

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.: 2010-24053  
Issue No.: 2026, 3000  
Case No.: [REDACTED]  
Load No.: [REDACTED]  
Hearing Date:  
May 26, 2010  
Wayne County DHS (15)

ADMINISTRATIVE LAW JUDGE: Linda Steadley Schwarb

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 hearing was held on May 26, 2010. Claimant appeared and testified.

ISSUES

1. Does claimant receive the correct Food Assistance Program (FAP) allotment?
2. Did the Department of Human Services (DHS or department) properly impose a monthly deductible or spend-down upon claimant's SSI-related Medical Assistance (MA)?

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 resides with his spouse, his adult daughter, and his grandchild.

- 2) Claimant has unearned monthly income of \$177.70 from a pension and \$1,258 from Retirement, Survivors', and Disability Insurance (RSDI).
- 3) Claimant's wife has unearned monthly income of \$466 from RSDI.
- 4) Claimant pays monthly health insurance premiums of \$391.55.
- 5) Based upon gross monthly income to claimant and his wife in the amount of \$1,901, a protected income level of \$500 for claimant and his spouse, and health insurance premiums of \$391.55, the department computed an MA SSI-related adult budget which established a monthly spend-down or deductible of \$989. (Exhibit #1.)
- 6) Claimant, his spouse, his daughter, and his grandchild are recipients of FAP in a group of four.
- 7) On February 5, 2010, claimant filed a hearing request to protest the amount of his FAP allotment.
- 8) On February 19, 2010, claimant filed a hearing request to protest his FAP allotment and his MA costs.
- 9) At the hearing, the parties reached an accord with regard to the FAP issue. The department agreed to recalculate claimant's FAP allotment by putting claimant and his wife in one FAP group and putting claimant's daughter and her minor child (claimant's grand-daughter) in another FAP group. The department agreed to notify claimant in writing as to its determination as to the correct FAP allotment.
- 10) Claimant indicated satisfaction with regard to the department's plan of action as to the FAP issue.

- 11) A full hearing was conducted with regard to the SSI-related MA monthly deductible or spend-down.
- 12) Claimant's SSI-related MA budget was computed by the department in conformance with policy.

#### CONCLUSIONS OF LAW

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 law provides that disposition may be made of a contested case by stipulation or agreed settlement. MCL 24.278(2). In this case, the parties reached an accord at the hearing with regard to the FAP issue. The department agreed to recalculate claimant's FAP allotment by putting claimant and his spouse in one FAP group and putting claimant's adult daughter and her minor child in another FAP group. The department agreed to notify claimant in writing as to its determination. Claimant indicated satisfaction with the department's plan of action with regard to his FAP benefits.

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 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). BEM 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). BEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105. Income eligibility exists when net income does **not** exceed the Group 2 needs in BEM 544. BEM 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. BEM 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, an 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. BEM 545; 42 CFR 435.831.

In the present case, the department was required to take into consideration the claimant's residence in Wayne County, claimant's RSDI income of \$1,268 per month, claimant's pension income of \$177.70 per month, and claimant's wife's RSDI income of \$466 per month. The department was also required to consider the number of persons in the MA group (claimant and his wife) when determining MA eligibility. BEM, Item 241, provides for a \$20 disregard from unearned income. This resulted in a net monthly income figure of \$1,881. The MA budget prepared for claimant's case correctly reflects claimant's income and disregards from that income. Further, the budget was accurately computed. Pursuant to PRM, tables, charts, and schedules, Item 240, the protected income level of a two-person group (claimant and his wife) residing in Wayne County is \$500 per month. Claimant paid monthly health insurance premiums of \$391.55. The department correctly calculated that claimant's total excess income for purposes of MA eligibility was \$989. The undersigned Administrative Law Judge must find that the department properly calculated claimant's monthly deductible or spend-down for purposes of MA eligibility in conformance with policy at \$989.

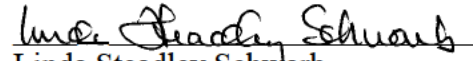
#### DECISION AND ORDER

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

- The Department of Human Services shall recalculate claimant's Food Assistance Program allotment by putting claimant and his spouse in one FAP group and putting claimant's adult daughter and her minor child in another FAP group. The department shall notify claimant in writing as to its determination, and

- The Department of Human Services properly imposed a monthly deductible or spend-down upon claimant's Medical Assistance in conformance with policy.

Accordingly, with regard to the Medical Assistance deductible, the department's action in this matter is hereby affirmed.

  
Linda Steadley Schwarb  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: June 3, 2010

Date Mailed: June 7, 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 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.

LSS/pf

cc:

