

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

**IN THE MATTER OF:**



Reg. No.: 2013-48412  
Issue Nos.: 2026, 3002  
Case No.: [REDACTED]  
Hearing Date: June 26, 2013  
County: Pathways to Potential (82-23)

**ADMINISTRATIVE LAW JUDGE:** Alice C. Elkin

**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 26, 2013, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included [REDACTED]

**ISSUE**

Did the Department properly close Claimant's Food Assistance Program (FAP) case and convert his children's Medical Assistance cases to ones subject to a \$1,626 monthly deductible based on excess net income?

**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 recipient of FAP benefits and his children received full coverage MA.
2. In connection with a redetermination, the Department realized that it had not budgeted Claimant's household's Retirement, Survivors, and Disability Insurance (RSDI) benefits, and recalculated Claimant's FAP and MA budgets using this income.
3. On May 8, 2013, the Department sent Claimant a Notice of Case Action advising him that his FAP case and his children's full MA coverage under the LIF program

would close effective June 1, 2013, because his net income exceeded the applicable limit. The children's coverage was converted to Group 2 Under 21 coverage with a monthly \$1,626 deductible.

4. On May 20, 2013, Claimant filed a request for hearing, disputing the Department's actions concerning his FAP case and his children's MA cases.

### **CONCLUSIONS OF LAW**

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

The Food Assistance Program (FAP) [formerly known as the Food Stamp (FS) 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). The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3001 through R 400.3015.

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.

Additionally, on May 8, 2013, the Department sent Claimant a Notice of Case Action notifying him of the closure of his FAP case and the conversion of his children's MA cases from full-coverage Low-Income-Family (LIF) program coverage to Group 2 Under 21 (G2U) MA coverage subject to a monthly \$1,626 deductible.

### **Closure of FAP Case**

The May 8, 2013, Notice of Case Action sent to Claimant notified him that his FAP case would close effective June 1, 2013, based on his net income exceeding the net income limit applicable under the program. For a FAP group size of three (consisting of Claimant and his two children), the net income limit is \$1,591. RFT 250 (October 2012), p. 1. In this case, the Department concluded that Claimant's net income was \$2,903.

The Department produced a FAP budget showing the calculation of Claimant's FAP net income for June 1, 2013, ongoing. Claimant verified that the household's Retirement, Survivors, and Disability Income (RSDI) income totaled \$3,051, as indicated on the budget. The Department properly provided a \$148 standard deduction available to a FAP group size of three. RFT 255 (October 2012), p. 1. Claimant verified that he did not provide any documentation concerning medical expenses and did not have any child care or child support expenses.

The budget showed that Claimant was not eligible for an excess shelter deduction. The excess shelter deduction is based on a calculation involving the client's monthly shelter expenses and the \$575 monthly heat and utility standard deduction available to all FAP applicants. BEM 554 (October 2012), pp. 10-15. The Notice of Case Action showed that the Department used \$350 for Claimant's monthly housing expenses and applied the \$575 heat and utility standard. The Department testified that, because Claimant did not identify any changes in shelter expenses in his redetermination, it considered Claimant's monthly rent of \$350, as previously reported and verified. At the hearing, Claimant testified that he informed the Department during his interview that he actually paid \$750 in monthly rent because he was paying back rent. Department policy provides that late fees and/or penalties incurred for shelter expenses are not an allowable expense unless the payment is necessary to prevent eviction or foreclosure and it has not been allowed in a previous FAP budget. BEM 554, p. 10. Because there was no evidence that Claimant was required to make the additional payment to avoid eviction and informed the Department at the interview of any such circumstances, the Department acted in accordance with Department policy when it used \$350 as Claimant's monthly housing expense in calculating Claimant's FAP budget.

A review of the FAP budget on the record based on the foregoing information shows that the Department acted in accordance with Department policy when it concluded that Claimant had monthly net income of \$2,903. BEM 556 (July 2011). Because Claimant's net monthly income of \$2,903 exceeded the net income limit of \$1,591 applicable to a FAP group size of three, the Department acted in accordance with Department policy when it closed Claimant's FAP case based on excess income.

### **MA Deductible Case**

The May 8, 2013, Notice of Case Action also informed Claimant that his children's MA cases were being converted from full-coverage to G2U coverage subject to a monthly \$1,626 deductible.

Clients are eligible for Group 2 Under 21 MA coverage when net income (countable income minus allowable income deductions) does not exceed applicable Group 2 MA protected income levels (PIL) based on the client's shelter area and fiscal group size. BEM 132 (June 1, 2013), p. 1; BEM 544 (August 1, 2008), p. 1; RFT 240 (July 1, 2007), p. 1. Under the G2U program, each child's fiscal group consists of the child and the child's parents. BEM 211 (November 1, 2012), p. 5. In this case, there were two children and Claimant was the only parent in the household. Therefore, each child had a fiscal group composed of two individuals: the child and Claimant. In this case, the monthly PIL for an MA group of two living in Wayne County is \$500 per month. RFT 200 (July 1, 2007), p. 1; RFT 240, p. 1.

An individual whose income is in excess of the applicable monthly PIL may become eligible for MA assistance under the deductible program, with the deductible equal to the amount that the individual's monthly income exceeds the applicable PIL. BEM 545


(July 1, 2011), p. 2. Thus, if the child's net monthly income exceeds \$500, he or she is eligible for MA coverage with a monthly deductible equal to the amount that the monthly net income exceeds \$500.

To show the calculation of the children's deductible, the Department provided a FIP-related MA income budget. A review of Department's calculation shows that it acted in accordance with Department policy when it calculated each child's fiscal group's net income of \$2,126. BEM 536 (January 2010), pp. 1-4. Because the net income for each child's fiscal group exceeds the \$500 PIL by \$1,626, the Department acted in accordance with Department policy when it determined that the children were each eligible for MA coverage subject to a monthly \$1,626 monthly deductible.

### **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 acted in accordance with Department policy when it closed Claimant's FAP case for excess net income and determined that the children were eligible for MA coverage subject to a monthly \$1626 deductible.

Accordingly, the Department's decision is AFFIRMED.

  
**Alice C. Elkin**  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: July 2, 2013

Date Mailed: July 3, 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 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

ACE/pf

cc:

