

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

IN THE MATTER OF:

[REDACTED]

Reg. No: 201338298  
Issue No: 2014, 3015  
Case No: [REDACTED]  
Hearing Date: May 1, 2013  
Kent County DHS

**ADMINISTRATIVE LAW JUDGE:** Suzanne D. Sonneborn

**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 received by the Department of Human Services (department) on March 25, 2013. After due notice, a telephone hearing was held on May 1, 2013. Claimant appeared and provided testimony. The department was represented by [REDACTED], an eligibility specialist, and [REDACTED], an assistance payments supervisor, both with the department's Kent County office.

**ISSUE**

Whether the department properly determined Claimant's eligibility for Food Assistance Program (FAP) benefits and Medical Assistance (MA) benefits for the benefit period effective April 1, 2013?

**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 was receiving FAP and MA benefits at all times pertinent to this hearing. (Department Hearing Summary)
2. On February 21, 2013, Claimant provided the department with verification that her employment had ended on February 11, 2013. (Department Exhibit 5)
3. On March 12, 2013, the department mailed Claimant a Notice of Case Action (DHS 1605), informing Claimant that, effective April 1, 2013, her FAP benefits would be reduced from \$401.00 to \$386.00 due to an increase in her unearned income amount. The department further informed Claimant that her MA benefits had been approved and would be

subject to a deductible in the amount of \$139.00. Specifically, Claimant was advised that she would become eligible for MA benefits when her allowable expenses exceeded the deductible amount. (Department Exhibits 1-4)

4. On March 18, 2013, Claimant submitted a hearing request regarding the department's determination of her MA and FAP benefit eligibility. (Request for Hearing)

### **CONCLUSIONS OF LAW**

Clients have the right to contest a department decision affecting eligibility or benefit levels whenever it is believed that the decision is incorrect. The department will provide an administrative hearing to review the decision and determine the appropriateness of that decision. Department of Human Services Bridges Administrative Manual (BAM) 600 (2011), p. 1. The regulations governing the hearing and appeal process for applicants and recipients of public assistance in Michigan are found in sections 400.901 to 400.951 of the Michigan Administrative Code (Mich Admin Code). An opportunity for a hearing shall be granted to an applicant who requests a hearing because his claim for assistance is denied. Mich Admin Code R 400.903(1).

The Food Assistance Program (FAP) was established pursuant to the Food Stamp Act of 1977, as amended, and is implemented by Title 7 of the Code of Federal Regulations (CFR). The Medical Assistance (MA) program was established by Title XIX of the Social Security Act and is implemented by Title 42 of CFR.

The Department of Human Services (DHS or department) administers these programs pursuant to MCL 400.10, *et seq.*, and pursuant to Mich Admin Code R 400.30001-3015, and MCL 400.105, respectively. Department policies for these programs are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), the Bridges Reference Manual (BRM), and the Reference Tables Manual (RFT).

For FAP purposes, all earned and unearned income available to Claimant is countable. Earned income means income received from another person or organization or from self-employment for duties that were performed for compensation or profit. Unearned income means all income that is not earned, including but not limited to funds received from the Family Independence Program (FIP), State Disability Assistance (SDA), Child Development and Care (CDC), Medicaid (MA), Social Security Benefits (RSDI/SSI), Veterans Administration (VA), Unemployment Compensation Benefits (UCB), Adult Medical Program (AMP), alimony, and child support payments. The amount counted may be more than the client actually receives because the gross amount is used prior to any deductions. BEM 500.

The department determines a client's eligibility for program benefits based on the client's actual income and/or prospective income. Actual income is income that was

already received. Prospective income is income not yet received but expected. Prospective budgeting is the best estimate of the client's future income. BEM 505.

All income is converted to a standard monthly amount. If the client is paid weekly, the department multiplies the average weekly amount by 4.3. If the client is paid every other week, the department multiplies the average bi-weekly amount by 2.15. BEM 505.

Federal regulations at 7 CF 273.10 provide standards for income and the amount of household benefits. In accordance with the federal regulations, the department has prepared income and issuance tables which can be found at RFT 250 and RFT 260.

In this case, the department determined Claimant's eligibility for FAP benefits for the benefit period effective April 1, 2013 based on the department's verification of Claimant's receipt of monthly unearned income in the amount of \$1081.00. Claimant's total monthly income of \$1801.00 was then reduced by a standard deduction of \$148.00, and an excess shelter deduction of \$469.00, leaving a monthly net income of \$464.00.

Federal regulations at 7 CF 273.10 provide standards for income and the amount of household benefits. In accordance with the federal regulations, the department has prepared income and issuance tables which can be found at RFT 250 and RFT 260. RFT 260 provides that a household size of three with a monthly net income of \$464.00 is entitled to a \$386.00 monthly FAP allotment. Therefore, the department's FAP eligibility determination for the benefit period April 1, 2013 was correct.

With respect to the MA program, 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. Medicaid is also known as Medical Assistance (MA).

The Medicaid program is comprised of several sub-programs or categories. One category is FIP recipients. Another category is SSI recipients. There are several other categories for persons not receiving FIP or SSI. However, the eligibility factors for these categories are based on (related to) the eligibility factors in either the FIP or SSI program. Therefore, these categories are referred to as either FIP-related or SSI-related.

To receive Medicaid under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant women, receive Medicaid under FIP-related categories.

Clients may qualify under more than one Medicaid 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.

The State of Michigan has set guidelines for income, which determine if a Medicaid group is eligible. Income eligibility exists for the calendar month tested when there is no excess income, or allowable medical expenses equal or exceed the excess income (under the Deductible Guidelines). BEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105. Income eligibility exists when net income does not exceed the Group 2 needs in BEM 544. BEM 166. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 Medicaid protected income levels based on shelter area and fiscal group size. BEM 544. An eligible Medicaid group (Group 2 MA) has income the same as or less than the "protected income level" as set forth in the policy contained in the Reference Table (RFT). An individual or Medicaid group whose income is in excess of the monthly protected income level is ineligible to receive Medicaid.

However, a Medicaid group may become eligible for assistance under the deductible program. The deductible program is a process, which allows a client with excess income to be eligible for 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. The Medicaid group must report expenses by the last day of the third month following the month it wants medical coverage. BEM 545; 42 CFR 435.831.

In this case, at the time of the department's determination of Claimant's MA eligibility for the benefit period effective April 1, 2013, an MA recipient with a group size of one living in Kent County (designated as Shelter Area V in RFT 200) has a protected income level of \$391.00. Subtracting the protected income level of \$391.00 from Claimant's countable income of \$530.00 results in Claimant's monthly deductible being \$139.00.

Consequently, the Administrative Law Judge finds, based on the competent, material, and substantial evidence presented during the May 1, 2013 hearing, the department properly determined Claimant's eligibility for FAP and MA benefits for the benefit period effective April 1, 2013.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department properly determined Claimant's eligibility for FAP and MA benefits for the benefit period effective April 1, 2013. Accordingly, the department's actions in this regard are **UPHELD**.

IT IS SO ORDERED.

/s/\_\_\_\_\_

Suzanne D. Sonneborn  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: May 2, 2013

Date Mailed: May 2, 2013

**NOTICE:** Michigan Administrative Hearings 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 Order. MAHS will not order a rehearing or reconsideration on the Department's motion where the final decision cannot be implemented within 60 days of the filing of the original request.

The Claimant may appeal this Order to Circuit Court within 30 days of the receipt of the 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 errors, or other obvious errors in the hearing decision that affect the substantial rights of Claimant;
  - The failure of the ALJ to address other relevant issues in the hearing decision.

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Request must be submitted through the local DHS office or directly to MAHS by mail at:

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

SDS/aca

cc:

