

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: 2010-6600  
Issue No: 2006; 3003  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
April 22, 2010  
Tuscola 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, a telephone hearing was held on April 22, 2010, in Caro. Claimant personally appeared and testified.

The department was represented by Karen Southgate (Program Manager).

ISSUES

- (1) Did the department correctly compute claimant's MA-P spend-down for February 2010?
- (2) Did the department correctly compute claimant's FAP allotment for February 2010?

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 is a current MA-P and FAP recipient. Claimant's group size is one.

(2) In February 2010, claimant was a UCB recipient. The caseworker reviewed claimant's eligibility for ongoing MA-P and FAP benefits.

(3) On February 26, 2010, the caseworker prepared an MA-P budget as follows:

Total Income	\$1,132
Standard Deduction	\$ 20
Adjusted income	\$1,112
Protected income level	\$ 375
Excess income	\$ 337
Spend-down	\$ 737.

(4) On February 26, 2010, the caseworker sent claimant a Notice of Case Action stating that claimant's spend-down/copay would be \$737 effective April 1, 2010.

(5) On February 26, 2010, the caseworker prepared an FAP eligibility budget as follows:

FAP Income--\$1,216;  
standard deduction--\$132;  
adjusted gross income--\$769;  
excess shelter allowance--\$386;  
net FAP income--\$383;  
FAP allowance--\$85 (group size equals one)

(6) On February 26, 2010, the caseworker sent a FAP Notice of Benefits to claimant. The proposed effective date for the new FAP allotment was April 1, 2010.

(7) On March 8, 2010, claimant requested a hearing. The proposed negative action on claimant's MA and FAP cases was suspended pending this hearing.

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).

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

Claimant falls under the Group II classification of Medicaid recipients.

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

The fiscal group has no 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 computer system each time the group meets its 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. BEM 545, pages 8 and 9.

Meeting a spend-down amount means timely reporting and verifying allowable medical expenses that equal or exceed the spend-down amount for a given calendar month. The department must notify a spend-down recipient when the spend-down 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 client 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. BEM Item 545.

Income eligibility for MA clients is satisfied when the fiscal group has no monthly excess income. For current MA clients, 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 and they are reported to the department in a timely manner. The department will apply current medical expenses to reduce excess income for eligibility purposes. When the client’s medical expenses are less than the excess income, the ongoing case must be closed, using the spend-down notice (FIA-4400). Income eligibility exists when the client establishes that the incurred medical expenses exceed the spend-down amount.

The client has until the last day of the spend-down period to timely provide the necessary verification that the spend-down has been met. If the required verification was not provided prior to the expiration 90-days, MA cannot be authorized at any time during the spend-down period. BEM 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 amount for February 2010 at \$737.

### **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 (FAP) provides a budgeting system for determining eligibility in the amount of the FAP allotment. The FAP program provides a budgeting procedure for determining eligibility in the amount of the FAP allotment.

This procedure is described in the department's BAM at Items 500, 518, and 550.

The preponderance of the evidence in the record establishes that claimant's caseworker correctly budgeted claimant's unearned income and correctly determined that claimant's FAP allotment for February 2010 was \$85.

### **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 February 2010 of \$737, and correctly computed claimant's FAP allotment for February 2010 at \$85.

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: May 17, 2010

Date Mailed: May 18, 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:

