

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2014109
Issue No.: 2026, 3002, 4013
Case No.: [REDACTED]
Hearing Date: October 29, 2013
County: Otsego

ADMINISTRATIVE LAW JUDGE: C. Adam Purnell

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 October 29, 2013, from Lansing, Michigan. Participants on behalf of Claimant included [REDACTED] (Claimant's Authorized Hearing Representative (AHR)), [REDACTED] (Service Coordinator/Case Manager from [REDACTED] ([REDACTED])), and [REDACTED] (Claimant). Participants on behalf of the Department of Human Services (Department) included [REDACTED] (Eligibility Specialist) and [REDACTED] (Eligibility Specialist).

ISSUES

Did the Department properly close Claimant's Medical Assistance (MA) or "Medicaid" Supplemental Security Income (SSI) case?

Did the Department properly reduce Claimant's Food Assistance Program (FAP) benefits following a change in Claimant's unearned income?

Did the Department properly close Claimant's State Disability Assistance (SDA) case due to excess income?

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 receiving full MA-Ad Care benefits, a monthly FAP allotment of [REDACTED] and SDA benefits.

2. On June 1, 2013, Claimant's SSI closed and she began receiving [REDACTED] from Retirement, Survivors and Disability Insurance (RSDI) benefits.
3. On August 26, 2013, the Department mailed Claimant a Notice of Case Action (DHS-1605) which: (1) closed Claimant's MA-Ad Care case due to ineligibility effective October 1, 2013 and (2) decreased her monthly FAP benefits to [REDACTED] due to changes in income effective October 1, 2013.
4. On August 30, 2013, the Department mailed Claimant a Notice of Case Action (DHS-1605) which closed Claimant's SDA case due to excess income effective October 1, 2013.
5. On September 4, 2013, the Department mailed Claimant a Notice of Case Action (DHS-1605) which opened Claimant's MA Group 2 deductible case in the amount of [REDACTED] effective October 1, 2013.
6. On September 16, 2013, the Department received Claimant's request for hearing concerning the FAP reduction, MA deductible and SDA closure.

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 concerning three programs: the Food Assistance Program (FAP), the Medical Assistance (MA) program and the State Disability Assistance (SDA) program. Each program and the applicable policies will be addressed separately below.

The 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.

For FAP purposes, all earned and unearned income available to an applicant or recipient is countable. BEM 500. Unearned income means all income that is not earned, including but not limited to funds received from the Family Independence Program (FIP), State Disability Assistance (SDA), Child Development and Care (CDC), Medicaid (MA), Social Security Benefits (RSDI/SSI), Veterans Administration (VA), Unemployment Compensation Benefits (UCB), Adult Medical Program (AMP), alimony, and child support payments. BEM 500.

Each source of income is converted to a standard monthly amount, unless a full month's income will not be received. BEM 505. When the income amount changes, the Department will adjust the amount(s) being budgeted for future pay periods. BEM 505.

BEM 550 describes income budgeting policy. When the Department budgets the amount of FAP for a group, it first determines whether there is a senior¹, disabled person² or a veteran member of that group. BEM 550. A non-categorically eligible Senior/Disabled/Veteran (SDV) FAP group³ must have income below the net income limits. BEM 550. A non-categorically eligible, non-SDV FAP group must have income below the gross and net income limits. BEM 550.

The record reveals that Claimant is a SDV who, on June 1, 2013, began receiving RSDI in the amount of [REDACTED] at the time relevant to this matter. Therefore, Claimant's group received a total monthly income of [REDACTED], which is reduced by a standard deduction of \$151.00, leaving an adjusted gross income of [REDACTED]. An excess shelter deduction of [REDACTED] was subtracted from Claimant's adjusted gross income of [REDACTED] resulting in Claimant receiving [REDACTED] in net income. A Claimant with a group size of 1 has a maximum net income limit of \$958.00. RFT 250. According to the FAP issuance tables, Claimant's net income of [REDACTED] results in a monthly FAP allotment of [REDACTED]. Based on the material, competent and substantial evidence on the whole record, this Administrative Law Judge finds that the Department properly determined Claimant's monthly FAP allotment.

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 MA program is also referred to as Medicaid. BEM 105. BEM 544 applies to all FIP-related and SSI-related Group 2 MA categories. The department must use the appropriate protected income level (PIL) (defined below) for each fiscal group. BEM 544. The department may include other need items only when the fiscal group meets the requirements for them. BEM 544. The department shall then determine the fiscal group's total needs. BEM 544. The department will then look to BEM 545 to complete the income eligibility determination. BEM 544. The protected income level (PIL) is a set

¹ A "senior" is a person at least 60 years old. BEM 550 p 1.

² A "disabled" person who receives one of the following: (1) a federal, state or local public disability retirement pension and the disability is considered permanent under the Social Security Act; (2) Medicaid program which requires a disability determination by MRT or Social Security Administration; (3) Railroad Retirement **and** is eligible for Medicare or meets the Social Security disability criteria (4) a person who receives or has been certified and awaiting their initial payment for one of the following: (a) Social Security disability or blindness benefits; (b) Supplemental Security Income (SSI), based on disability or blindness, even if based on presumptive eligibility.

³ An SDV FAP group is one which has an SDV member. BEM 550 p 1.

allowance for non-medical need items such as shelter, food and incidental expenses. BEM 544. RFT 240 lists the Group 2 MA PILs based on shelter area and fiscal group size. BEM 544.

A fiscal group is established for each person requesting MA (see BEM 211) and budgetable income is determined for each fiscal group member. BEM 536. Since how a client's income must be considered may differ among family members, special rules are used to prorate a person's income among the person's dependents, and themselves. BEM 536.

Persons may qualify under more than one MA category. BEM 105. Federal law gives them the right to the most beneficial category. BEM 105. The most beneficial category is the one that results in eligibility or the least amount of excess income. BEM 105.

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. BEM 545. Active Deductible cases will be opened on Bridges without ongoing Group 2 MA coverage as long as the fiscal group has excess income and at least one fiscal group member meets all other Group 2 MA eligibility factors. BEM 545.

According to policy, the fiscal group's monthly excess income is called a deductible amount. BEM 545. Here, Claimant's fiscal group member was 1. Claimant's total net income is [REDACTED]. Claimant lives in Otsego County, which is Shelter Area V per RFT 200. According to RFT 240, the protected income limit (PIL) for a group size of 1 is \$391.00. Per policy, the Department subtracted \$20.00 from Claimant's unearned income ([REDACTED] - \$20.00) which resulted in a net income of [REDACTED]. Claimant's net income minus the PIL determines the remaining deductible amount. In this case, [REDACTED] (net income) - [REDACTED] (PIL) = [REDACTED]. BEM 536. The appropriate MA deductible amount is [REDACTED]. Therefore, based on material, competent and substantial evidence, this Administrative Law Judge finds that the Department properly determined Claimant's MA deductible amount.

The State Disability Assistance (SDA) program is established by the Social Welfare Act, MCL 400.1-.119b. The Department of Human Services (formerly known as the Family Independence Agency) administers the SDA program pursuant to MCL 400.10 and Mich Admin Code, R 400.3151-.3180.

According to RFT 225, for all applications after October 1, 2011, the independent living arrangement for an individual is limited to a \$200.00 payment standard. Here, Claimant's monthly unearned income of [REDACTED] exceeds the payment standard; thus, Claimant has excess income for SDA. The Department properly determined that Claimant has excess income for SDA.

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 reduced Claimant's FAP, determined

Claimant's MA deductible amount and closed Claimant's SDA case due to excess income.

DECISION AND ORDER

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

IT IS SO ORDERED.

/s/
C. Adam Purnell
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: November 1, 2013

Date Mailed: November 4, 2013

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

2014109/CAP

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

CAP/aca

cc:

