

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

**IN THE MATTER OF:**



Reg. No.: 14-004024  
Issue No.: 2001; 3008  
Case No.: [REDACTED]  
Hearing Date: July 9, 2014  
County: Lenawee County DHS

**ADMINISTRATIVE LAW JUDGE:** Colleen Lack

**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 July 9, 2014, from Lansing, Michigan. Participants on behalf of Claimant included [REDACTED], the Claimant. Participants on behalf of the Department of Human Services (Department) included [REDACTED], Manager.

**ISSUES**

Did the Department properly determine Claimant's eligibility for Medical Assistance (MA)?

Did the Department properly determine Claimant's monthly Food Assistance Program (FAP) allotment?

**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 eligible for full Medicaid (AD-Care) and the Medicare Savings Program.
2. Claimant is an ongoing recipient of FAP.
3. Claimant's Social Security Administration RSDI gross monthly income increased from \$ [REDACTED] to \$ [REDACTED].
4. On May 22, 2014, a Health Care Coverage Determination Notice was issued to Claimant indicating that effective July 1, 2014, Claimant would be eligible for Medicaid with a monthly deductible of \$ [REDACTED] per month and Claimant's Medicare Savings program would close due to income in excess of program limits.

5. On May 22, 2014, a Notice of Case Action was issued to Claimant stating effective July 1, 2014, her FAP monthly allotment would be reduced to \$ [REDACTED] due to the change in her income.
6. On May 29, 2014, Claimant filed a request for hearing contesting 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.

BEM 550, 554, and 556 address the FAP budget. In calculating the FAP budget, the entire amount of earned and unearned countable income is budgeted. Every case is allowed the standard deduction shown in RFT 255. BEM 550. The gross amount of the current Social Security Administration (SSA) issued Supplemental Security income (SSI) and Retirement Survivors and Disability Insurance (RSDI) benefits are counted as unearned income. BEM 503. For all FAP groups that received the mandatory heat and utility standard (h/u standard) on or before February 7, 2014, the h/u standard will remain in place for a period of five months after the month of their first redetermination or first reported case change occurring on or after May 1, 2014. A shelter expense is allowed when the FAP group has a shelter expense or contributes to the shelter expense. BEM 554.

The Department submitted an SOLQ report documenting Claimant had been receiving RSDI based on her disability with a gross monthly benefit amount of \$ [REDACTED]. Additionally, a SSA RSDI Notice of Award dated May 7, 2014 stated Claimant is also entitled to widow's benefits beginning April 2014 of \$ [REDACTED] per month. Accordingly, the Department re-calculated Claimant's FAP budget with the new gross unearned monthly income of \$ [REDACTED]. This resulted in the decrease in Claimant's FAP monthly allotment to \$ [REDACTED].

Claimant testified she was more concerned about the MA benefits than the FAP benefits, and noted that her rent had increased. However, Claimant testified that July 2014 was the first month she paid the increased rent amount. The Department confirmed the change in rent would be considered for the ongoing FAP benefits case.

The Department has submitted sufficient evidence that in May 2014, Claimant's FAP monthly allotment was properly re-calculated based on the change in her gross monthly income.

## 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.

Additionally, Michigan has set guidelines for income which determine if an MA group meets the financial eligibility requirements. In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for FIP-related and SSI-related Group 1 categories. For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for FIP-related and SSI-related Group 2 categories. BEM 105.

Income eligibility exists when net income does not exceed the Group 2 needs in BEM 544. BEM 166 p. 2. The protected income limit (PIL) is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA PILs based on shelter area and fiscal group size. BEM 544.

However an MA group may become eligible for assistance under the deductible program. A deductible case is an active MA case with no ongoing MA eligibility or coverage. The case meets all other eligibility requirements but income exceeds allowable limits. Periods of coverage are added when the client becomes income eligible by incurring medical expenses. Bridges Program Glossary (BPG)

The fiscal group's monthly excess income is called a deductible amount. BEM 545. A deductible amount is the amount of income which must be applied to the cost of medical care before MA can be authorized. BPG.

The Department submitted an SOLQ report documenting Claimant had been receiving RSDI based on her disability with a gross monthly benefit amount of \$ [REDACTED]. Additionally, a SSA RSDI Notice of Award dated May 7, 2014 stated Claimant is also entitled to widow's benefits beginning April 2014 of \$ [REDACTED] per month. Accordingly, the Department re-determined Claimant's MA eligibility.

Regarding AD-Care and Medicare Savings Program, the income limits as of April 1, 2014 for a group size of one are \$ [REDACTED] for AD-Care and full coverage QMB, \$ [REDACTED]

for limited coverage QMB, and [REDACTED] for ALMB. RFT 242. Claimant's increased gross monthly RSDI income of [REDACTED] exceeds all of the AD-Care and Medicare Savings Program income limits set forth in RFT 242. Accordingly, the Department properly determined the AD-Care Medicaid and Medicare Savings Program benefits must close. The Department then properly determined Claimant's monthly excess income, or deductible amount.

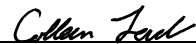
Claimant provided testimony regarding her needs for Medicaid and the Medicare Savings Program benefits. As noted during the telephone hearing proceedings, Claimant's needs for these benefits due to her disability were not contested. Rather, the increase in Claimant's monthly income was the basis for the changes in her MA eligibility.

The Department has submitted sufficient evidence that in May 2014, Claimant's MA eligibility was properly re-determined based on the change in her gross monthly 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 acted in accordance with Department policy when it re-calculated Claimant's FAP monthly allotment and re-determined Claimant's MA eligibility.

### **DECISION AND ORDER**

Accordingly, the Department's decision is **AFFIRMED**.



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Colleen Lack  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: **7/17/2014**

Date Mailed: **7/17/2014**

CL/hj

**NOTICE OF APPEAL:** A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, 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

cc:

