

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

IN THE MATTER OF:

[REDACTED]

Reg. No: 201270951
Issue No: 2026
Case No: [REDACTED]
Hearing Date: September 27, 2012
Muskegon County DHS

ADMINISTRATIVE LAW JUDGE: Gary F. Heisler

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9; and MCL 400.37 upon claimant's request for a hearing. After due notice, a hearing was held on September 27, 2012. Claimant appeared and testified.

ISSUE

Did the Department of Human Services determine the proper level of Medical Assistance (MA) for Claimant's benefit group on August 3, 2012?

FINDINGS OF FACT

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

1. Claimant's benefit group were on-going recipients of Medical Assistance (MA) benefits.
2. On July 3, 2012, Claimant returned a Redetermination Form (DHS-1010) which was necessary to determine ongoing eligibility for Medical Assistance (MA).
3. On August 3, 2012, Claimant's Medical Assistance (MA) financial eligibility budget was updated using the income reported on the Redetermination Form (DHS-1010). The updated financial eligibility budget showed that Claimant and her [REDACTED] were both eligible for Medical Assistance (MA) coverage as a \$ [REDACTED] deductible. Their [REDACTED] was eligible for Medical Assistance (MA) coverage as a [REDACTED] deductible. Claimant was sent a Notice of Case Action (DHS-1605) containing this information.
4. On August 9, 2012, Claimant submitted a request for hearing.

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 Program Reference Manual (PRM).

Department policy provides the following guidance for case workers. The Department's policies are available on the internet through the Department's website.

BEM 536 DETERMINING BUDGETABLE INCOME - GROUP 2 FIP RELATED MA AND HEALTHY KIDS DEPARTMENT POLICY

This item applies to Group 2 FIP-related MA and Healthy Kids categories only.

A fiscal group is established for each person requesting MA (see BEM 211) and budgetable income is determined for each fiscal group member. Since how a client's income must be considered may differ among family members, special rules are used to prorate a person's income among the person's dependents, and themselves.

Follow the multi-step process outlined below to determine a fiscal group member's income, then follow "FISCAL GROUP'S NET INCOME" below.

DETERMINING BUDGETABLE INCOME Group 2 FIP-Related MA and Healthy Kids

Follow "**Step 1**" through "**Step 16**" below for each fiscal group member with income. Apply the deductions in the order the steps are listed.

Step 1 – Countable Earned Income

Use the policies in BEM 500 and 530 to determine each fiscal group member's countable earned income.

Step 2 – Standard Work Expense

Deduct \$90 from the countable earnings of each fiscal group member with earnings.

Step 3 - \$30 Plus 1/3 Disregard

Deduct \$30 plus 1/3 of a fiscal group member's remaining earned income if the member received FIP or LIF in at least 1 of the four calendar months proceeding the month being tested.

Step 4 – Dependent Care Deduction

Deduct an amount for dependent care expenses arising from employment from the remaining earnings of the parent in the fiscal group who pays for the care. Compute the dependent care deduction separately for each fiscal group member who pays for dependent care. The deduction is \$200 per month for each person receiving care, unless one of the rules below prohibits a deduction. The following rules apply:

- The person receiving dependent care must:
 - Be living with the fiscal group member paying for the care, **and**
 - Be that fiscal group member's child, **and**
 - Be under age 15, or be under age 18 and need care due to a mental or physical limitation.
- If two parents in the fiscal group claim expenses for the same child, allow the deduction for the fiscal group member with the highest income.
- Do not allow the deduction if the employed person is paying a responsible relative of either the person paying for or the person needing care. Responsible relative means:
 - A person's spouse.
 - The parent of an unmarried child under the age 18.
- Do not allow a deduction for a person receiving care if the **total** cost is paid by CDC or a third party. Performing dependent care services should not interfere with the caregiver's schooling or employment.

Step 5 – Countable Child Support

Use policies in BEM 500 and 530 to determine countable child support income.

Step 6 – Child Support Disregard

Deduct \$50 from the child support received by a fiscal group member.

Step 7 – Other Unearned Income

Use the policies in BEM 500 and 530 to determine the fiscal group member's other countable unearned income.

Step 8 - Total Net Income

Add together the fiscal group member's remaining:

- Earned income, and
- Child support income, and

- Other unearned income.

Step 9 - Court-Ordered Support

Deduct court-ordered support paid by a fiscal group member to a child who does not live with the fiscal group. The deduction cannot be greater than the amount ordered for the month; arrearage payments are not deducted.

Step 10 - Guardianship/Conservator Expenses

Deduct \$60 per month for court-appointed guardian and/or conservator expenses if verified paid by a fiscal group member. Guardianship/conservator expenses include:

- Basic fee.
- Mileage.
- Other costs of performing guardianship/conservator duties.

Fiscal Group Member's Total Net Income

The result after “**Step 10**” is the fiscal group member's total net income.

Step 11 – Determine Dependents

Determine the number of dependents living with the fiscal group member. “**Dependent**” means a person's spouse and child(ren). “**Child(ren)**” means an unmarried person under age 18. **Note:** Do not count the member being processed as a dependent. The member is included in “**Step 12**” and “**Step 15.**” Skip “**Step 12**” and “**Step 13**” if a member's number of dependents is zero.

Step 12 – Prorate Divisor

Add 2.9 to the amount determined in “**Step 11.**” (2.9 is a calculation using federal needs allowances.) The result is the prorate divisor.

Step 13 - Child's or Adult's Prorated Share

Divide the person's total net income (the result from “**Step 10**”) by the prorate divisor (“**Step 12**”). The result is the prorated share of the fiscal group member's income.

Step 14 - Non-Parent Caretaker Relative's Prorate Divisor

This step applies to a fiscal group member who meets the following criteria:

- This person's Group 2 MA eligibility is based on BEM 135, Group 2 Caretaker Relative, and
- This person is a specified relative who is acting as parent for one or more dependent children in the home who are **not** the person's own children. Example: Person is acting as parent for a grandchild or a stepchild who is a dependent child.

Note: Dependent child is defined in BEM 135. Also, keep in mind the following policies from BEM 135:

- A child can have only one **non-parent** caretaker relative.
- A non-parent can act as parent even if the parent is in the home. If the parent and non-parent both claim to be acting as parent, assume the parent is caring for the child. Skip "**Step 14**," "**Step 15**" and "**Step 16**" if the person does not meet the criteria above. If the fiscal group member being tested meets the criteria above, determine the number of dependent children who:
 - Are unmarried and under age 18, and
 - This member acts as a parent for but is **not** the parent of.

Step 15 - Non-Parent Caretaker Relative's Prorate Divisor

Add the following three amounts:

- Amount from "**Step 11**," and
- Amount from "**Step 14**," and
- 2.9.

Step 16 - Non-Parent Caretaker's Prorated Share

Divide the person's total net income (the result from "**Step 10**") by the non-parent caretaker relative's prorate divisor ("**Step 15**"). The result is the prorated share of the fiscal group member's income for purposes of determining the member's eligibility.

Repeat "**Step 1**" through "**Step 13**" and if appropriate, "**Step 14**" through "**Step 16**" for each fiscal group member with income before proceeding to "**FISCAL GROUP'S NET INCOME.**"

FISCAL GROUP'S NET INCOME

Group 2 FIP-Related MA and Healthy Kids

Child's Fiscal Group's Net Income

A child's fiscal group's net income is the total of the following amounts:

- The child's net income ("**Fiscal Group Member's Total Net Income**") if the child has no dependents **or** 2.9 prorated shares of the child's own income if the child has dependents (child's "**Step 13**" times 2.9), plus

- For each parent in the fiscal group, 3.9 prorated shares of the parent's own income (each parent's "**Step 13**" times 3.9), plus

Note: This is the child's and parent's share of the parent's income.

- One prorated share of each of the parent's own income (each parent's "**Step 13**") when:
 - Both of the child's parents are in the child's fiscal group, and
 - The parents are married to each other.

Note: This is the couple's share of each other's income.

Adult's Fiscal Group's Net Income

An adult's fiscal group's net income is the total of the following amounts:

- The adult's net income ("**Fiscal Group Member's Total Net Income**") if the adult has no dependents **or** 2.9 prorated shares of the adult's own income if the adult has dependents (adult's "**Step 13**" times 2.9), plus
- If the spouse is in the adult's fiscal group:
 - 3.9 prorated shares of the spouse's own income (spouse's "**Step 13**" times 3.9), plus
 - one prorated share of the adult's (person requesting MA) income (adult's amount from "**Step 13**").

Note: This is the couple's share of each other's income.

The Medical Assistance (MA) financial eligibility budgets were checked for all three members of the group on deductible coverage. It is noted that the group had not received Family Independence Program (FIP) or Low Income Family (LIF) within the previous four months so step 3 is not applicable. Claimant's spouse's income was correctly entered into the budgets and the appropriate calculations described above were checked. The deductible amounts determined for the three group members are correct in accordance with Department policy.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides the Department of Human Services determined the proper level of Medical Assistance (MA) for Claimant's benefit group on August 3, 2012.

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It is ORDERED that the actions of the Department of Human Services, in this matter, are **UPHELD**.

/s/

Gary F. Heisler
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: October 10, 2012

Date Mailed: October 11, 2012

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 mailing 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.

GFH/tb

cc:

