

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: 2010-33033  
Issue No: 3002, 2026  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
June 3, 2010  
Calhoun County DHS

ADMINISTRATIVE LAW JUDGE: Kevin Scully

HEARING DECISION

This matter is before the undersigned Administrative Law Judge by authority of MCL 400.9 and MCL 400.37. Claimant's request for a hearing was received on April 27, 2010. After due notice, a telephone hearing was held on Thursday, June 3, 2010.

ISSUE

Whether the Department of Human Services (Department) properly determined the Claimant's Food Assistance Program (FAP) and Medical Assistance (MA) eligibility?

FINDINGS OF FACT

The Administrative Law Judge, based upon the competent, material and substantial evidence on the whole record, finds as material fact:

- (1) The Claimant receives FAP and MA benefits.
- (2) The Claimant receives monthly Retirement, Survivor's and Disability Insurance (RSDI) in the gross monthly amount of [REDACTED].

(3) The Claimant receives monthly child support in the gross monthly amount of

██████.

(4) The Claimant has monthly child support expenses of ██████

(5) On April 20, 2010, the Department completed a FAP budget that determined the Claimant was entitled to a monthly FAP allotment of ██████

(6) On April 20, 2010, the Department completed a MA budget that determined that two members of the Claimant's household would have MA deductibles of ██████ each.

(7) The Department received the Claimant's request for a hearing on April 27, 2010, protesting the reduction of her FAP benefits, and the increase of her MA deductible.

#### CONCLUSIONS OF LAW

The Food Assistance Program (FAP) (formerly known as the Food Stamp 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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), Reference Table Manual (RFT), and the Bridges Reference Manual (BRM).

For FAP purposes, all earned and unearned income available to the Claimant is countable. Earned income means income received from another person or organization or from self-employment for duties for duties that were performed for compensation or profit. Unearned income means all income that is not earned, including but not limited to funds received from the Family Independence Program (FIP), State Disability Assistance (SDA), Child Development and Care (CDC), Medicaid (MA), Social Security Benefits (RSDI/SSI), Veterans Administration

(VA), Unemployment Compensation Benefits (UCB), Adult Medical Program (AMA), alimony, and child support payments. The amount counted may be more than the client actually receives because the gross amount is used prior to any deductions. BEM 500.

The Department determines a client's eligibility for program benefits based on the client's actual income and/or prospective income. Actual income is income that was already received. Prospective income is income not yet received but expected. Prospective budgeting is the best estimate of the client's future income. BEM 505.

All income is converted to a standard monthly amount. If the client is paid weekly, the Department multiplies the average weekly amount by 4.3. If the client is paid every other week, the Department multiplies the average bi-weekly amount by 2.15. BEM 505.

The Claimant receives a total monthly unearned income in the gross monthly amount of [REDACTED]. This unearned income is made up of the Claimant's RSDI benefits in the gross monthly amount of [REDACTED], her son's SSI benefits in the gross monthly amount of [REDACTED], and child support in the gross monthly amount of [REDACTED]. The Department reduces this income by the standard deduction of [REDACTED], and the Claimant's monthly child support deduction of [REDACTED] to determine an adjusted gross income of [REDACTED]. The Claimant's excess shelter deduction of [REDACTED] is determined by adding her monthly shelter expense of [REDACTED] to the heat and utility standard under the Low Income Home Energy Assistance Program, and subtracting 50% of her adjusted gross income.

A net income of [REDACTED] is determined by subtracting the excess shelter deduction from the adjusted gross income. A claimant with a group size of five and a net income of [REDACTED] is entitled to a FAP allotment of [REDACTED], which is the amount of FAP benefits granted to the Claimant for this period. RFT 260. I find that the Department has established that it acted in accordance with policy determining Claimant's FAP allotment.

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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), Reference Table Manual (RFT), and the Bridges Reference Manual (BRM).

Deductible is a process through which a person or household with excess income may qualify for MA. Meeting a deductible means reporting and verifying all allowable medical expenses that equal or exceed the deductible amount for the calendar month being tested. The group must report their medical expenses by the last day of the third month following the month it wants MA coverage. Medical expenses may be allowed when: a) the expenses were incurred by an MA group member, and b) the MA individual or household is responsible for payment, and c) when the bills have not been used previously to meet a deductible. The medical bill may be an old or new expense. Any of the following may be used to verify medical expenses: a) bill from medical provider, b) receipt from a medical provider, and c) contact with medical provider or provider's billing service. PEM 545.

In order to qualify for Group 2 MA, a medically needy client must have income which is equal to or less than the protected basic maintenance level. Department policy sets forth the method for determining the protected basic maintenance level by considering: (1) the protected income level; (2) the amount diverted to dependents; (3) health insurance premiums; and (4) remedial services if determining eligibility for clients in adult-care homes. The protected income level is a set amount for non-medical needs such as shelter, food and incidental expenses. In all

other cases other than those involving long-term care, the appropriate protected income level must be taken from PRT 240. PEM 545. If the individual's income exceeds the protected income level, the excess amount must be used to pay medical expenses before Group 2 MA coverage can begin. This process is known as "spend-down." Policy requires the agency to count and budget all income received that is not specifically excluded. There are three main types of income: countable earned, countable unearned and excluded.

The MA monthly "protected income levels" are found in the department's Program Reference Table 240. The MA "protected income level" for the claimant's county and household size is [REDACTED] RFT Item 240. In the present case, the department was required to take into consideration the claimant's residence in Calhoun County, claimant's RSDI income of [REDACTED] per month. The MA budget prepared for claimant's case correctly reflects claimant's income and disregards from that income. The budget sheet was accurately computed. Pursuant to RFT, Item 240, the protected income level of a one-person group residing in Calhoun County is [REDACTED] per month. The department correctly calculated that claimant's total excess income for purposes of MA eligibility was [REDACTED]. This Administrative Law Judge must find that the department properly calculated claimant's spend-down amount for MA in conformance with policy at [REDACTED] per month.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department acted in accordance with policy in determining the Claimant's MA eligibility.

The Department's MA eligibility determination is AFFIRMED. It is SO ORDERED.

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

Date Signed: June 24, 2010

Date Mailed: June 24, 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 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.

KS/vc

cc:

