

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 14-014101  
Issue No.: 2001  
Case No.: [REDACTED]  
Hearing Date: January 28, 2015  
County: Allegan

**ADMINISTRATIVE LAW JUDGE:** Kevin Scully

**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, telephone hearing was held on January 28, 2015, from Lansing, Michigan. Participants on behalf of Claimant included the Claimant's attorney [REDACTED] and her son and attorney in fact [REDACTED] (agent). Participants on behalf of the Department of Human Services (Department) included [REDACTED] and [REDACTED] as hearing facilitators, and Assistant Attorney General [REDACTED].

**ISSUE**

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

**FINDINGS OF FACT**

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. On December 20, 2013, the Claimant submitted an application for Medical Assistance (MA).
2. The Claimant receives monthly Retirement, Survivors, and Disability Insurance (RSDI) in the gross monthly amount of \$ [REDACTED].
3. The Claimant's agent executed a lease with a limited liability corporation managed by her agent for the Claimant's farmland with rent in the monthly amount of \$ [REDACTED].
4. The Claimant's agent executed two sub-leases for the Claimant's farmland with rent in the annual amounts of \$ [REDACTED] and \$ [REDACTED].
5. On July 9, 2014, the Department notified the Claimant that she was approved for Medical Assistance (MA) with a \$ [REDACTED] monthly deductible effective December 1, 2013, and a \$ [REDACTED] monthly deductible effective April 1, 2014.

6. On October 8, 2014, the Department received the Claimant's request for a hearing protesting the Department's determination of her eligibility for Medical Assistance (MA) with a deductible.

### **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 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.

Farm land rental means renting land to someone for the purpose of producing farm products. The Department counts the gross rent payment as unearned income minus allowable expenses, which are defined as the higher of 10% of the rental payment and the landlord's actual expenses if the landlord chooses to claim and verify the expenses. Department of Human Services Bridges Eligibility Manual (BEM) 504 (July 1, 2014), p 2.

On December 20, 2013, the Claimant applied for Medical Assistance (MA). The Claimant received monthly Retirement, Survivors, and Disability Insurance (RSDI) in the gross monthly amount of \$ [REDACTED]. The Claimant's only other source of income is rental income from farmland in her possession.

The Claimant's agent executed a lease with a corporation managed by the agent for the Claimant's farmland with rent in the monthly amount of \$ [REDACTED]. The Claimant's agent also executed two sub-leases for the Claimant's farmland with rent in the annual amounts of \$ [REDACTED] and \$ [REDACTED].

The Department determined that the Claimant's monthly countable rental income earned from farmland she owns to be the total annual rent payments of \$ [REDACTED] divided by 12 months, less the standard 10% expense deduction to be \$ [REDACTED]. The Department determined the Claimant's total countable monthly income to be \$ [REDACTED] by adding the unearned rental income to her gross monthly Retirement, Survivors, and Disability Insurance (RSDI) benefits.

The Department applied this countable monthly income of \$ [REDACTED] to determine that the Claimant is eligible for Medical Assistance (MA) with a monthly deductible of \$ [REDACTED] effective December 1, 2013.

The Claimant's attorney argued that the Claimant's countable rental income should be limited to the lease with her son's limited liability corporation and not the rental income from the subleases of the Claimant's farmland.


This Administrative Law Judge finds that the plain language of BEM 504 requires the Department to consider the gross rent payment for land rented to someone for the purpose of producing farm products as countable unearned income and that this includes the subleases of the Claimant's land executed by the Claimant's agent. While the Claimant may have delegated the leasing of her property to others for tax and liability purposes, the Department considers the rent from her farmland to be countable income for the purposes of determining her eligibility for Medical Assistance (MA). This Administrative Law Judge finds that the Department properly applied the standard 10% expense deduction as required by BEM 504 since actual expenses had not been provided at the time the Department made its eligibility determination.

The Claimant's attorney challenged the Department's determination of countable monthly income and not the Department's application of this income to determine the monthly deductible to be applied towards her Medical Assistance (MA) benefits. Since this Administrative Law Judge finds the Department's determination of monthly income to be correct, the Department's determination of her monthly deductible is also correct.

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 determined the Claimant's Medical Assistance (MA) benefits as of December 1, 2013.

#### **DECISION AND ORDER**

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

  
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Kevin Scully  
Administrative Law Judge  
for Nick Lyon, Acting DHS Director  
Department of Human Services

Date Signed: **2/11/2015**

Date Mailed: **2/11/2015**

KS/las

**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:

