

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: 2010-42895

Issue No: 2026, 3015

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

August 11, 2010

Manistee County DHS

ADMINISTRATIVE LAW JUDGE: Gary F. Heisler

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 August 11, 2010. Claimant appeared and testified.

ISSUES

Did the Department of Human Services properly place Claimant and her daughter on a Medical Assistance (MA) deductible?

Did the Department of Human Services properly deny Claimant's application for Food Assistance Program (FAP) benefits due to excess income?

FINDINGS OF FACT

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

- (1) On April 28, 2010, Claimant submitted an application for Medical Assistance

(MA) and Food Assistance Program (FAP) benefits. The application indicated a change in income and that change was applied to the financial eligibility budgets.

(2) On April 29, 2010, a Notice of Case Action (DHS-1605) was sent to Claimant. The notice stated that Claimant was denied Medical Assistance (MA) under the Low Income Family (LIF) category due to excess income and was not eligible for Food Assistance Program (FAP) benefits due to excess income.

(3) On May 11, 2010, Claimant was sent another Notice of Case Action (DHS-1605). This notice stated that Claimant was eligible for MA under a deductible of \$ [REDACTED] for April 2010, and \$ [REDACTED] from May 1, 2010, ongoing. The Notice also stated that Claimant's child was eligible for MA under a deductible of \$ [REDACTED] for April 2010 and \$ [REDACTED] from May 1, 2010, ongoing.

(4) On June 1, 2010, Claimant submitted a request for 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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Program Reference Manual (PRM).

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 Bridges

Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) 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. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. 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, a 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.

This Administrative Law Judge checked the income documents for Claimant's group and the protected income levels. Claimant's group's income does exceed the protected income level.

When determining eligibility for Food Assistance Program (FAP) benefits in accordance with Department policy, the total income of the household must be evaluated. All earned and unearned income of each household member must be included, unless specifically excluded. Bridges Eligibility Manual, Item 500. The Food Assistance Program (FAP) program provides a deduction from earned income and a deduction for the cost of child care when necessary to enable a Food Assistance Program (FAP) household member to work. A standard deduction from income is allowed for each household. The amount of the standard deduction depends on the number of members in the household. Certain non-reimbursable medical expenses may be deducted for senior/disabled/veteran group members.

Another deduction from income is provided if monthly shelter costs are in excess of 50% of the household's income, after all of the other deductions have been allowed. There is a maximum deduction for households that do not contain a member classified as a senior, disabled, or veteran. Bridges Eligibility Manual, Items 500 and 554; Program Reference Manual, Table 255; 7 CFR 273.2.

In this case, the Administrative Law Judge has reviewed the Food Assistance Program (FAP) budget and finds that the department properly computed the claimant's net income and expenses. The federal regulations at 7 CFR 273.10 provide standards for the amount of a household's benefits. The department in compliance with the federal regulations has prepared issuance tables which are set forth at Program Reference Manual, Table 260. The issuance table

provides that a household with household size and net income of the claimant's is not eligible for a Food Assistance Program (FAP) allotment.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides the Department of Human Services properly placed Claimant and her daughter on a Medical Assistance (MA) deductible and denied Claimant's application for Food Assistance Program (FAP) benefits due to excess income.

It is ORDERED that the actions of the Department of Human Services, in this matter, are UPHELD.

/s/

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Gary F. Heisler  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: August 23, 2010

Date Mailed: August 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.

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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.

GFH/alc

cc:

