

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 201264919
Issue No.: 2026; 3002
Case No.: [REDACTED]
Hearing Date: August 22, 2012
County: Oakland DHS (02)

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 following Claimant's request for a hearing. After due notice, a telephone hearing was held on August 22, 2012 from Detroit, Michigan. Participants included the above named claimant; [REDACTED] and [REDACTED] testified on behalf of Claimant. Participants on behalf of Department of Human Services (DHS) included [REDACTED], Specialist.

ISSUES

The first issue is whether DHS properly determined Claimant's eligibility for Food Assistance Program (FAP) benefit eligibility effective 8/2012.

The second issue is whether DHS determined Claimant's eligibility for Medical Assistance (MA) benefits effective 8/2012.

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 FAP and MA benefit group which included only Claimant.
3. Claimant received gross monthly Retirement, Survivors, Disability Insurance (RSDI) of \$1143/month.

4. On 6/21/12, DHS determined Claimant's FAP benefit eligibility effective 8/2012 as \$84/month.
5. On 6/21/12, DHS determined that Claimant was eligible for Medicaid subject to a \$715/month deductible effective 8/2012.
6. On 7/9/12, Claimant requested a hearing to dispute the MA and FAP benefit determinations effective 8/2012.

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). 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.

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. It was not disputed that Claimant was a disabled individual. 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, generally, DHS is to count the gross RSDI benefit amount as unearned income. BEM 503 at 20. There are exceptions to the general rule but no evidence was presented to justify applying an exception. It was not disputed that Claimant's gross RSDI benefit was \$1143/month. For purposes of AD-Care eligibility, DHS allows a \$20 income disregard. DHS also gives budget credits for employment income, guardianship/conservator expenses and cost of living adjustments (for January through March only). None of the credits apply to Claimant. Claimant's net income, for purposes of AD-Care eligibility is \$1123.

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 \$931/month. RFT 242. It is found that DHS properly determined Claimant to be ineligible for AD-Care based on excess income.

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.*

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. The PIL for Claimant's shelter area is \$408. RFT 240 at 1.

The G2S budget factors insurance premiums, remedial services and ongoing medical expenses; Claimant did not allege having any of these expenses. The \$20 disregard also applies to a G2S budget, making Claimant's net income for purposes of G2S eligibility to be \$1123. Subtracting the PIL (\$408) from the MA group's net income results in a monthly deductible of \$715, the same as calculated by DHS. It is found that DHS properly determined Claimant's Medicaid benefit eligibility.

Claimant also raised an issue concerning Medicare Savings Program (MSP) eligibility, which is part of the MA benefit program. MSP is an assistance program which pays for the cost of Medicare premiums. Claimant initially stated that his RSDI benefit was reduced due to payment of a Medicare premium, but eventually conceded that he was reimbursed for the premium. DHS established that Claimant is and has been eligible for MSP benefits. Thus, there is no dispute concerning MSP eligibility.

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).

Claimant also requested a hearing to dispute a FAP benefit determination for 8/2012. DHS gave testimony that Claimant's FAP benefit eligibility was reduced after removing an improper \$5000 monthly medical expense. Despite the DHS explanation for the FAP benefit reduction, it cannot be determined whether DHS issued the proper FAP benefit amount for 8/2012 without going into the entire 8/2012 FAP benefit budget. BEM 556 outlines the proper procedures for calculating FAP benefits.

It was not disputed that Claimant received \$1143/month in gross RSDI benefits. For all programs, the gross amount of RSDI is countable income. BEM 503 at 20.

Verified medical expenses for SDV groups, child support and day care expenses are subtracted from Claimant's monthly countable income. At the time of the FAP benefit determination, it was not disputed that Claimant had none of these expenses.

Claimant's FAP benefit group received a standard deduction of \$146. RFT 255 at 1. 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 \$997.

It was not disputed that Claimant's shelter obligation was \$557/month. DHS gives a flat utility standard to all clients. BPB 2010-008. The utility standard of \$553 (see RFT 255) encompasses all utilities (water, gas, electric, telephone) and is unchanged even if a client's monthly utility expenses exceed the \$553 amount. The total shelter obligation is calculated by adding Claimant's housing expenses to the utility credit (\$553). The total shelter obligation is found to be \$1110.

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. The excess shelter credit is found to be \$612 (rounding up).

The FAP benefit group's net income is determined by taking the group's adjusted gross income and subtracting the allowable excess shelter expense. The FAP benefit group net income is found to be \$385 for 8/2012. 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 proper FAP benefit amount is found to be \$84 for 8/2012, the same amount 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 eligibility for MA benefits effective 8/2012 as Medicaid subject to a \$715/month deductible. It is also found that DHS properly determined Claimant's eligibility for FAP benefits effective 8/2012 as \$84/month. The actions taken by DHS are AFFIRMED.



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

Date Signed: August 27, 2012

Date Mailed: August 27, 2012

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 at
Michigan Administrative Hearings
Reconsideration/Rehearing Request
P. O. Box 30639
Lansing, Michigan 48909-07322

CG/hw

cc:

