

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

**IN THE MATTER OF:**

██████████  
████████████████████  
██

Reg. No.: 2013 35824  
Issue No.: 2026  
Case No.: ██████████  
Hearing Date: June 20, 2013  
County: Oakland (02)

**ADMINISTRATIVE LAW JUDGE:** Lynn M. Ferris

**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 June 20, 2013, from Detroit, Michigan. Participants on behalf of Claimant included the Claimant and ██████████, his Authorized Hearing Representative and Interpreter. Participants on behalf of the Department of Human Services (Department) ██████████

**ISSUE**

Due to excess income, did the Department properly  deny the Claimant's application  close Claimant's case  impose a medical deductible amount for Claimant's benefits for:

- |  |   |
|--|---|
| <input type="checkbox"/> Family Independence Program (FIP)?  | <input type="checkbox"/> Adult Medical Assistance (AMP)?    |
| <input type="checkbox"/> Food Assistance Program (FAP)?      | <input type="checkbox"/> State Disability Assistance (SDA)? |
| <input checked="" type="checkbox"/> Medical Assistance (MA)? | <input type="checkbox"/> Child Development and Care (CDC)?  |

**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  applied for benefits for:  received benefits for:

- |  |   |
|--|---|
| <input type="checkbox"/> Family Independence Program (FIP).  | <input type="checkbox"/> Adult Medical Assistance (AMP).    |
| <input type="checkbox"/> Food Assistance Program (FAP).      | <input type="checkbox"/> State Disability Assistance (SDA). |
| <input checked="" type="checkbox"/> Medical Assistance (MA). | <input type="checkbox"/> Child Development and Care (CDC).  |

2. On March 1, 2013, the Department  denied Claimant's application  
 closed Claimant's case  reduced Claimant's benefits  
due to excess income and based on self-employment income, imposed a deductible  
amount of \$902.
3. On March 5, 2013, the Department sent  
 Claimant  Claimant's Authorized Representative (AR)  
notice of the  denial.  closure.  reduction and imposition of a  
medical deductible.

The Claimant's spouse is self-employed and provided earnings and expense records  
to the Department so benefits could be calculated. Exhibit 1  
The Claimant's son is 21 years of age.

4. On March 12, 2013, Claimant or Claimant's AHR filed a hearing request, protesting  
the  
 denial of the application.  closure of the case.  reduction of benefits and  
the imposition of a deductible.

### **CONCLUSIONS OF LAW**

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

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 (formerly known as the Family Independence Agency) administers the  
MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105.

Additionally, in this case issues arose when the Claimant's family's low income family  
medical benefits ended due to earned income received from the Claimant's spouse's  
employment. The Claimant's spouse is self-employed and receives income and  
submits reimbursement for expenses. The Claimant currently has a spend down  
medical deductible of \$902 based upon fluctuating earnings of the Claimant's spouse.  
Additionally, the Claimant's son is 21 and the Department's position at the hearing was  
that DHS policy required the son to apply on his own behalf for medical assistance. As  
regards whether the Claimant's son who is 21 should be included in the Claimant's  
group, the Department is correct as the Claimant's son is no longer considered a child  
as he is over 18 years of age and is thus an adult and is not eligible to continue to be  
included in the Claimant's medical group. BEM 211, pp1, (11/1/12). The Claimant  
acknowledged that the issue about medical coverage for her son has been resolved and  
that her son will apply separately.

During the hearing the income calculation based upon the Claimant's spouse's self-employment income was at issue. The Claimant's Low Income Family medical assistance ended when her spouse began earning income. The Department conducted an in-person interview to go over the income and expenses supplied by the Claimant for the months of October, November and December 2012 and went through each expense used to calculate the income and put the information in the Bridges system. Exhibit 1.

After a thorough review of the income and expense receipts provided by the Claimant to the Department, it is determined that the Department did not properly calculate earned income from self-employment. The Department determined that the monthly income budgeted amount is \$2542. If all the gross income for the 3 months is added together, and then a flat 25% is deducted for expenses, the monthly income for the period is \$1906. ( $\$1492 + \$4767 + \$1366 = \$7625$  total gross income. If a flat 25% is deducted for expenses the income is reduced to \$5719. This amount is then divided by 3 months to give monthly income of \$1906 which is less than the \$2542 used by the Department as the self-employment budgeted income amount.) Looking at it based on actual expenses for October 2012, the income is \$1492 and the actual receipts total more than the income, so there is no income for that month, thus the Claimant's income for the month would be \$0. Lastly, the Claimant at the hearing asserted that transportation costs while on job, (not costs to and from work) are also expenses and were shown as a line item on the DHS 431 Self Employment and income and Expense Statement but no receipts were provided. It could not be determined if these claimed expenses were included by the Department when calculating expenses, but if they were not the Department should have sought further verification of the expense.

The policy found in BEM 502 sets forth the method to follow to determine monthly income, it provides:

The amount of self-employment income before any deductions is called total proceeds. Countable income from self-employment equals the total proceeds minus allowable expenses of producing the income. If allowable expenses exceed the total proceeds, the amount of the loss cannot offset any other income except for farm loss amounts.

Allowable expenses are the higher of 25 percent of the total proceeds, or actual expenses if the client chooses to claim and verify the expenses.

Based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, the Administrative Law Judge concludes that, due to excess income, the Department  properly  improperly

- denied Claimant's application
- calculated the Claimant's medical deductible amount.
- closed Claimant's case

for:  AMP  FIP  FAP  MA  SDA  CDC.

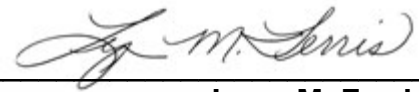
**DECISION AND ORDER**

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  did act properly  did not act properly.

Accordingly, the Department's  AMP  FIP  FAP  MA  SDA  CDC decision is  AFFIRMED  REVERSED for the reasons stated on the record.

THE DEPARTMENT IS ORDERED TO DO THE FOLLOWING WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. The Department shall recalculate the Claimant's self-employment income and shall review the matter with the Claimant.
2. The Department shall specifically determine whether the flat 25% expense allowance, or actual expenses should be used to determine expenses for each income month considered.
3. The Department shall re-compute the MA deductible amount and retroactively adjust the deductible accordingly.
4. The Department shall seek further verifications from the Claimant for any expense claimed by the Claimant, but not adequately documented by the Claimant to allow the Claimant to further document the expense.



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**Lynn M. Ferris**  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: July 10, 2013

Date Mailed: July 10, 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,
  - typographical errors, mathematical error, or other obvious errors in the hearing decision that affect the substantial rights of the claimant,
  - 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

LMF/cl

cc:

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[REDACTED]  
[REDACTED]  
[REDACTED]  
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