

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

IN THE MATTER OF:

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

Reg. No.: 2014-23099
Issue No.: 2001, 3008
Case No.: ██████████
Hearing Date: March 26, 2014
County: Wayne (19)

ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris

HEARING DECISION

Following the Claimant's request for hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 following Claimant's request for a hearing. After due notice, a telephone hearing was held on March 26, 2014, from Detroit, Michigan. Participants on behalf of Claimant included the Claimant. Participants on behalf of the Department of Human Services (Department) included ██████████, FIM, and ██████████, ES.

ISSUE

Due to income, did the Department properly deny the Claimant's application close Claimant's case calculate Claimant's benefits for:

- | | |
|---|---|
| <input type="checkbox"/> Family Independence Program (FIP)? | <input type="checkbox"/> Adult Medical Assistance (AMP)? |
| <input checked="" type="checkbox"/> Food Assistance Program (FAP)? | <input type="checkbox"/> State Disability Assistance (SDA)? |
| <input checked="" type="checkbox"/> Medical Assistance (MA) Deductible? | <input type="checkbox"/> Child Development and Care (CDC)? |

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 applied for benefits for: received benefits for:

- | | |
|--|---|
| <input type="checkbox"/> Family Independence Program (FIP). | <input type="checkbox"/> Adult Medical Assistance (AMP). |
| <input checked="" type="checkbox"/> Food Assistance Program (FAP). | <input type="checkbox"/> State Disability Assistance (SDA). |
| <input checked="" type="checkbox"/> Medical Assistance (MA). | <input type="checkbox"/> Child Development and Care (CDC). |

2. After a redetermination was completed, the Department notified Claimant on January 14, 2014 that her GP 2 FIP related medical had changed to a deductible and that her deductible was \$68 and her children had Other Healthy Kids medical benefits effective February 1, 2014. Exhibit A.

3. The Department also recalculated the Claimant's Food Assistance (FAP) benefits for January and February 2014 and determined the benefits had been reduced and were now \$113 and \$92, respectively. The Department recalculated the benefits due to the fact that the Claimant began working and had to include the Claimant's earned income.

4. On January 21, 2014 the Claimant or Claimant's AHR filed a hearing request,

- denial of the application. closure of the case. reduction of benefits
 requesting a hearing to determine how her benefits for FAP and Medical deductible were calculated.

CONCLUSIONS OF LAW

Department policies are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), and the Reference Tables Manual (RFT).

The Food Assistance Program (FAP) [formerly known as the Food Stamp (FS) program] is established by the Food Stamp Act of 1977, as amended, and is implemented by the federal regulations contained in Title 7 of the Code of Federal Regulations (CFR). The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, *et seq.*, and 1999 AC, Rule 400.3001 through Rule 400.3015.

The Medical Assistance (MA) program is established by the Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The Department (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105.

Calculation of Medical Assistance Deductible

The Claimant receives medical assistance and requested an explanation how the medical assistance deductible was calculated. At the hearing a budget was reviewed but the explanation given by the Department did not review the calculation but merely relied on the Bridges system calculation.

The budget to determine the medical deductible is determined based upon a series of 16 steps found in Department of Human Services Bridges Eligibility Manual, (BEM) 536 (1/1/2014).

At the hearing the Claimant testified that she had one child living with her; thus, for purposes of the determining the deductible the Claimant had one dependent. The

Department provided an Employment Budget Summary which demonstrated that in February 2014 the gross earned income to determine the deductible amount was \$1,015.25. Exhibit C

Using the earned income amount provided by the Department, \$1015.25, and the testimony of the Claimant as to the number of dependents (1), and the fact that the Claimant had been receiving LIF, the Department was required to deduct \$30 from the gross income and then refer to RFT 295 to be consulted to determine the 1/3 disregard, to be deducted as the Claimant had been receiving LIF in one of the preceding 4 months. Applying these steps, it is determined that the Adult's prorated income amount \$153 as calculated by the Department is not correct. BEM 536 requires that in addition to the earned income countable child support must also be added to earned income less \$50. BEM 536 pp. 3, (Steps 5 and 6) be included when determining income less a deduction of \$50. It cannot be determined what specific child support amount the Department included.

Based upon this review it is determined that the deductible as determined by the Department is incorrect and must be recalculated.

Calculation of Food Assistance (FAP) benefits

At the hearing a thorough review of the Claimant's FAP budget(s) were conducted and the Department explained in detail how the amount of income both based employment earned income and Child Support unearned income received by Claimant's daughter were determined and the correct formula was applied. Exhibits H and I. The Claimant also confirmed that the correct rent amount of \$184 was used by the Department and the excess shelter expense was reviewed and explained. Based upon the evidence presented it is determined that the Department properly calculated the Claimant's Food Assistance benefits for January and February 2014 and that the reason the benefits were reduced was due to the change in income when the Claimant began working and the fact that January benefits were based on less income than February . During the hearing the Claimant also confirmed that she did receive child support and that the amounts used by the Department were correct.

It should be noted that the Claimant's FAP benefits changed in large part due to the Claimant's beginning work and receiving earned income which had to be included as income when the FAP benefits are computed prior to the redetermination and review. A FAP budget was provided at the hearing. The Department used an average of 2 pay stubs to determine gross earned income. The pays used were from the Work number and were \$420 (12/19/13) and \$586.25 (12/5/13). The Claimant is paid biweekly. These checks when added together total \$1,015.25 and then are divided by 2 to get the average bi-weekly pay which equals \$507.62. This pay is then multiplied by 2.15 to correct the amount for months which contain more than two pay periods which total is the Claimant's earned income and equals \$1091. Exhibit I. This is the earned income number that the Department used when calculating the benefits for February 2013 and is correct. The Department also calculated the FAP benefits based upon a group size

of 2 which also is correct. Claimant testified that she had rent of \$184 as verified by the Landlord which is the rent the Department used. Exhibit H and I.

In calculating the FAP benefits the Department must remove or deduct 20% of earned income, thus $20\% \times \$1019 = \219 , which amount is correct. The Department is also required to deduct a standard deduction based upon group size which, based on a group size of 2, is \$151. RFT 255. The Department also included child support in the amount of \$337 which was confirmed as correct by Claimant. When both the earned income and the Child Support totaled \$1428, from this amount the earned income deduction and the standard deduction were taken from the gross income, the remaining figure is the adjusted gross income which is \$1058. ($\$1019 - \$219 - \$151 = \1058).

The last calculation to determine the final food assistance allotment requires review of the shelter expense. In this case the rent of \$184 is correct and the utility allowance, the expense used for all FAP recipients to credit utility expense is \$553, which is also correct. The actual cost of utilities is not used to calculate FAP benefits. The rent and utility allowance are added together to determine the total shelter expense which was correctly determined to be \$737. From that 50% of the adjusted gross income of \$1058 is deducted to yield a shelter expense of \$208 which is deducted from the adjusted gross income and this is the net income amount that the food assistance allotment is based on. ($\$1058 - \$208 = \$850$). Exhibit I

Based upon this review it is determined that the Food Assistance benefits of \$92 as calculated for the period February 1, 2014 is correct.

The FAP budget prepared by the Department for January 2014 was also reviewed in detail during the hearing. The only change in that budget concerned the earned income which was lower than February income and the Child Support income of \$436. The Department used two pay amounts to determine gross earned income; the amounts were \$506 (11/21/13); and \$338 (11/7/13) for a total of \$844. When the policy for determining the gross income is applied, gross income equals \$907 in gross income. ($\$506 + \$338 = \$846 \div 2 = 423 \times 2.15 = \907). BEM 554 (7/1/13). The Child Support amount was also higher \$436 but was confirmed by the Claimant

Based upon this review it is determined that the Food Assistance benefits of \$113 as calculated for the period January 1, 2014 is correct.

Based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, the Administrative Law Judge concludes that, due to income, the Department

- properly calculated Claimant's FAP benefits
 - improperly calculated the Claimant's deductible
- for: AMP FIP FAP MA SDA CDC.

DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, finds that the Department

did act properly in calculating the FAP benefits

did not act properly in calculating the Claimant's deductible. .

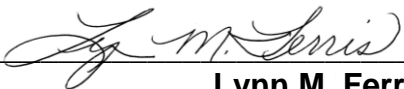
Accordingly, the Department's AMP FIP FAP MA SDA CDC decision is

AFFIRMED with regard to the calculation of FAP benefits

REVERSED for the reasons set forth above as the MA deductible budget appears incorrect.

THE DEPARTMENT IS ORDERED TO DO THE FOLLOWING WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. The Department shall recalculate the Claimant's MA deductible amount to determine the correct amount in accordance with Department policy.


Lynn M. Ferris
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: April 1, 2014

Date Mailed: April 1, 2014

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;

2014-23099/LMF

- 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

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

LMF/cl

cc:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]