

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 2011-48098  
Issue No.: 2026, 3003  
Case No.: [REDACTED]  
Hearing Date: September 28, 2011  
Oakland County DHS (03)

**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 28, 2011 from Detroit, Michigan. The claimant appeared and testified. On behalf of Department of Human Services (DHS), [REDACTED], Manager, and [REDACTED], Specialist, appeared and testified.

**ISSUES**

1. The first issue is whether DHS properly determined Claimant's Food Assistance Program benefits effective 5/2011.
2. The second issue is whether DHS properly determined Claimant's eligibility for Medical Assistance (MA) benefits effective 5/2011.

**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 received \$625.39/month in long-term disability (LTD) income.
3. Claimant received \$884/month in Retirement, Survivors, Disability Insurance (RSDI).
4. Claimant had \$225/month in medical expenses.

5. Claimant was responsible for \$900/month in rent.
6. On 5/11/11, DHS determined Claimant was eligible for \$116/month in FAP benefits effective 5/2011.
7. On 5/11/11, DHS determined Claimant was eligible for Medicaid subject to a \$1081/month deductible effective 5/2011.
8. On 5/25/11, Claimant requested a hearing to dispute the FAP and MA benefit determinations.

### **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 controlling DHS regulations are those that were in effect as of 5/2011, 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 a \$116/month FAP benefit issuance for 5/2011. BEM 556 outlines the proper procedures for calculating FAP benefits.

It was not disputed that Claimant received \$884/month in RSDI and \$625/month in LTD gross income for 5/2011. In both cases, DHS is to budget the gross income amounts (see BEM 503). The total income is \$1509 (dropping cents).

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 credit.

Verified medical expenses for SDV groups, child support and day care expenses are subtracted from Claimant's monthly countable income. It was not disputed that Claimant

averaged \$225 in monthly medical expenses. DHS is required to apply a \$35 copayment/month toward medical expenses; this results in a countable monthly medical expense credit of \$190. Subtracting the \$190 from the gross income created a running income total of \$1319.

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 \$1178.

It was not disputed that Claimant had a housing obligation of \$900/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 \$1488.

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 \$899.

The FAP benefit group's net income is determined by taking the group's adjusted gross income (\$1178) and subtracting the allowable excess shelter expense (\$899). The FAP benefit group net income is found to be \$279. 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 \$116, the same amount calculated by DHS. It is found that DHS properly determined Claimant's FAP benefit eligibility for 5/2011 as \$116 /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. Claimant's gross monthly income of \$1509 as calculated above also applies to the MA benefit calculation. Applying the \$20 disregard results in a net income for purposes of MA benefit eligibility of \$1489.

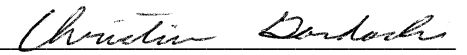
Concerning AD-Care eligibility, the only expense considered in the budget is for guardianship (or employment expenses for individuals with employment income). Claimant did not claim to have such expenses.

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 \$908/month. RFT 242. Claimant's MA group's net income exceeds the AD-Care income limit. 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 \$408. 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 \$1081, 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 5/2011 MA benefit eligibility as Medicaid, subject to a \$1081/month deductible. It is also found that DHS properly determined Claimant's FAP benefit eligibility as \$116/month effective 5/2011. The actions taken by DHS are AFFIRMED.

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

Date Signed: October 11, 2011

Date Mailed: October 11, 2011

**NOTICE:** Michigan Administrative Hearing System (MAHS) 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. MAHS 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. (60 days for FAP cases).

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.

Claimant may request a rehearing or reconsideration for the following reasons:

- A rehearing **MAY** be granted if there is newly discovered evidence that could affect the outcome of the original hearing decision.
- A reconsideration **MAY** be granted for any of the following reasons:
  - misapplication of manual policy or law in the hearing decision,
  - typographical errors, mathematical error, or other obvious errors in the hearing decision that effect the substantial rights of the claimant:
  - the failure of the ALJ to address other relevant issues in the hearing decision.

Request must be submitted through the local DHS office or directly to MAHS by mail to:  
Michigan Administrative hearings  
Reconsideration/Rehearing Request  
P. O. Box 30639  
Lansing, Michigan 48909-07322

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cc:

