was held on September 8, 2009 claimant was present and testified, [REDACTED] FIM appeared for the department and testified.

ISSUE

Is the department correct in reducing claimant's FAP benefits as of July 1, 2009 and in determining claimants MA eligibility?

FINDINGS OF FACT

- (1) Claimant was a State Disability, FAP, and Medicaid recipient.
- (2) Claimant began receiving RSDI benefits of \$1694.40 in June 2009.
- (3) The department reduced claimant's FAP benefits for a 2 person household on July 1, 2009 to \$16 per month.
- (4) The department determined that claimant had a \$1202 Medicaid deductible.

- (5) Claimant requested a hearing on July 23, 2009 contesting the reduction in FAP benefits and the amount of her Medicaid spend down.

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 (formerly 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 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.)

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 \$1610 exceeds the monthly protected income level of \$408 by \$1202 per month. Claimant is consequently ineligible to receive Medical assistance. However under the deductible program, if the claimant incurs medical expenses in excess of

\$1202 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 \$1694 unearned income in the form of RSDI benefits. The standard deduction of \$135 was taken resulting in adjusted gross income of \$1559. Claimant has net income of \$1438. (Department Exhibit 1, pg. 6) The Food Assistant Issuance Table shows \$16 in benefit for \$1438 net income for a two person household. RFT 260 This is the amount determined by the department.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law decides that the department was correct in the determination of FAP benefits, and it is ORDERED that the department's decision in this regard be and is hereby AFFIRMED.



Aaron McClintic
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: 09/16/09

Date Mailed: 09/16/09

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 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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