

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

IN THE MATTER OF:

██████████
██████████
██████████

Reg. No.: 2014-34324
Issue No(s): 3008; 6004
Case No.: ██████████
Hearing Date: May 15, 2014
County: Wayne (76)

ADMINISTRATIVE LAW JUDGE: Eric Feldman

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 15, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department or DHS) included ██████████, Hearings Facilitator; and ██████████, Family Specialist.

ISSUES

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

Did the Department properly close Claimant's Child Development and Care (CDC) program benefits effective April 6, 2014, ongoing?

Did the Department properly process Claimant's reported change in shelter costs and CDC provider?

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 is an ongoing recipient of FAP and CDC benefits.
2. On February 6, 2014, Claimant reported a change in CDC provider information and submitted a CDC Provider Verification form. See Exhibit 1.

3. On February 6, 2014, the CDC Provider Information indicated a change in provider information, which affected all three children in care and was effective February 3, 2014. See Exhibit 1.
4. The Department failed to process the reported change (CDC provider) timely and did not activate coverage for the provider with the appropriate time period.
5. On March 8, 2014, Claimant submitted an online change report regarding a change in address and/or shelter costs.
6. The Department failed to process Claimant's reported change (shelter costs) timely.
7. On March 12, 2014, the Department sent Claimant a Notice of Case Action notifying her that her CDC benefits would close effective April 6, 2014, ongoing, due to her failure to provide verification of eligible provider. See Exhibit 1.
8. On March 12, 2014, the Notice of Case Action also notified Claimant that her FAP benefits would decrease to \$460 for April 2014 and indicated that her housing costs were zero. See Exhibit 1.
9. On March 24, 2014, Claimant filed a hearing request, protesting her FAP and CDC benefits. See 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), 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 273. The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001 to .3015.

The Child Development and Care (CDC) program is established by Titles IVA, IVE and XX of the Social Security Act, 42 USC 601-619, 670-679c, and 1397-1397m-5; the Child Care and Development Block Grant of 1990, PL 101-508, 42 USC 9858 to 9858q; and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193. The program is implemented by 45 CFR 98.1-99.33. The Department administers the program pursuant to MCL 400.10 and provides services to adults and children pursuant to MCL 400.14(1) and Mich Admin Code, R 400.5001-.5020.

CDC provider

Clients must report changes in circumstance that potentially affect eligibility or benefit amount. BAM 105 (January 2014), p. 9. Other changes must be reported within 10 days after the client is aware of them. BAM 105, p. 10. These include, but are not limited to, changes in child care needs or providers. BAM 105, p. 10. For CDC cases, the Department acts on a change reported by means other than a tape match within 15 workdays after becoming aware of the change. BAM 220 (January 2014), p. 6.

In this case, Claimant is an ongoing recipient of CDC benefits. On February 6, 2014, Claimant reported a change in CDC provider information and submitted a CDC Provider Verification form. See Exhibit 1. On February 6, 2014, the CDC Provider Information form indicated a change in provider information, which affected all three children in care and was effective February 3, 2014. See Exhibit 1. The Department testified that it applied the provider change to affect coverage on or around February 21, 2014. However, the Department testified that it erred in applying the provider coverage effective February 3, 2014, as indicated in the verification form. Based on this information, the Department failed to properly process Claimant's reported change in child care providers. BAM 105, p. 10 and BAM 220, p. 6. However, the Department did testify that it has to verify that Claimant's new provider (a group child care home) is licensed and eligible in order to bill and receive payment for CDC subsidy eligible children. See BEM 704 (July 2013), p. 1 and Exhibit 1.

Because the Department failed to properly process Claimant's reported change in CDC provider information, it will redetermine the provider's CDC eligibility effective February 3, 2014 (any other applicable billing periods), in order for the provider to bill and receive payment for CDC subsidy eligible children.

CDC benefits

As stated previously, Claimant is an ongoing recipient of CDC benefits. On February 6, 2014, Claimant reported a change in CDC provider information and submitted a CDC Provider Verification form. See Exhibit 1. On March 12, 2014, the Department sent Claimant a Notice of Case Action notifying her that her CDC benefits would close effective April 6, 2014, ongoing, due to her failure to provide verification of eligible provider. See Exhibit 1. The Department acknowledged that it closed the benefits in error effective April 6, 2014, ongoing because it did receive the verification of eligible provider in February 2014.

Clients must cooperate with the local office in determining initial and ongoing eligibility. BAM 105, p. 7. This includes completion of necessary forms. BAM 105, p. 7. For CDC cases, the Department allows the client 10 calendar days (or other time limit specified in policy) to provide the verifications it requests. BAM 130 (January 2014), p. 5; See also BEM 702 (July 2013), p. 1. The Department sends a negative action notice when: the client indicates refusal to provide a verification, or the time period given has elapsed and the client has not made a reasonable effort to provide it. BAM 130, p. 6.

Based on the foregoing information and evidence, the Department improperly closed Claimant's CDC benefits effective April 6, 2014, ongoing. The evidence presented that Claimant submitted verification of eligible provider on February 6, 2014. See Exhibit 1. Moreover, the Department acknowledged that it closed the benefits in error because it did not receive the proper verification. Therefore, the Department will reinstate Claimant's CDC benefits effective April 6, 2014, ongoing, because Claimant provided the necessary verifications for the change in provider information. See BAM 105, p. 7; BAM 130, pp. 5-6; and BEM 702, p. 1.

It should be noted that the hearing summary indicated that CDC benefits were reinstated April 11, 2014. See Exhibit 1. However, the Notice of Case Action indicated that closure was effective April 6, 2014. See Exhibit 1. Therefore, the Department will still be ordered to reinstate CDC benefits effective April 6, 2014.

FAP benefits

In this case, Claimant is an ongoing recipient of FAP benefits. On March 8, 2014, Claimant submitted an online change report regarding a change in address and/or shelter costs. The Department testified that no proof of shelter obligation was provided and therefore, it removed the shelter amount from her FAP budget in which it caused a decrease in benefits. On March 12, 2014, the Department sent Claimant a Notice of Case Action notifying her that her FAP benefits would decrease to \$460 and her housing costs amount was zero. See Exhibit 1.

At the hearing, it was discovered on April 11, 2014, the Department sent Claimant a request to verify her shelter information. The Department received verification of Claimant's shelter costs for the first time during the hearing, which stated her housing costs are now \$258. Claimant did not dispute this amount. Thereafter, the Department acknowledged that it failed to process Claimant's reported change (shelter costs) timely. The Department acknowledged that it did not request verification within the specified time frame. It should be noted that Claimant did not dispute any other calculations in the FAP budget other than the shelter costs.

Other changes must be reported within 10 days after the client is aware of them. BAM 105, p. 10. These include, but are not limited to, changes in address and shelter cost changes that result from the move. BAM 105, p. 10. The Department acts on a change reported by means other than a tape match within 10 days of becoming aware of the change. BAM 220, p. 6. Changes which result in an increase in the household's benefits must be effective no later than the first allotment issued 10 days after the date the change was reported, provided any necessary verification was returned by the due date. BAM 220, pp. 6-7.

The Department tells the client what verification is required, how to obtain it, and the due date. BAM 130, p. 3. The Department uses the DHS-3503, Verification Checklist (VCL), to request verification. BAM 130, p. 3. Except, for FAP only, if there is a system-generated due date on the verification form such as a DHS-3688, Shelter

Verification, a verification checklist is not required to be sent with the verification form. BAM 130, p. 3.

The Department verifies shelter expenses at application and when a change is reported. BEM 554 (February 2014), p. 14. If the client fails to verify a reported change in shelter, remove the old expense until the new expense is verified. BEM 554, p. 14. Acceptable verification sources include, but are not limited to a DHS-3688, Shelter Verification form. BEM 554, p. 14. A copy of this form will be sent to the FAP group and a task and reminder sent to the specialist when a change of address is done in the system. BEM 554, p. 14. The due date will be on the form. BEM 554, p. 14. The specialist must monitor for return of the form and take appropriate action if it is or is not returned. BEM 554, p. 14.

Based on the foregoing information and evidence, the Department failed to timely process Claimant's reported change in shelter costs. As of this hearing decision, both parties acknowledged that verification of shelter costs was received and that her monthly housing costs are \$258. Moreover, the Department acknowledged that it failed to send Claimant shelter verification within the reported change. See BAM 105, p. 10; BAM 130, p. 3; BAM 220, pp. 6-7; and BEM 554, p. 14. The Department eventually sent a shelter verification request on April 11, 2014; however, this was not within 10 days that the Department must act on the reported change. See BAM 220, p. 6. Because the Department failed to properly process the reported change (shelter costs), it improperly calculated Claimant's FAP benefits effective April 1, 2014. Claimant reported the shelter costs change on March 8, 2014. Claimant's April FAP benefits will be the first month affected. See BAM 220, pp. 6-7. Thus, the Department will apply shelter costs in the amount of \$258 for Claimant's FAP benefits effective April 1, 2014.

DECISION AND ORDER

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 did not act in accordance with Department policy when it (i) improperly closed Claimant's CDC benefits effective April 6, 2014, ongoing; (ii) improperly calculated Claimant's FAP benefits effective April 1, 2014; (iii) and did not properly process Claimant's reported change in shelter costs and CDC provider information.

Accordingly, the Department's FAP and CDC decision is REVERSED.

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. Redetermine the provider's CDC eligibility effective February 3, 2014 (any other applicable billing periods) in accordance with Department policy, in

order for the provider to bill and receive payment for CDC subsidy eligible children;

2. Issue supplements to Claimant's provider for any CDC benefits it was eligible to receive but did not from February 3, 2014, ongoing (any other applicable billing periods), in accordance with Department policy;
3. Reinstate Claimant's CDC case as of April 6, 2014;
4. Begin recalculating the CDC budget for April 6, 2014, ongoing in accordance with Department policy;
5. Issue supplements to Claimant for any CDC benefits she was eligible to receive but did not from April 6, 2014, ongoing;
6. Begin recalculating the FAP budget for April 1, 2014, ongoing (including \$258 for Claimant's shelter costs) and in accordance with Department policy;
7. Issue supplements to Claimant for any FAP benefits she was eligible to receive but did not from April 1, 2014, ongoing; and
8. Notify Claimant in writing of its FAP and CDC decision in accordance with Department policy.



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

Date Signed: May 19, 2014

Date Mailed: May 19, 2014

NOTICE OF APPEAL: A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides or has its principal place of business in the State, or the circuit court in Ingham County, within 30 days of the receipt date.

A party may request a rehearing or reconsideration of this Hearing Decision from the Michigan Administrative Hearing System (MAHS) within 30 days of the mailing date of this Hearing Decision, or MAHS may order a rehearing or reconsideration on its own motion.

MAHS may grant a party's Request for Rehearing or Reconsideration 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 party requesting a rehearing or reconsideration 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 this Hearing Decision is mailed.

A written request may be faxed or mailed to MAHS. If submitted by fax, 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

EJF/cl

cc: [REDACTED]
[REDACTED]
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