

STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:

[REDACTED]
[REDACTED]
[REDACTED]

Reg. No: 201131984
Issue No: 2026, 3002
Case No: [REDACTED]
Hearing Date: June 9, 2011
Livingston 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 May 3, 2011. After due notice, a telephone hearing was held on Thursday, June 9, 2011.

ISSUE

Whether the Department of Human Services (Department) properly determined the Claimant's Medical Assistance (MA) and Food Assistance Program (FAP) 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 is an ongoing recipient of Medical Assistance (MA) and Food Assistance Program (FAP) benefits.
2. On April 15, 2011, the Department completed a routine redetermination of the Claimant's eligibility to receive assistance.
3. The Claimant reported to the Department that his spouse received earned income in a thirty day period that included paychecks of \$426.40, \$432.60, \$429.52, and \$429.64.

4. The Department completed a Medical Assistance (MA) budget that determined the Claimant was eligible for MA benefits with a \$531 deductible.
5. The Department completed a Food Assistance Program (FAP) budget that determined the Claimant was eligible for a monthly FAP allotment of \$407.
6. The Department received the Claimant's request for a hearing on May 3, 2011, protesting the Medical Assistance deductible and the Food Assistance Program (FAP) allotment.

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 Reference Table Manual (RFT).

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. 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. BEM 166. 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. BEM 544. 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 (RFT). 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. BEM 545; 42 CFR 435.831.

The Claimant's spouse received earned income in the gross monthly amount of \$1,718.16, which the Department determined by totaling her weekly paychecks of \$426.40, \$432.60, \$429.52, and \$429.64. This amount was reduced by the \$90 standard deduction. The Claimant's household does not receive Family Independence Program (FIP) benefits and did not report dependent care expenses arising out of employment. Therefore he is not entitled to additional standard deductions. The Claimant's spouse's prorated income of \$275 (dropping the cents) is her gross income divided by a prorate divisor of 5.9, which is determined by adding 2.9 plus one for each dependent, including her husband. The Claimant's spouse's share of her own income is \$1,072 and is consists of her prorated income of \$275 multiplied by the 2.9 prorate divisor and adding one additional share. The Claimant did not report any personal income and the Claimant's total net income is \$1,072.

Claimant's "protected income level" is \$531, and this amount cannot be changed either by the Department or by this Administrative Law Judge. The "protected income level" is taken from the Department's Reference Table Manuel (RFT) Item #240, and is based on two adults living in Livingston County. The Claimant's deductible amount is determined by subtracting the "protected income level" from the Claimant's net income. The Department's determination that the Claimant has a \$531 deductible per month she must meet in order to qualify for MA for any medical expenses above is therefore correct.

The Department has established that it properly determined that the Claimant's Medical Assistance (MA) deductible.

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).

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 is an ongoing Food Assistance Program (FAP) recipient as a group of four. The Department conducted a routine examination of the Claimant's eligibility for Food Assistance Program (FAP) benefits based on the information he provided as part of the redetermination process. The Claimant's spouse receives monthly earned income in the gross monthly amount of \$1,847. The Claimant's countable income for the purposes of determining eligibility for the Food Assistance Program (FAP) was determined by taking the average of his spouse's paychecks received in a 30 day period, which were \$426.40, \$432.60, \$429.52, and \$429.64, and multiplying the average by the 4.3 conversion factor. The conversion factor is intended to prospectively determine the Claimant's monthly income and accounts for 30 day periods where five weekly paychecks are earned.

The Claimant's adjusted gross income of \$1,847 was determined by reducing his gross income by a 20% earned income credit, and the \$152 standard deduction for a group of four.

The Claimant's excess shelter deduction was determined by adding his monthly shelter expense of \$857.62 to the \$588 heat and utility standard deduction under the Low Income Home Energy Assistance Program and subtracting 50% of his adjusted gross income. In this case, the Claimant's excess shelter deduction is greater than the shelter maximum for a group that does not contain a senior, disabled, or disabled veteran member. Therefore the Claimant is limited to an excess shelter deduction of \$458.

The Claimant's net income of \$867 was determined by subtracting the shelter maximum deduction from his adjusted gross income.

The maximum amount of Food Assistance Program (FAP) benefits a group of four are permitted to receive is \$588. The Claimant's monthly FAP allotment was determined by reducing the maximum benefit by the standard \$80 economic recovery amount, and

30% of his net income. This determines a monthly FAP allotment of \$407. Conversely, the Claimant's monthly allotment can be verified on the Department's Reference Table Manual (RFT) Item 260, which shows that a group of four receiving a net income ranging from \$867 to \$870 is entitled to a monthly FAP allotment of \$407.

A claimant with a group size of four and a net income of \$867 is entitled to a FAP allotment of \$407, 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 Claimant did not dispute the four paychecks that the Department used to determine his eligibility to receive benefits, but did question the Department's eligibility determination process. The Claimant argued that the reduction of his benefits was not proportional to the amount that his household's income increased. The Claimant also challenged the Department's determination of his eligibility to receive benefits when he found the Department's explanation of its budgeting process to be incomplete.

The Department's notice of case action informed the Claimant that he had been approved for a monthly Food Assistance Program (FAP) allotment of \$407, which was a reduction from his previous benefits. The Department's notice of case action shows that the Claimant has a net countable income of \$867 for the purposes of determining FAP eligibility, but does not clearly explain how this amount was determined. In particular, the Department's form letter does not explain that the Claimant's monthly expenses are limited by a shelter maximum deduction for FAP groups that do not contain a senior, disabled, or disabled veteran member.

The Department's notice of case action informed the Claimant that he was approved for Medical Assistance (MA) subject to a deductible of \$531, without explaining how this number was determined.

While the Department has the burden of proving that it determined the Claimant's eligibility to receive benefits in accordance with policy, the Claimant has the burden of proving that he is eligible for benefits. This Administrative Law Judge has examined the budgeting calculations used by the Department to determine the Claimant's eligibility for benefits and finds them to be correct. The Claimant has a right to receive an explanation of the Department's actions, and this Administrative Law Judge has attempted to provide that explanation to the best of his abilities in the preceding paragraphs.

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 Medical Assistance (MA) and Food Assistance Program (FAP) eligibility.

The Department's Medical Assistance (MA) and Food Assistance Program (FAP) eligibility determination are AFFIRMED. It is SO ORDERED.



Kevin Scully
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: June 13, 2011

Date Mailed: June 14, 2011

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/tg

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