

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

**IN THE MATTER OF:**

██████████  
██████████████████  
██████████████████████████████

Reg. No.: 14-008950  
Issue No(s): 2001;3002  
Case No.: ██████████  
Hearing Date: September 10, 2014  
County: Macomb (12)

**ADMINISTRATIVE LAW JUDGE:** Zainab Baydoun

**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 September 10, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included ██████████, Eligibility Specialist.

**ISSUE**

Did the Department properly close Claimant's Food Assistance Program (FAP) and Medical Assistance (MA) cases?

**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 and MA benefits.
2. On June 25, 2014, the Department sent Claimant a New Hire Client Notice (New Hire) instructing him to complete and return the form by July 7, 2014. (Exhibit 1)
3. On July 16, 2014, the Department sent Claimant a Notice of Case Action informing him that effective August 1, 2014, his FAP case would be closed based on a failure to return requested verifications.

4. On July 16, 2014, the Department sent Claimant a Health Care Coverage Determination Notice informing him that effective August 1, 2014, ongoing, he was ineligible for MA benefits on the basis that he was not under 21, pregnant, or a caretaker of a minor child, that she was not aged, blind or disabled. The Notice also indicated the annual income used to determine Claimant's eligibility for MA, as well as the household income limits. (Exhibit 5)
5. On July 28, 2014, Claimant submitted a hearing request 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).

#### **FAP**

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.

Additionally, verification is usually required at application/redetermination and for a reported change affecting eligibility or benefit level. BAM 130 (April 2014), p.1. To request verification of information, the Department sends a Verification Checklist (VCL) which tells the client what verification is required, how to obtain it, and the due date. BAM 130, pp. 2-3. The client must obtain the required verification, but the Department must assist if help is needed and requested. If neither the client nor the Department can obtain the requested verification despite a reasonable effort, the Department will use the best available information and if no evidence is available, its best judgment. BAM 130, p.3 FAP clients are given 10 calendar days to provide the verifications requested by the Department. Verifications are considered to be timely if received by the date they are due. BAM 130, pp.6-7. For FAP cases, the Department sends a negative action notice when the client indicates a 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, pp. 6-7.

The Department routinely matches recipient employment data with the Michigan Department of Treasury (MDOT) through computer data exchange processes. New Hires is a daily exchange with MDOT and the information is used to determine current income sources for active Department clients. BAM 807 (July 2013), p.1. The New Hire database is established from W-4 tax records submitted to MDOT by employers. The New Hires process matches the Social Security number (SSN) for all active recipients to

the database. If a SSN match is found on Bridges and the New Hires database, a New Hires match is created if there is no earned income reflected in Bridges. BAM 807, p.1. If the employment has not been previously reported, the Department is to request verification of the employment by sending the client a New Hire Notice. BAM 807, p.1. Clients are given 10 calendar days to provide verification from the date the forms were requested. If verifications are not returned by the 10th day, the case will close for a minimum of 30 days after appropriate actions are taken in Bridges, unless the client returns the requested verifications. BAM 807, p. 2.

The Department testified that Claimant's FAP case closed because he did not return the completed New Hire form by the July 7, 2014, due date. The Department stated that on July 16, 2014, Claimant called to verbally inform the Department that he was working and reported his rate of pay and average hours worked per week. The Department testified that it attempted to input Claimant's employment information as a client statement, but that because the New Hire was not received by the due date, a Notice of Case Action was generated and sent to Claimant informing him of the case closure effective August 1, 2014.

At the hearing, Claimant stated that he received the New Hire form after the due date in which he was required to submit it. Claimant testified that he does not live at the address he receives mail and that he did not get the New Hire until it was too late. Claimant confirmed that he did not contact the Department prior to July 16, 2014, and that he did not submit the completed form after he received it.

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 act in accordance with Department policy when it closed Claimant's FAP case, as it did not receive a completed New Hire form by the due date.

## **MA**

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

In this case, Claimant was an ongoing recipient of MA benefits under the Healthy Michigan Plan (HMP). HMP provides health care coverage for individuals who:

- Are age 19-64 years
- Have income at or below 133% of the federal poverty level under the Modified Adjusted Gross Income (MAGI) methodology
- Do not qualify for or are not enrolled in Medicare
- Do not qualify for or are not enrolled in other Medicaid programs

- Are not pregnant at the time of application
- Are residents of the State of Michigan

[http://www.michigan.gov/mdch/0,4612,7-132-2943\\_66797-325160--,00.html](http://www.michigan.gov/mdch/0,4612,7-132-2943_66797-325160--,00.html). For 2014, 133% of the federal poverty level is \$15,521. <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Eligibility/Downloads/2014-Federal-Poverty-level-charts.pdf>.

The Department testified that on July 16, 2014, Claimant reported that he was employed about 30 hours per week and paid \$11.33 per hour. The Department testified that Claimant's employment information was put in Bridges and that based on the information provided, Claimant was no longer eligible for MA under the HMP because he had excess income.

According to the Health Care Coverage Determination Notice sent to Claimant on July 16, 2014, Claimant had annual income of \$17,616, which exceeded the \$15,521 annual limit for Claimant's household size of one. (Exhibit 5). The Department stated that in determining Claimant's annual income of \$17, 616, it relied on his statement that he worked about 30 hours per week and was paid \$11.33 per hour. Although Claimant confirmed that he is paid \$11.33 per hour, Claimant stated that he does not always work 30 hours per week and that his paychecks are reduced due to his paying child support for four children. Claimant provided paychecks for review at the hearing. (Exhibit A).

HMP income eligibility is dependent on the calculation of an applicant's Modified Adjusted Gross Income (MAGI), which is a methodology used to determine financial eligibility for Medicaid. MAGI is based on the IRS rules and relies on federal tax information. BPG (July 2014), p.40. The Department failed to establish that the \$17, 616 annual income figure that it calculated was Claimant's MAGI for purposes of HMP eligibility. Therefore, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it closed Claimant MA case under the HMP based on excess income.

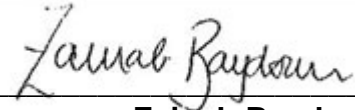
### **DECISION AND ORDER**

Accordingly, the Department's decision is AFFIRMED IN PART with respect to FAP and REVERSED IN PART with respect to MA.

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. Reinstate Claimant's MA case under the HMP effective August 1, 2014, ongoing;
2. Provide Claimant with MA coverage from August 1, 2014, ongoing; and

3. Notify Claimant in writing of its decision in accordance with Department policy.



**Zainab Baydoun**  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: September 17, 2014

Date Mailed: September 18, 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

ZB/cl

CC: [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
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