

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.: 201039764  
Issue No.: 2026; 3003  
Case No.: [REDACTED]  
Load No.: [REDACTED]  
Hearing Date: September 15, 2010  
Newaygo County DHS

**ADMINISTRATIVE LAW JUDGE:** Aaron McClintic

**HEARING DECISION**

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon the Claimant's request for a hearing. After due notice, a telephone hearing was held on September 15, 2010. The Claimant and her husband both appeared and testified. [REDACTED] appeared on behalf of the Department.

**ISSUE**

Was the Department correct in determining Claimant's FAP and MA benefits?

**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 was an ongoing recipient of FAP and MA benefits.
- (2) Claimant's FAP case closed on June 10, 2010 for failing to verify income.
- (3) Claimant reapplied and was approved for FAP benefits in June 2010.
- (4) Claimant has not missed any FAP benefits.
- (5) Claimant is self employed delivering the [REDACTED].
- (6) Claimant earns \$1351 self employment income.

- (7) The Department budgeted \$337.81 per month in self employment expenses pursuant to Department policy.
- (8) Claimant did not provide adequate verification of self employment expenses for the period in question.
- (9) Claimant has a \$321 Medicaid deductible.
- (10) Claimant met her Medicaid deductible for a few months in 2010 but was not notified that she met the deductible.
- (11) Claimant's son, [REDACTED], is eligible and active for MI Child medical coverage.
- (12) Claimant requested a hearing on June 10, 2010 contesting the determination of FAP and MA benefits.

#### 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"), formerly 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 Bridges Administrative Manual ("BAM"), the Bridges Eligibility Manual ("BEM"), and the Program Reference Manual ("PRM").

Department policy dictates how to treat SELF-EMPLOYMENT EXPENSES--

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.

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- A child care provider's cost of meals for children. Do **not** allow costs for the provider's own children.
- Any other identifiable expense of producing self-employment income except those listed below.

Not Allowed

Do **not** enter any of the following as self-employment expenses in Bridges:

- 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.

Allowable expenses are the higher of 25 percent of the total proceeds, or actual expenses if the client chooses to claim and verify the expenses. BEM 502.

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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) 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 BEM 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. BEM 545; 42 CFR 435.831.)

In the present case, Claimant is self employed delivering the Grand Rapids Press. Several issues were raised regarding allowable expense deductions. Claimant was given 25% expense deductions pursuant to Department policy. BEM 502. Claimant did

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not provide sufficient verification for the period in questions that her allowable expenses were greater than 25%. Therefore the Department's calculation of expenses and determination of FAP benefits was proper and correct. Claimant raised issues with regard to FAP closing in June 2010. Claimant reapplied and received FAP benefits for the month of June 2010. Any issues with regard to the FAP closure are moot because Claimant did not miss any FAP benefits.

MI Child medical coverage for Claimant's son, [REDACTED], was closed in June 2010 for reasons the Department could not explain. At hearing MI Child medical coverage was reinstated for [REDACTED] going back to the date of closure. Claimant confirmed at hearing that she was satisfied with the actions taken by the Department with regard to [REDACTED] MI Child coverage.

Claimant raised issues with regard to not having been given notice when she met her Medicaid deductible. Claimant acknowledged at hearing that she did not have any unpaid medical bills that should have been covered during these months when the deductible was met. Claimant complained that had she known she met her deductible she would have sought additional medical care. There is no remedy for this issue.

Claimant raised issues with regard to the performance of her case worker. This Administrative Law Judge has no jurisdiction to address Department personnel issues.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that the Department properly determined the Claimant's FAP and MA benefits, and it is ORDERED that the Department's decision in this regard be and is hereby AFFIRMED.

/s/



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

Date Signed: September 29, 2010

Date Mailed: September 29, 2010

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**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.

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