

STATE OF MICHIGAN  
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:

[REDACTED]

Reg. No: 201039044

Issue No: 3026

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

September 2, 2010

Kent 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 March 12, 2010. After due notice, a telephone hearing was held on Monday, September 2, 2010.

**ISSUE**

Whether the Department of Human Services (Department) properly determined the Claimant's 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 applied for MA benefits on December 16, 2010.
2. The Claimant reported self-employment income in the gross amount of [REDACTED], from August 16, 2009, through February 28, 2010. Department Exhibits 3, 4, 12, 19, 26, 33, 42, and 51.
3. The Claimant reported self-employment expenses totaling [REDACTED], from August 16, 2009, through February 28, 2010. Department Exhibit 6.
4. The Department denied the Claimant's application for MA benefits due to excess income.

5. The Department received the Claimant's request for a hearing on March 12, 2010, protesting the denial of MA benefits.

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

The Adult Medical Program (AMP) is established by Title XXI of the Social Security Act; (1115)(a)(1) of the Social Security Act, and is administered by the Department of Human Services (DHS or department) pursuant to MCL 400.10, et seq. Department policies are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Bridges Reference Manual (BRM).

Countable income from self-employment equals the total proceeds minus allowable expenses of producing the income. If allowable expenses exceed the total proceeds, the amount of the loss cannot offset any other income except for farm loss amounts. BEM 502. Allowable expenses include all of the following:

- Identifiable expenses of labor, stock, raw material, seed, fertilizer, etc.
- Interest and principal on loans for equipment, real estate or income-producing property.
- Insurance premiums on loans for equipment, real estate and other income-producing property.
- Taxes paid on income-producing property.
- Transportation costs while on the job (example: fuel).
- Purchase of capital equipment.
- A child care provider's cost of meals for children. Do not allow costs for the provider's own children. BEM 502.

Expenses that are not allowable include the following:

- A net loss from a previous period.
- Federal, state and local income taxes.
- Personal entertainment or other individual business expenses.
- Money set aside for retirement.
- Depreciation on equipment, real estate or other capital investments. BEM 502.

The Claimant applied for MA benefits on December 16, 2010, under the Adult Medical Program category. The Department sent the Claimant a redetermination form with a due date of March 1, 2010, and scheduling a telephone interview. The Department did not conduct the telephone interview because the Claimant did not return the redetermination form. Later the interview was rescheduled for March 18, 2010, after the Claimant reported that he did not receive a copy of the redetermination form. On March 16, 2010, the Department submitted verification documentation of his self-employment income and expenses. The Department used these documents to deny the Claimant's application for MA benefits due to excess income.

The Claimant reported the following self-employment income.

Dates	Income
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

The Department examined the self-employment receipts submitted by the Claimant and determined that [REDACTED] of the expense receipts were allowable by policy as deductions from his income. Subtracting the Claimant's expenses from his gross income leaves him with a net income of [REDACTED], and dividing this number by 7 months leaves him with monthly-income of [REDACTED]. Reducing this amount by [REDACTED] plus 20% leaves the Claimant with a net monthly income of [REDACTED]. The AMP income limit for an individual living independently is [REDACTED]. RFT 236.

The Department determined the Claimant's eligibility for MA benefits under the AMP category using self-employment income of [REDACTED], and denied his application based on excess income. The Department failed to establish how it determined a monthly self-employment income of [REDACTED], which was the basis for the denial of the Claimant's MA application.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department failed to establish that the Claimant is not eligible for MA benefits due to excess income.

Accordingly, the Department's MA eligibility determination is REVERSED. It is further ORDERED that the Department shall:

1. Initiate a determination of the Claimant's eligibility for Medical Assistance (MA).

2. Provide the Claimant with written notification of the Department's revised eligibility determination.
3. Issue the Claimant any retroactive benefits he may be eligible to receive, if any.

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

Date Signed: September 23, 2010

Date Mailed: September 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:

