

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.:  
Issue No(s):  
Case No.:  
Hearing Date:  
County:

[REDACTED]

**ADMINISTRATIVE LAW JUDGE: MICHAEL S. NEWELL**

**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 [REDACTED] [REDACTED] Claimant's husband and authorized hearing representative, from Lansing, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included [REDACTED] [REDACTED] Family Independence Manager.

**ISSUE**

Did the Department properly determine Claimant's Medicaid deductible?

**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 MA on [REDACTED].
2. There are two people in the MA group.
3. The Department determined that Claimant's husband's monthly income from employment is [REDACTED].
4. The Department determined that Claimant receives \$ [REDACTED] per month in rental income.
5. Claimant leases property to a tenant for \$ [REDACTED] per month.
6. The worker did not know how rental income was determined in this case because the information was not part of the hearing packet.

7. The Department also did not provide a copy of the MA budget.
8. On [REDACTED] the Department issued a Notice of Case Action denying Claimant for FAP and granting Claimant and her husband MA coverage with a \$ [REDACTED] deductible.
9. Claimant requested a hearing regarding the MA decision on [REDACTED].

### **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 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.

Additionally, BEM 504 directs the Department to determine rental income by either deducting expenses allowed by policy from rental proceeds or applying a standard percentage to rental proceeds if the client declines to provide expenses or expenses allow for less of a deduction that would apply under the standard percentage. Here, the worker did not know how rental income was calculated, and the Department did not provide and MA budget. If the worker is correct that the Department attributed \$950 per month in rental income, it would appear that the Department counted all rental proceeds as income and may not have complied with BEM 504.

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it calculated Claimant's and her husband's MA deductible.

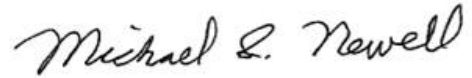
### **DECISION AND ORDER**

Accordingly, the Department's 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. Request verification of rental expenses in accordance with BAM 130 and other applicable policies if not already requested.

2. Redetermine MA eligibility.



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**Michael S. Newell**  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: May 2, 2014

Date Mailed: May 2, 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;
- 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.

2014-24746/MSN

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

MSN/las

cc:

