

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

IN THE MATTER OF:



Reg. No: 2011 10919
Issue No: 3003;2026
Case No: [REDACTED]
Hearing Date:
January 19, 2011
Wayne County DHS (18)

ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris

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 January 19, 2011. The Claimant appeared and testified. Jolene Hunter, FIM and B. Dumas, ES appeared on behalf of the Department.

ISSUE

Was the Claimant's FAP case properly closed due to the Claimant's ineligibility due to net income?

Was the Claimant's medical spend down deductible properly computed?

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 was a FAP recipient and also received Medical Assistance with a spend down deductible amount.

2. The Claimant received a Notice of Case Action dated November 29, 2010, increasing his MA spend down amount effective January 1, 2011, as a result of his increased earnings due to the claimant reporting earned income of \$402 and his Food Assistance Case was closed effective November 29, 2010 as he was no longer eligible for Food Assistance.
3. The change in benefits resulted from wage information submitted by the claimant as a result of a Semi Annual contact report dated November 20, 2010.
4. When the Claimant's case was transferred to a new district office the Claimant was receiving \$200 in FAP benefits. The prior FAP budget erroneously included a medical expense of \$1133 which was an error by the Department. The error was discovered in June 2010 and corrected.
Exhibit 1
5. When the new budget was computed as of July 2010 the Claimant's benefits were reduced to \$16 per month. Exhibit 2
6. A budget completed as of January 1, 2010 provided at the hearing was calculated using earned income of \$1492 and unearned income of \$402. The earned income was new income and was included for the first time. The inclusion of the unearned income caused the Claimant's net income to make him ineligible to still receive FAP benefits. Exhibit 3
7. The Claimant confirmed both the earned and unearned income amounts used by the Department and that he paid rent in the amount of \$550 and

was given a utility standard deduction of \$588. The Department properly calculated the Claimant's shelter expense to be \$352. Exhibit 4

8. The budget as of January 1, 2010 is correct as computed.
9. The Department properly closed the Claimant's FAP case.
10. The Claimant currently has a medical spend down amount of \$1106 per month. The spend down budget as computed by the Department is correct as it includes earned income of \$402 and unearned income of \$1492. Exhibit 5
11. The Claimant's income exceeds the income Protected Income Limit of \$375 and thus subjected him to a spend down amount.
12. The previous spend down budget calculated as of July 1, 2010 utilized only unearned income of \$1685 as confirmed by the Department by its SOLQ report. At the time the Claimant did not report any earned income. Exhibit 6
13. The January 1, 2010 budget which determined the claimant's spend down amount to be \$1106 is correct.
14. The Claimant requested a hearing on December 7, 2010 protesting the closure of his Food Assistance case and the increase in his medical spend down amount which was received by the Department on December 6, 2010.

CONCLUSIONS OF LAW

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 Bridges Reference Manual (BRM).

When determining eligibility for FAP benefits, an individual or groups income must be evaluated. All earned and unearned income of each household member must be included unless specifically excluded. BEM 500. A standard deduction from income of \$141 is allowed for households of claimant's size of one member RFT 255. Certain non-reimbursable medical expenses above \$35 a month 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, up to a maximum of \$459 for non-senior/disabled/veteran households. BEM, Items 500 and 554; Any other expenses are considered non-critical, and thus, not allowed to be deducted from gross income. Furthermore, RFT 255 states exactly how much is allowed to be claimed for shelter expense. In the Claimant's case the Claimant's rent and standard utility allowance of \$588 were included in the shelter expense in accordance with Department policy.

In this case, the Administrative Law Judge has reviewed the FAP budgets of January 1, 2011 and finds that the Department properly computed the budget which determined that the Claimant was not entitled to receive FAP benefits. The gross unearned income benefit amount of \$1429 and the earned income of \$402 were

properly included and the shelter allowance amount of \$352 is correct. Exhibits 3 and 4. Based on this review the Department correctly closed the Claimant's FAP case.

The Claimant is reminded to report within 10 days any change in circumstances including income, rent, and medical expenses as these changes will potentially effect the FAP benefit amount; and further any change in rent as these changes would likely affect the amount of FAP benefits the Claimant is entitled to receive.

MEDICAL SPENDOWN

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).

In the instant case, the Claimant questions the Department's calculation of his Medical deductible. The undersigned has reviewed the MA budget of January 1, 2010 and finds that it properly included the correct amounts for the Claimants earned and unearned income. The Department properly gave a \$20 deduction from the Claimant's unearned income in accordance with BEM 541, page 3. $\$1429 - \$20 = \$1409$.

The Department is next required to determine the amount of the earned income disregard which determined by consulting the table in RFT 295. The table provides an automatic answer to the one-half disregard plus \$65. When the table in RFT 295 is consulted for the earned income of \$402 the disregard is \$233 which amount is then deducted to determine the net income. $(\$1429 - \$20 = \$1409 - \$402 - \$233 = \1578 .

The Claimant's Medicaid premium is then deducted from the net income (\$1578 - \$96.40 to get the Countable income or \$1481.

The claimant's Protected income limit is \$375 this amount is determined by consulting the table in RFT 240.

The protected income level (PIL) is a set allowance for non-medical need items such as shelter, food and incidental expenses.

PRT 240 lists the Group 1 MA PILs based on shelter area and fiscal group size. (BEM 544, p. 1).

And:

The claimant lives in area IV (Wayne County and the protected income level is \$375.00. (RFT 240, p.1).

The protected income level is deducted from the countable income to get the remaining deductible spend down amount. The protected income limit of \$375.00 equals a \$1106.00 deductible. ($\$1481 - \$375 = \$1106$).

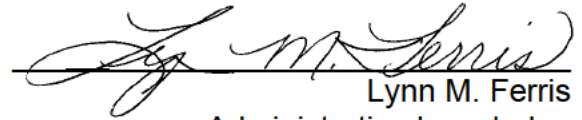
Based upon the foregoing analysis, it is determined that the department properly computed the Claimant's Medical spend down amount.

This ALJ sympathizes with the claimant but there is nothing that can be done to change the above equation. As the Administrative Law Judge has reviewed the medical assistance spend down budget and found no errors in the income numbers used to calculate claimant's spend down amount, claimant's medical spend down budget, as given, is correct.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department's action closing the Claimant's food assistance case is correct and is AFFIRMED and that the Department correctly

determined the Claimant's Medical Spend down budget amount of \$1106 and this determination is also AFFIRMED.


Lynn M. Ferris
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: 02/01/11

Date Mailed: 02/03/11

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.

LMF/dj

cc:

