

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 201316239
Issue No.: 2026
Case No.: [REDACTED]
Hearing Date: May 1, 2013
County: Oakland County (#03)

ADMINISTRATIVE LAW JUDGE: MICHELLE HOWIE

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 conducted on Wednesday May 1, 2013 from Detroit, Michigan. The Claimant appeared and testified. Participants on behalf of Department of Human Services (Department) included [REDACTED] (Assistant Payment Supervisor) and [REDACTED] (Assistant Payment Worker).

ISSUE

Whether the Department properly denied the Claimant's case for Child Development Care (CDC) Benefits for exceeding income limit?

Whether the Department properly determined the Claimant's Medical Assistance (MA) deductible amount?

FINDINGS OF FACT

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

1. The Claimant was an ongoing CDC and MA recipient.
2. The Claimant works full-time and changed employers in August 2012.
3. The Claimant was paid \$10.77 per hour/ bi-weekly, working 40 hrs a week with the previous employer; she began earning \$15.19 per hour/ paid bi-weekly,

working 40 hrs as of August 20, 2012. The Claimant receives unearned income in child support of \$365.84/monthly.

4. The Department completed a CDC eligibility budget using the paystubs submitted by the Claimant; which calculated the Claimant to have earned income \$2,351/month; and total income of \$2,716.84, which exceeds the income limit for the program.
5. The Department completed an MA budget and determined the Claimant would have a deductible of \$522.00, due to the increase in income.
6. On September 28, 2012, the Department sent Notice that the CDC case would close effective August 1, 2012; and the Claimant would have a MA deductible of \$522.00 as of November 1, 2012.
7. On November 27, 2012, the Department received the Claimant's written hearing request protesting the action.

CONCLUSIONS OF LAW

The Department of Human Services (DHS) policies are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), and the Reference Tables Manual (RFT).

MA

The Medical Assistance (MA) program is established by the 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 (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105.

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. BEM 105 (October 2010), p. 1. The Medicaid program is comprised of several categories; one category is for FIP recipients while another is for SSI recipients. BEM 105, p. 1. Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant women, receive MA under FIP-related categories. BEM 105, p. 1.

In general, net income must be at or below a certain income level for eligibility to exist. BEM 105, p. 1. The protected income limit is a set allowance, which is based on shelter area and group size, for non-medical needs such as food, shelter and incidental expenses. An individual or MA group whose income exceeds the monthly protected income level is ineligible to receive MA. However, an individual or MA group may become eligible for assistance under the deductible program. A deductible is a process, which allows a client with excess income to be eligible for MA, if sufficient allowable

medical expenses are incurred. BEM 545 (July 2011), p. 9. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. The MA group must report expenses by the last day of the third month following the month it wants medical coverage. BEM 545, p. 9. The Department will add MA coverage each month the group meets its deductible. BEM 545, p. 9.

In this case, the Claimant's net income (\$930) exceeds the monthly protected income level for a group size of 1 (\$408) by \$522 per month. Claimant is consequently ineligible to receive ongoing MA benefits. However, under the deductible program, if the Claimant incurs medical expenses of \$522 during any month she may then be eligible for MA benefits. Claimant acknowledged receipt of the earnings used by the Department in its budget computation. Claimant argues that she is unable to pay the deductible per month. While the undersigned does sympathize with the Claimant, there is no jurisdiction to change or alter Department policy or state law. Therefore, I find the Department established it acted in accordance with policy with regards to the MA deductible determination.

CDC

The Child Development and Care (CDC) program is established by Titles IVA, IVE and XX of the Social Security Act, the Child Care and Development Block Grant of 1990, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The program is implemented by Title 45 of the Code of Federal Regulations, Parts 98 and 99. The Department provides services to adults and children pursuant to MCL 400.14(1) and Mich Admin Code, R 400.5001 through R 400.5015.

The CDC program may provide a subsidy for child care services for qualifying families when the parent(s)/substitute parent(s) is unavailable to provide the child care because of employment, participation in an approved activity and/or because of a condition for which treatment is being received and care is provided by an eligible provider. The Department periodically re-evaluates cases to ensure that eligibility for program benefits continues. All countable earned and unearned income available must be considered in determining the Claimant's continuing eligibility for program benefits. There are four eligibility groups for CDC benefits and one is income-eligible. Eligibility for this group is based on program group size and non-excluded income received by any member of the program group. BEM 703 (July 2012), p. 12. The Department is required to test the groups' countable income against the CDC income eligibility scale to determine income eligibility for the program based on group size. BEM 703, p. 13. The gross monthly income limit for a group size of 4 is \$2367.00 for CDC eligibility. RFT 270 (October 2011).

In this case the Department indicated an incorrect reason for the CDC closure on the notice of case action. The Claimant's CDC closure was due to excess income rather than because Claimant did not have a need. The evidence shows the Claimant's combined total countable income is calculated as (\$2,716.84/monthly), which exceeds the income eligibility limit for a group size of 4 (\$2,367.00). Claimant is consequently

ineligible to receive CDC benefits for the period in question. If circumstances change, the Claimant is able to reapply for CDC benefits at anytime. Claimant asserts that if wages from her previous employer had been used in the determination then she would have been eligible for benefits. Policy provides that the Department is to complete a new CDC budget when a client's income changes. Claimant does not dispute the increase in income. Based on the record, the evidence supports a finding that the Department acted in accordance with policy when it closed the Claimant's CDC due to exceeding the income eligibility limit.

DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, finds that the Department established it acted in accordance with policy when it closed Claimant's CDC benefits and determined Claimant would have a MA deductible of \$522.00/month as of November 1, 2012.

Accordingly, the Department's MA and CDC determination is hereby, **AFFIRMED**.



Michelle Howie
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: 5/9/2013

Date Mailed: 5/9/2013

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,

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- 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

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cc:

