

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 14-000572  
Issue No.: 2001  
Case No.: [REDACTED]  
Hearing Date: May 1, 2014  
County: WAYNE-DISTRICT 35

**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 May 1, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant and [REDACTED], Claimant's [REDACTED] and authorized hearing representative (AHR). Participants on behalf of the Department of Human Services (Department) included [REDACTED], Hearing Facilitator.

**ISSUE**

Did the Department properly provide Claimant with Medical Assistance (MA) benefits under the Group 2 SSI-related (G2S) program subject to a \$621 monthly deductible effective February 1, 2014 ongoing?

Did the Department properly calculate Claimant's monthly Food Assistance Program (FAP) benefits for May 1, 2014 ongoing?

**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 FAP recipient.
2. On September 25, 2013, Claimant submitted an MA application alleging a disability.
3. The Social Security Administration (SSA) found Claimant disabled with a disability onset date of August 3, 2013.

4. On February 25, 2014, SSA notified Claimant that she was eligible for Retirement, Survivors and Disability Insurance (RSDI) benefits of \$1016 as of February 1, 2014 and would receive her February allotment in March 3, 2014, with ongoing monthly benefits paid to her on the third of each month.
5. On March 21, 2014, the Department sent Claimant a Notice of Case Action notifying her that (i) she was approved for full MA coverage under the Freedom to Work (FTW) program for September 1, 2013 to January 31, 2014 but her FTW case was closing effective February 1, 2014 because her income exceeded the income limit for the program and (ii) her FAP benefits were decreasing to \$15 monthly beginning May 1, 2014.
6. On April 1, 2014, Claimant filed a hearing request disputing the Department's actions concerning her MA and FAP programs.

### **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).

Claimant requested a hearing disputing the Department's finding that she was eligible for MA subject to a monthly \$621 deductible beginning February 1, 2014 and that she was eligible for monthly FAP benefits of \$15 beginning May 1, 2014. The Department did not include a copy of the relevant Notice of Case Action with its hearing packet; however, it provided a copy of the March 21, 2014 Notice of Case Action that was tied to Claimant's hearing request after the hearing.

#### **FAP Calculation**

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 Department testified that Claimant was eligible for \$15 in monthly FAP benefits for May 1, 2014, ongoing.

The Department produced a FAP budget showing the calculation of Claimant's FAP benefits for May 2014 ongoing. The budget showed unearned income of \$1016, which the AHR verified was Claimant's gross monthly RSDI benefits. In determining net income for FAP purposes, a client's gross income may be reduced by deductions available under Department policy. See BEM 554 (May 2014), p. 1. The budget showed no deduction for child support, dependent care, or medical expenses. Because

Claimant had no minor children in the home and did not pay child support, she was not eligible for a deduction for dependent care expenses or for child support. Because she was a Senior/Disabled/Veteran (SDV) member of her FAP group, she was eligible for a deduction for verified medical expenses exceeding \$35 monthly BEM 554, p. 1. However, Claimant's AHR confirmed that no medical expenses had been submitted since December 2013. Therefore, the Department properly concluded that Claimant had no medical expense deduction.

Based on the evidence at the hearing, Claimant was eligible for a standard deduction and an excess shelter deduction. The Department properly applied the \$151 standard deduction available to Claimant's FAP group size of one. See RFT 255 (December 2013), p. 1. Claimant was also eligible for an excess shelter deduction, which takes into consideration Claimant's housing expenses and the mandatory heat and utility standard. BEM 554, pp. 12-19.

In this case, the Department established that it considered monthly housing expenses of \$0 and a heat and utility standard of \$553. Because Claimant was an active FAP recipient as of February 7, 2014, and presumably receiving the heat and utility standard applicable at the time, and the change concerning increased income was reported prior to May 1, 2014, the Department properly applied the \$553 heat and utility standard provided under policy. BEM 554 (May 2014), p. 15; RFT 255, p. 1. However, the AHR credibly testified that Claimant's worker was notified in early March 2014 that, effective March 2014, Claimant began paying monthly rent of \$250 and confirmed this with a letter to the Department. Therefore, the Department did not act in accordance with Department policy when it did not consider Claimant's verified rental expenses in calculating the excess shelter deduction. BEM 554, p. 14.

Because the Department did not properly calculate Claimant's excess shelter deduction, her net income and consequently her monthly FAP allotment were not calculated in accordance with Department policy.

### **MA Eligibility**

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.

The Department testified that, based on SSA's finding that Claimant was disabled with a disability onset date of August 3, 2013, it processed Claimant's September 26, 2013 MA application and found her eligible for MA under the FTW program beginning September 1, 2013. The Department further testified that, because she began receiving RSDI in February 2104, she became income-ineligible for FTW coverage and her MA case under the FTW program closed. The Department testified that Claimant became eligible for MA coverage under the Group 2 SSI-related (G2S) program effective February 1, 2014 subject to a monthly deductible of \$621.

FTW coverage is available to a client with disabilities age 16 through 64 who has earned income. BEM 174 (July 2013), p. 1. A client with net unearned income in excess of 100% of the Federal Poverty Level, or \$958 for the months between September 2013 and February 2014, is not income eligible for MA coverage under the FTW program. BEM 174, p. 2; RFT 246 (December 2013), p. 1. Although it was unclear whether Claimant was employed between September 2013 and January 2013, it is noted that a client's eligibility for full-coverage MA under the AD-Care program, which is available to disabled individuals who are not employed, is also subject to a maximum net income limit of \$958 for the period at issue. BEM 163 (July 2013), pp. 1-2; RFT 242 (December 2013), p. 1.

In determining a client's net income for MA purposes, the Department considers the gross monthly RSDI benefits received by the client. BEM 503 (January 2014), p. 28; BEM 530 (January 2014), p. 2. This unearned income is reduced by a \$20 disregard. BEM 541 (January 2014), p. 3. In this case, Claimant's RSDI income is \$1016. Claimant's gross RSDI income reduced by \$20 results in net income for MA purposes of \$996. Because \$996 exceeds the \$958 income limit for FTW eligibility, the Department properly concluded that Claimant was no longer eligible for full MA coverage under the FTW program once she began receiving RSDI income. However, the evidence at the hearing established that, while Claimant was approved for RSDI in February 2014, she did not receive her first payment until March 2014. In determining income eligibility, the Department must use only available income, i.e., income that is received or can reasonably be anticipated. BEM 530, p. 2. Because Claimant did not have any income in February 2014, the Department did not act in accordance with Department policy when it closed Claimant's MA case under the FTW program for February 2014.

The Department testified that, once Claimant began receiving RSDI income, she was eligible for MA under the G2S program subject to a monthly \$621 deductible. Clients who are not eligible for MA coverage under programs described in BEM 155 through 164, 170 or 171 may be eligible for Group 2 MA coverage. BEM 166 (July 2013), p. 1. As described above, Claimant is not income-eligible under the AD-Care program, the only program under BEM 155 to BEM 164, 170 or 171 for which she otherwise meets the criteria. Therefore, the Department properly considered her eligibility under G2S, a Group 2 program for disabled individuals.

Clients are eligible for Group 2 MA coverage when their net income less any allowable needs deductions exceeds the applicable Group 2 MA protected income levels (PIL); PIL is provided in policy and is based on the client's shelter area and fiscal group size. BEM 105 (January 2014), p. 1; BEM 166 (July 2013), p. 2; BEM 544 (July 2013), p. 1; RFT 240 (December 2013), p. 1. The monthly PIL for an MA fiscal group size of one living in Wayne County is \$375 per month. RFT 200 (December 2013), pp. 1-2; RFT 240, p. 1. Thus, if Claimant's net income is in excess of \$375, she may become eligible for MA assistance under the deductible program, with the deductible equal to the amount that her monthly net income less allowable deductions exceeds \$375. BEM 545 (July 2013), p. 2.

In this case, the Department presented an SSI-related MA budget showing the calculation of Claimant's deductible. As discussed above, Claimant's net income for MA purposes is \$996. See BEM 530 (July 2013), p. 1; BEM 541 (July 2013), p 3. The evidence at the hearing established that Claimant was not eligible for any needs deductions. See BEM 544, pp. 1-2. Because Claimant's net income of \$996 exceeded the applicable \$375 PIL by \$621, the Department acted in accordance with Department policy when it concluded that Claimant was eligible for MA coverage subject to a monthly \$621 deductible once she began receiving RSDI income.

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 (i) did not act in accordance with Department policy when it calculated Claimant's monthly FAP allotment and when it closed Claimant's MA case under the FTW program for excess income in February 2014 but (ii) did act in accordance with Department policy when it found her eligible for MA coverage under the G2S program subject to a \$621 monthly deductible effective March 1, 2014 ongoing.

### **DECISION AND ORDER**

Accordingly, the Department's decision is AFFIRMED IN PART with respect to the determination of Claimant's MA eligibility for G2S coverage and deductible amount for March 1, 2014 ongoing and REVERSED IN PART with respect to the closure of Claimant's MA case under the FTW program in February 2014 and the calculation of Claimant's FAP allotment for May 1, 2014 ongoing.

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. Recalculate Claimant's FAP budget for May 1, 2014 ongoing;
2. Issue supplements to Claimant for FAP benefits she was eligible to receive but did not for May 1, 2014 ongoing;
3. Reinstate Claimant's FTW case for February 2014;

4. Provide Claimant with MA coverage she was eligible to receive but did not for February 2014; and
5. Notify Claimant and the AHR of its FAP decision in writing.



---

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

Date Signed: **5/5/2014**

Date Mailed: **5/8/2014**

ACE / tlf

cc:

