

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

**IN THE MATTER OF:**



Reg. No.: 201419160  
Issue No.: 2001; 3001  
Case No.: [REDACTED]  
Hearing Date: January 22, 2014  
County: Wayne (18)

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

**HEARING DECISION**

Following Claimant's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, a telephone hearing was held on January 22, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant and [REDACTED], Claimant's mother. Participants on behalf of the Department of Human Services (Department) included [REDACTED], Assistance Payment Supervisor, and [REDACTED], Assistance Payment Worker.

**ISSUE**

Did the Department properly deny Claimant's application for Medical Assistance (MA) benefits and Medicare Savings Program (MSP) benefits?

Did the Department properly close Claimant's Food Assistance Program (FAP) case?

**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 [REDACTED] 2013, Claimant filed an application for MA and MSP benefits.
3. On [REDACTED], 2013, the Department sent Claimant a Notice of Case Action denying his MA and MSP application and notifying him that effective [REDACTED], 2014, his FAP case would close.

4. On [REDACTED], 2013, Claimant filed a request for hearing disputing the Department's actions.

### **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), Department of Human Services Reference Tables Manual (RFT), and Department of Human Services Emergency Relief Manual (ERM).

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food Stamp Act of 1977, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 271.1 to 285.5. The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10 and Mich Admin Code, R 400.3001 to .3015.

The Medical Assistance (MA) program is established by the Title XIX of the Social Security Act, 42 USC 1396-1396w-5, and is implemented by 42 CFR 400.200 to 1008.59. The Department of Human Services (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10 and MCL 400.105.

Additionally, after the Department denied Claimant's MSP and MA application and closed his FAP case, Claimant requested a hearing disputing the Department's actions.

#### **Denial of MSP Application**

Among the reasons listed for denial of Claimant's MSP application was that his income exceeded the limit applicable for eligibility for MSP benefits. MSP benefits result in the State's payment of a client's Medicare premiums, coinsurances, and deductibles, depending on the client's income eligibility. BEM 165 (October 2013), pp. 1-2. Claimant is the only member of his MA fiscal group. BEM 211 (January 2014), p. 4. The maximum net income a single-member MA fiscal group may receive in order to be eligible for MSP is \$1293. BEM 165, p. 1; RFT 242 (December 2013), p. 1-2;

At the hearing, Claimant acknowledged that his gross monthly Retirement, Survivors and Disability Income (RSDI) was \$1440. After a \$20 unearned income disregard is applied to Claimant's income, his total net income for MA purposes is \$1420; no other deductions were available to Claimant. BEM 541 (January 2014), pp. 1-3. Because \$1420 net income exceeds the \$1293 MSP limit, the Department acted in accordance with Department policy when it denied Claimant's MSP application.

#### **Denial of MA Application**

In the [REDACTED], 2014, Notice of Case Action, the Department denied Claimant's MA application, finding that he was not eligible for Adult Medical Program (AMP) coverage or MA coverage.

AMP provides limited medical services for persons not eligible for MA coverage. BEM 100 (October 2013), p. 6. The AMP program was not open for enrollment in November 2013, the month of Claimant's application. Therefore, the Department acted in accordance with Department policy when it denied Claimant's eligibility for AMP coverage.

In denying Claimant's MA application, the Department identified three reasons: (1) his countable assets exceeded the limit for the program, (2) he was not under age 21 or age 65 or over, not pregnant, not a caretaker of a minor child and not blind or disabled, and (3) he was eligible for coverage under another case.

The Department testified that the countable assets that resulted in Claimant's ineligibility was the \$25,000 life insurance proceeds Claimant identified in his [REDACTED], 2013 application. For SSI-related MA (which is available to disabled individuals), lump sums and accumulated benefits (excluding income tax refunds, nonrecurring proceeds from the sale of assets, payment that are excluded assets under policy and medical loss ratio rebate) are *income in the month received*. BEM 400 (October 2013), p. 15. A "lump sum" is defined as a one-time payment that is not an accumulation of monthly benefits." Bridges Policy Glossary (July 2013), p. 39. Under this definition, Claimant's life insurance proceeds were lump sums and, therefore, income in the month received for MA purposes. Therefore, the Department did not act in accordance with Department policy when it concluded that the life insurance proceeds resulted in Claimant's asset ineligibility for MA.

A person eligible for RSDI based on a disability meets the disability criteria for MA eligibility. BEM 260 (July 2013), pp. 1-2. In this case, Claimant testified that he received RSDI income because he had been found disabled by the Social Security Administration. The Department did not present any evidence, or request any verification from Claimant, to counter his testimony. See BEM 260, p. 8. Therefore, the Department did not act in accordance with Department policy when it denied Claimant's MA application based on a lack of disability.

The Department did not present any evidence to support its statement that Claimant was eligible for MA under another case.

Because the Department failed to establish that Claimant was asset-ineligible for MA, that he was not receiving RSDI based on a disability, and that he received MA under another case, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it denied Claimant's MA application.

### **Closure of FAP Case**

Among the reasons listed in the [REDACTED], 2013, Notice of Case Action for the closure of Claimant's FAP case was that he was not the primary caretaker of his grandchild, that he or a group member failed to cooperate with child support, that he

had failed to provide requested verifications, and that his assets exceeded the asset limit for FAP eligibility.

The evidence at the hearing established that Claimant's grandchild was no longer in his household, that he had not listed her as a household member in his [REDACTED], 2013 application, and that he was not in violation of any child support reporting requirements. Therefore, the child should not have been included in Claimant's FAP group and her status would not affect his FAP eligibility. Therefore, the Department did not act in accordance with Department policy when it relied on these reasons for closing Claimant's FAP application.

The Department also closed Claimant's FAP case for asset ineligibility. Claimant's application revealed that he had received life insurance proceeds of \$25,000. The asset limit for FAP eligibility is \$5,000. BEM 400, p. 5. For FAP purposes, lump sum payments are assets *starting the month received*. BEM 400, p. 15.

In his application, Claimant acknowledged receiving \$25,000 in life insurance proceeds in [REDACTED] 2013. If the month of receipt is verified, Claimant was asset-ineligible for FAP benefits in [REDACTED] 2013. Claimant testified that he used most of the proceeds to pay for his wife's funeral expenses and to repay loans to friends and family. For ongoing asset eligibility, the Department would have to consider the remaining cash held by Claimant for months after receipt of the proceeds. See BEM 400, pp. 14-16.

The Department also testified that Claimant had failed to provide requested bank statements, which was another reason his FAP case was closed. A [REDACTED], 2013, Verification Checklist (VCL) the Department sent Claimant requested verification of bank accounts. At the hearing, Claimant credibly established that he submitted a PCF Bank checking account statement. However, Claimant also identified in his MA application that he had a savings account. The VCL requested a savings account statement. The VCL also requested verification of death benefit/unearned income payment. Because there was no evidence presented that Claimant submitted these documents, the Department acted in accordance with Department policy when it closed Claimant's FAP case for failure to verify.

Claimant is advised that he can reapply for FAP benefits.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it denied Claimant's MSP application and closed his FAP case but did not act in accordance with Department policy when it denied his MA application.

**DECISION AND ORDER**

Accordingly, the Department's decision is AFFIRMED IN PART with respect to denial of the MSP application and closure of the FAP case and REVERSED IN PART with respect to denial of the MA application.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Reregister and reprocess Claimant's [REDACTED] 2013, MA application;
2. Provide Claimant with MA coverage he is eligible to receive from the date of application; and
3. Notify Claimant in writing of its decision.



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

Date Signed: January 27, 2014

Date Mailed: January 27, 2014

**NOTICE OF APPEAL:** 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 or Reconsideration was made, within 30 days of the receipt date of the Decision and Order of Reconsideration or Rehearing Decision.

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).

A Request for Rehearing or Reconsideration may be granted when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;
- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;
- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

The Department, AHR or the claimant must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date the hearing decision is mailed.

The written request must be faxed to (517) 335-6088 and be labeled as follows:

Attention: MAHS Rehearing/Reconsideration Request

If submitted by mail, the written request must be addressed as follows:

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

ACE/tlf

cc:

