

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

IN THE MATTER OF:

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████████████████████ ██████████
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Reg. No.: 2013-49838
Issue No.: 2014; 3003
Case No.: ██████████
Hearing Date: June 26, 2013
County: Oakland (3)

ADMINISTRATIVE LAW JUDGE: Eric Feldman

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 ██████████, Eligibility Specialist, and ██████████ ██████████ Family Independence Manager.

ISSUES

Did the Department properly reduce Claimant's Food Assistance Program (FAP) benefits effective June 1, 2013, ongoing?

Did the Department properly deny Claimant's Medical Assistance (MA) application effective April 1, 2013, ongoing, due to excess 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.
2. On April 12, 2013, Claimant applied for MA benefits.
3. On April 12, 2013, the Department discovered that Claimant was receiving unemployment benefits.

4. On May 9, 2013, the Department sent Claimant a Notice of Case Action notifying him that his FAP benefits decreased to \$51 effective June 1, 2013, ongoing. Exhibit 1.
5. On May 9, 2013, the Notice of Case Action also notified him that his MA application was denied effective April 1, 2013, ongoing, due to excess income. Exhibit 1.
6. On May 20, 2013, Claimant filed a hearing request, protesting his FAP allotment and the denial of his MA application. Exhibit 1.

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.

FAP benefits

A group's financial eligibility and monthly benefit amount are determined using: actual income (income that was already received) or prospected income amounts (not received but expected). BEM 505 (October 2010), p. 1. Only countable income is included in the determination. BEM 505, p. 1. Each source of income is converted to a standard monthly amount, unless a full month's income will not be received. BEM 505, p. 1. The Department converts stable and fluctuating income that is received more often than monthly to a standard monthly amount. BEM 505, p. 6. The Department uses one of the following methods: (i) multiply weekly income by 4.3; (ii) multiply amounts received every two weeks by 2.15; or (iii) add amounts received twice a month. BEM 505, p. 6. Moreover, the Department counts the gross amount as unearned income regarding unemployment benefits. BEM 503 (November 2012), pp. 25 and 26.

At the hearing, the FAP budget for the benefit period of June 2013 was reviewed. See Exhibit 1. It was not disputed that the certified group size was one. The Department calculated Claimant's unearned income to be \$1,113 from his unemployment benefits.

The Department testified that Claimant earned \$518 biweekly in unemployment benefits. Claimant agreed that he does earn this amount in unemployment benefits biweekly which began in April of 2013. It should be noted that the Department did not present an unemployment benefits document at the hearing. Nevertheless, using the conversion for biweekly income as outlined in BEM 505; Claimant's standard monthly amount would be \$1,113 (\$518 biweekly pay times 2.15). BEM 505, p. 6.

Claimant testified that the \$1,113 is incorrect because he only earns \$1,036 gross unearned income every month from his unemployment benefits. Based on the foregoing information, the Department properly calculated Claimant's unearned income. The Department properly took Claimant's biweekly unemployment amount and converted it to the appropriate standard monthly amount.

The Department then applied the \$148 standard deduction applicable to Claimant's group size of one. BEM 550 (February 2012), p. 1; RFT 255 (October 2012), p. 1. This results in an adjusted gross income of \$965 (\$1,113 post earned income minus \$148 standard deduction).

Claimant then testified that he is not a senior/disabled/disabled veteran (SDV) member. For groups with no SDV members, the Department uses the excess shelter maximum in RFT 255. BEM 554 (October 2012), p. 1; RFT 255, p. 1. RFT 255 indicates that the standard shelter maximum for non-SDV members is \$469. RFT 255, p. 1. It should be noted that a shelter budget was not provided at the hearing.

The Department testified that Claimant's monthly rent is \$520, which Claimant did not dispute. The Department gives a flat utility standard to all clients responsible for utility bills. BEM 554, pp. 11-12. The utility standard of \$575 (see RFT 255, p. 1.) encompasses all utilities (water, gas, electric, telephone) and is unchanged even if a client's monthly utility expenses exceed the \$575 amount.

Furthermore, the total shelter obligation is calculated by adding Claimant's housing expenses to the utility credit; this amount is found to be \$1,095. Then, the Department subtracts the total shelter amount from fifty percent of the \$965 adjusted gross income. Fifty percent of the adjusted gross income is \$482. However, when the Department subtracts the total shelter amount from fifty percent of the gross income (\$1095 shelter income minus \$482 adjusted gross income), this amount is found to be greater than the standard shelter maximum for non-SDV members. Thus, Claimant is entitled to the standard shelter maximum of \$469 for non-SDV members. RFT 255, p. 1.

Finally, the Department subtracts the adjusted gross income from the shelter deduction, which results in a net income limit of \$496. A chart listed in RFT 260 is used to determine the proper FAP benefit issuance. Based on Claimant's group size and net income, Claimant's proper FAP benefit issuance is found to be \$51, the same amount calculated by the Department. RFT 260 (December 2012), p. 5. Thus, the Department properly calculated Claimant's FAP Budget in accordance with Department policy for the effective benefit period of June 1, 2013, ongoing.

MA benefits

The Department testified that based on Claimant receiving unemployment benefits and other factors, the only program available to him was the Adult Medical Program (AMP). Thus, the Department presented at the hearing an AMP Income Budget Results. See Exhibit 1.

For AMP applications, income eligibility exists when the program group's net income does not exceed the program group's AMP income limit. BEM 640 (October 2012), p. 3. The AMP income limits are in RFT 236. BEM 640, p. 1. The income limit for the AMP program for a group size one is \$316. RFT 236 (April 2009), p. 1.

It should be noted that the Department applied an income limit of \$336, which was effective in RFT 236 in June of 2013. RFT 236 (June 2013), p. 1. However, the Notice of Case Action states that the effected benefit period for AMP was April 1, 2013. See Exhibit 1. Thus, the Department should have applied the \$316 standard. Additionally, the budget used for the AMP calculation was for June of 2013. See Exhibit 1. However, the numbers calculated for unemployment compensation in April of 2013 is the same for June of 2013. Thus, the hearing proceeded with using the June of 2013 AMP budget.

As previously discussed in the FAP budget, Claimant agreed that he earns \$1,036 a month in unemployment compensation. The AMP budget reflects this amount. See Exhibit 1. Claimant's net income of \$1,036 is greater than the \$316 income limit for the AMP program. RFT 236 (April 2009), p. 1. Thus, the Department properly denied Claimant's MA application effective April 1, 2013, ongoing, due to Claimant's excess income. BEM 640, p. 3; RFT 236, p. 1.

DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated above and 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 above and on the record.



Eric Feldman
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: July 3, 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 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

EJF/cl

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