

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

IN THE MATTER OF:



Reg. No: 201139613  
Issue No: 3015, 2014  
Case No: [REDACTED]  
Hearing Date: August 2, 2011  
Montcalm County DHS

**ADMINISTRATIVE LAW JUDGE:** COREY A. ARENDT

**HEARING DECISION**

This matter is before me pursuant to MCL 400.9 and MCL 400.37 upon Claimant's request for a hearing. After due notice, a telephone hearing was held on August 2, 2011. The Claimant and Department appeared and provided testimony.

**ISSUE**

Did the Department properly close Claimant's Family Assistance Program (FAP) and Medicaid Savings Program (MSP) benefits for excess income?

**FINDINGS OF FACT**

I find as material fact, based upon the competent, material, and substantial evidence on the whole record:

1. On October 8, 2010, Claimant applied for MSP and FAP for himself and his wife. Shortly thereafter, the Department approved the Claimant and his wife for MSP and FAP.
2. On December 14, 2010, the Claimant applied for Medicaid, Cash and Food assistance for himself and his wife.
3. On or around December 14, 2010, the Department realized they had budgeted only the Claimant's monthly RSDI income and did not include his wife's RSDI income in determining prior eligibility for MSP and FAP.
4. On January 18, 2011, the Department issued the Claimant a Notice of Case Action. The notice of Case Action stated effective February 1, 2011, the Department would be closing Claimant's FAP and MSP benefits for excess income. (Department Exhibit 1-13).

5. On April 1, 2011, the Claimant submitted to the Department a request for hearing.

### **CONCLUSIONS OF LAW**

The regulations governing the hearing and appeal process for applicants and recipients of public assistance in Michigan are found in the Michigan Administrative Code, MAC R 400.901-400.951. An opportunity for a hearing shall be granted to an applicant who requests a hearing because his claim for assistance is denied. MAC R 400.903(1). The Department will provide an administrative hearing to review the decision and determine the appropriateness. BAM 600.

The 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 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 Reference Tables Manual (RFT).

For FAP purposes, all earned and unearned income available to Claimant is countable. Earned income means income received from another person or organization or from self-employment 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 (AMP), 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. 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.

In this case, the Department provided exhibits and the Claimant provided testimony indicating the Claimant received monthly RSDI income of \$1,470 and the Claimant's wife received monthly RSDI income of \$1,026. When both RSDI amounts are combined, the group had a combined monthly unearned income of \$2,496 with a group size of 2. The Department indicated they did not properly include the Claimant's wife's RSDI income in prior budgets and benefit determinations.

I extensively reviewed the Claimant's budget and determined that all the calculations were properly made at review, and all FAP issuance/budgeting rules were properly applied. As such the Department's closure of Claimant's FAP allotment must be upheld.

The 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 administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105. Department policies are found in BAM, the BEM and the 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).

The State of Michigan has set guidelines for income, which determine if a Medicaid 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.

The MSP has an income eligibility requirement. BEM 165. The income limits are listed in RFT 242. According to RFT 242, the Claimants' have an income limit of \$1,457. The Claimants' have a monthly income of \$2,476 (\$2,496 - \$20 (Unearned Income General Exclusion)). Therefore, their income exceeds the program limits as defined by policy. They are not eligible for the Medical Share Program.

I extensively reviewed the Claimant's budget and determined that all the calculations were properly made at review, and all MSP issuance/budgeting rules were properly applied. As such the Department's closure of Claimant's MSP case must be upheld.

### **DECISION AND ORDER**

I find, based upon the above findings of fact and conclusions of law that the Department acted in accordance with policy in closing Claimant's FAP and MSP cases.

The Department's actions are **Affirmed**.

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/s/

Corey A. Arendt  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: August 4, 2011  
Date Mailed: August 5, 2011

**NOTICE:** The law provides that within 60 days from the mailing date of the above hearing Decision the Respondent may appeal it to the circuit court for the county in which he/she resides or has his or her principal place of business in this state, or in the circuit court for Ingham County. Administrative Hearings, on its own motion, or on request of a party within 60 days of the mailing date of this Hearing Decision, may order a rehearing.

CAA/cr

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