

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

IN THE MATTER OF:

██████████
██████████
██████████

Reg. No.: 15-010986
Issue No.: 1001 2001 3001
Case No.: ██████████
Hearing Date: August 26, 2015
County: Wayne (57)

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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, an in-person hearing was held on August 26, 2015, from Detroit, Michigan. Participants included the above-named Claimant, ██████████ Claimant's mother, and ██████████ Claimant's father testified on behalf of Claimant. Participants on behalf of the Michigan Department of Health and Human Services (MDHHS) included ██████████ manager.

ISSUES

The first issue is whether MDHHS properly processed Medical Assistance (MA) eligibility for Claimant's child's mother and Claimant's son.

The second issue is whether MDHHS properly denied Claimant's Family Independence Program (FIP) application due to excess income.

The third issue is whether MDHHS properly processed Claimant's reported employment income stoppage concerning Food Assistance Program (FAP) eligibility.

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, Claimant's son (Nathaniel), and Claimant's children's mother (among others) were ongoing FAP and MA recipients.
2. Claimant had ongoing employment income from an unspecified employer.

3. On May 8, 2015, Claimant received his last pay from the unspecified employer.
4. On May 22, 2015, Claimant applied for FIP benefits and reported to MDHHS that his employment income stopped.
5. On an unspecified date, MDHHS terminated MA coverage for Nathaniel and Claimant's children's mother.
6. On an unspecified date, MDDHS denied Claimant's FIP application due to excess income.
7. On June 12, 2015, Claimant submitted proof of stopped employment income (see Exhibit 3).
8. On June 19, 2015, Claimant requested a hearing to dispute the following: the termination of MA coverage for his son and children's mother, the denial of FIP, and the failure to update Claimant's FAP eligibility following a reported change in employment income.
9. On August 25, 2015, MDHHS processed Claimant's child's mother's MA eligibility since June 2015.

CONCLUSIONS OF LAW

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. MDHHS (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Claimant requested a hearing, in part, to dispute alleged stoppages in MA coverage for his children's mother and a son. MDHHS did not address the issue in their Hearing Summary. During the hearing, MDHHS checked their database and discovered that there was a stoppage in MA benefits for Claimant's spouse. MDHHS also discovered that the stoppage was corrected and Medicaid was recently processed and approved for her. Though documentation was not presented, MDHHS verified the Medicaid approval during the hearing by showing the approval on bridges, the MDHHS database. The correction resolved Claimant's dispute concerning MA eligibility for his children's mother. Claimant's hearing request will be dismissed concerning this issue.

Claimant also requested a hearing to dispute an alleged MA coverage termination for a son. Neither Claimant nor MDHHS presented a Notice of Case Action to verify what

action, if any, was taken concerning Claimant's son's MA coverage. The issue was again not addressed within the MDHHS Hearing Summary. Thus, a portion of the hearing was used to determine if an adverse action was taken.

MDHHS could not provide reliable information concerning Claimant's son's current MA status. MDHHS testimony could not uncover a negative action, but testimony also indicated that Claimant's son's MA coverage may have stopped several months earlier. MDHHS testimony conceded that no known reason justified the stoppage in MA benefits. MDHHS will be reordered to process Claimant's son's MA eligibility.

Claimant testimony also expressed concern for MA eligibility for a child born in July 2015. The concern could not have been a part of Claimant's hearing request which was submitted before the child's birth. MDHHS testimony indicated that MA coverage had not yet been issued for the child. MDHHS testimony also indicated that the lack of coverage would be corrected that day. Claimant was advised to request a hearing if his concern as not satisfactorily resolved.

The Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193, and 42 USC 601 to 679c. MDHHS (formerly known as the Family Independence Agency) administers FIP pursuant to MCL 400.10 and 400.57a and Mich Admin Code, R 400.3101 to .3131. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Claimant requested a hearing, in part, to dispute a denial of FIP benefits. MDHHS testimony indicated that the denial was based on excess income. The only disputed income was employment income which Claimant reported to MDHHS as stopped.

[For FIP benefits,] income decreases that result in a benefit increase must affect the month after the month the change is reported or occurred, whichever is earlier, provided the change is reported timely. BAM 505 (7/2014), p. 9.

It was not disputed that Claimant reported the income stoppage on his FIP application dated May 22, 2015. Thus, MDHHS should have affected Claimant's FIP eligibility beginning June 2015, the month following reporting. Instead, MDHHS continued to budget the Claimant's employment income as if no income stoppage was reported. Further, MDHHS testimony conceded that Claimant later submitted proof of the employment income stoppage (see Exhibit 3).

It is found that MDHHS improperly denied Claimant's FIP application. MDHHS will be ordered to reprocess Claimant's FIP application by excluding employment income previously verified as stopped.

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a

and is implemented by the federal regulations contained in 7 CFR 273. MDHHS (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Claimant requested a hearing, in part, to dispute a failure by MDHHS to update his FAP eligibility. Claimant testimony indicated that he felt MDHHS should have updated his FAP eligibility beginning June 2015, the month after his reported employment income stoppage. A FAP budget from August 2015 (Exhibits 1-2) verified that MDHHS continued to budget employment income despite Claimant's previous reported stoppage in income.

[For FAP benefits,] income decreases that result in a benefit increase must be effective no later than the first allotment issued 10 days after the date the change was reported, provided necessary verification was returned by the due date. *Id.*, p. 10. If verification is required or deemed necessary, [MDHHS] must allow the household 10 days from the date the change is reported or the date you request verification to provide verification. *Id.* The change must still affect the correct issuance month i.e., the month after the month in which the 10th day after the change is reported. *Id.*

MDHHS initially contended that Claimant's FAP eligibility should have affected July 2015 because Claimant did not verify an employment income stoppage until June 12, 2015. The contention may have been persuasive had MDHHS established that they requested proof of the change.

[For all programs], DHS is to use the DHS-3503, Verification Checklist to request verification. BAM 130 (10/2014), p. 3. [MDHHS is to] allow the client 10 calendar days... to provide the verification that is requested. *Id.*, p. 6. [MDHHS must] tell the client what verification is required, how to obtain it, and the due date. *Id.*, p. 2.

During the hearing, MDHHS was asked if they mailed a VCL requesting proof of Claimant's income stoppage. MDHHS responded that they mailed a VCL to Claimant on May 28, 2015; MDHHS conceded that the VCL did not request verification of Claimant's employment income stoppage. MDHHS testimony conceded that no VCL was sent requesting verification of Claimant's employment income stoppage. Claimant's verification submission on June 12, 2015, will be considered timely because of the MDHHS failure to request verification. Because Claimant's employment income stoppage was timely verified, the change should affect June 2015, the month following Claimant's reporting. It is found that MDHHS failed to update Claimant's FAP eligibility, effective June 2015.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that MDHHS corrected MA eligibility concerning Claimant's children's mother. Claimant's hearing request is **PARTIALLY DISMISSED**.

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly affected Claimant's MA, FIP, and FAP eligibility. It is ordered that MDHHS perform the following actions:

- (1) reprocess MA eligibility for Claimant's son Nathaniel, effective October 2014 based on the failure by MDHHS to provide any basis for the benefit stoppage;
- (2) re-register Claimant's FIP application dated May 22, 2015, and initiate processing subject to the finding that MDHHS improperly factored employment income which was timely verified as stopped.
- (3) reprocess Claimant's FAP eligibility, effective June 2015, subject to the finding that MDHHS improperly factored employment income which was timely verified as stopped.

The actions taken by MDHHS are **REVERSED**.



Christian Gardocki

Administrative Law Judge
for Nick Lyon, Director

Department of Health and Human Services

Date Signed: **8/28/2015**

Date Mailed: **8/28/2015**

GC/tm

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 copy of the claim or application for appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Hearing Decision from 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 48909-8139

cc:

[REDACTED]