

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 201146919  
Issue No.: 2026; 3002  
Case No.: [REDACTED]  
Hearing Date: September 8, 2011  
Wayne County DHS (49)

**ADMINISTRATIVE LAW JUDGE:** Christian Gardocki

**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 8, 2011 from Detroit, Michigan. The claimant appeared and testified. On behalf of Department of Human Services (DHS), [REDACTED], Specialist, appeared and testified.

**ISSUES**

1. Whether DHS properly determined Claimant's Food Assistance Program (FAP) benefit eligibility effective 3/2011 as \$82/month.
2. Whether DHS properly determined Claimant's Medical Assistance (MA) benefit program eligibility as Medicaid subject to a \$590/month deductible.

**FINDINGS OF FACT**

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

1. Claimant was an ongoing FAP and MA benefit recipient.
2. Claimant was part of a household of one person.
3. Claimant was a disabled and senior aged individual.
4. Claimant received \$985/month in Retirement, Survivor, Disability Insurance (RSDI) income.

5. Claimant had a housing obligation of \$286/month.
6. On 2/26/11, DHS determined Claimant to be eligible for \$82/month in FAP benefits effective 3/2011.
7. On 2/26/11, DHS determined Claimant to be eligible for Medicaid subject to a \$590/month deductible.
8. On 5/9/11, Claimant requested a hearing to dispute the 2/26/11 eligibility decisions.

### **CONCLUSIONS OF LAW**

The Food Assistance Program (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). DHS administers the FAP pursuant to Michigan Compiled Laws 400.10, *et seq.*, and Michigan Administrative Code R 400.3001-3015. DHS regulations are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Reference Tables Manual (RFT). Updates to DHS regulations are found in the Bridges Policy Bulletin (BPB).

The undersigned will refer to the DHS regulations in effect as of 2/2011, the month of the DHS decision which Claimant is disputing. Current DHS manuals may be found online at the following URL: <http://www.mfia.state.mi.us/olmweb/ex/html/>.

In the present case, Claimant disputed an \$82/month FAP benefit issuance for 3/2011. Claimant's primary argument is that he received additional FAP benefits in the past and questioned why the FAP benefits would be reduced if his circumstances had not changed. Though Claimant would be understandably confused if a benefit change occurred and his circumstances did not, Claimant's prior FAP issuances have no direct effect on the correctness of the 3/2011 FAP benefit determination. BEM 556 outlines the proper procedures for calculating FAP benefits.

It was not disputed that Claimant received \$985/month in gross RSDI income. For all programs, the gross amount of RSDI is countable income. BEM 503 at 20.

DHS uses certain expenses to determine net income for FAP eligibility and benefit levels. BEM 554 at 1. For groups without a senior (over 60 years old), disabled or disabled veteran (SDV) member, DHS considers the following expenses: child care and excess shelter (housing and utilities) up to a capped amount and court ordered child support and arrearages paid to non-household members. For groups containing SDV members, DHS also considers the medical expenses for the SDV group member(s) and

the full excess shelter expense. It was not disputed that Claimant was the only member of an SDV group by virtue of Claimant's senior and/or disabled status.

Verified medical expenses for SDV groups, child support and day care expenses are subtracted from Claimant's monthly countable income. Claimant did not claim to have any of these expenses.

Claimant's FAP benefit group received a standard deduction of \$141. RFT 255. The standard deduction is given to all FAP benefit groups though the amount varies based on the benefit group size. The standard deduction is also subtracted from the countable monthly income to calculate the group's adjusted gross income. The adjusted gross income amount is found to be \$844.

It was not disputed that Claimant had a housing obligation of \$286/month. DHS gives a flat utility standard to all clients. BPB 2010-008. The utility standard of \$588 (see RFT 255) encompasses all utilities (water, gas, electric, telephone) and is unchanged even if a client's monthly utility expenses exceed the \$588 amount. The total shelter obligation is calculated by adding Claimant's housing expenses to the utility credit (\$588); this amount is found to be \$874.

DHS only credits FAP benefit groups with what DHS calls an "excess shelter" expense. This expense is calculated by taking Claimant's total shelter obligation and subtracting half of Claimant's adjusted gross income. Claimant's excess shelter amount is found to be \$452.

The FAP benefit group's net income is determined by taking the group's adjusted gross income (\$844) and subtracting the allowable excess shelter expense (\$452). The FAP benefit group net income is found to be \$392. A chart listed in RFT 260 is used to determine the proper FAP benefit issuance. Based on Claimant's group size and net income, Claimant's FAP benefit amount is found to be \$82, the same amount calculated by DHS. It is found that DHS properly determined Claimant's FAP benefit eligibility for 3/2011 as \$82/month.

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). DHS 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 Tables Manual (RFT).

MA provides medical assistance to individuals and families who meet financial and nonfinancial eligibility factors. The goal of the MA program is to ensure that essential health care services are made available to those who otherwise would not have financial resources to purchase them.

A recipient with excess income for ongoing Medicaid may still be eligible for Medicaid under the deductible program. Clients with a Medicaid deductible may receive Medicaid 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. BEM 545 at 9. The client must report medical expenses by the last day of the third month following the month in which the group wants MA coverage. *Id.*

Clients may qualify under more than one MA category. Federal law gives them the right to the most beneficial category. The most beneficial category is the one that results in eligibility or the least amount of excess income. BEM 105 at 2. As a disabled person, Claimant may qualify for MA benefits through Aged-Disabled Care (AD-Care) or Group 2 Spend-Down (G2S). AD-Care and G2S are both SSI-related categories. BEM 163 outlines the proper procedures for determining AD-Care eligibility. BEM 166 outlines the proper procedures for determining G2S eligibility.

For both types of MA coverage, DHS allows a \$20 disregard. It is found that Claimant's net income for purposes of MA benefit eligibility is \$965.

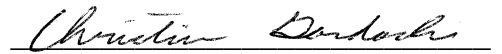
Concerning AD-Care eligibility, the only expense considered in the budget is for guardianship (or employment expenses for individuals with employment income). Claimant did not claim to have such expenses.

Income eligibility for AD-Care exists when net income does not exceed the income limit for the program. BEM 163. The net income limit for AD-Care for a one person MA group is \$903/month. RFT 242. The income limit was increased to \$908 beginning 4/2011. *Id.* Claimant's MA group's net income exceeds the AD-Care income limit for 3/2011 and 4/2011. It is found that DHS properly determined Claimant to be ineligible for AD-Care based on excess income.

Claimant may still receive MA benefits subject to a monthly deductible through the G2S program. The deductible is calculated by subtracting Claimant's Protected Income Level (PIL) from Claimant's MA net income. The protected income level (PIL) is a set allowance for non-medical need items such as shelter, food and incidental expenses. Claimant's PIL is \$375. RFT 240 at 1. Claimant's insurance premiums are also deducted for the G2S calculation though Claimant did not have any insurance premium obligations. Subtracting Claimant's PIL from the MA group's net income results in a monthly deductible of \$590, the same as calculated by DHS.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS properly determined Claimant's 3/2011 MA benefit eligibility as Medicaid, subject to a \$590/month deductible. It is also found that DHS properly determined Claimant's FAP benefit eligibility as \$82/month effective 3/2011. The actions taken by DHS are AFFIRMED.



Christian Gardocki  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: September 13, 2011

Date Mailed: September 13, 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 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 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.

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