



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
Christopher Seppanen  
Executive Director

MIKE ZIMMER  
DIRECTOR

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

Date Mailed: March 18, 2016  
MAHS Docket No.: 15-019968

[REDACTED]  
[REDACTED]

**ADMINISTRATIVE LAW JUDGE: Steven Kibit**

**DECISION AND ORDER**

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and upon Petitioner’s request for a hearing.

On [REDACTED], the Michigan Administrative Hearing System (MAHS) received Motions to Consolidate and for Summary Disposition filed by Petitioner. In that request, Petitioner first asked that this matter be consolidated with two other matters, in Docket Nos. 15-018842 CMH and 15-019952 CMH, as all three cases involve the same substantial and controlling questions of law. Petitioner also requested that, as the petitioners are entitled to judgment as a matter of law on the controlling questions of law, that summary disposition be granted in their favor.

On [REDACTED], the undersigned Administrative Law Judge granted Petitioner’s Motion to Consolidate. The undersigned Administrative Law Judge also set a deadline for Respondent to file a response to Petitioner’s Motion for Summary Disposition and notified the parties that, if necessary, oral arguments on the motion for summary disposition and/or the in-person consolidated hearing would be held on [REDACTED] at [REDACTED]

Respondent timely filed its response to Petitioner’s motion, but no ruling was made prior to [REDACTED] and, consequently, the parties appeared for oral arguments and/or the in-person consolidated hearing.

At the onset of oral arguments, the undersigned Administrative Law Judge ruled that the matter in Docket No. 15-019952 CMH should be severed from the other two cases.

After oral arguments, the undersigned Administrative Law Judge also ruled that the Motion for Summary Disposition should be granted with respect to the matter in Docket No. 15-018842 CMH, but denied in this matter on the basis that a genuine issue of

material fact existed regarding what negative action, if any, Respondent took with respect to Petitioner's services and individual budget.

The hearing in this matter was then conducted and completed. Attorneys [REDACTED] and [REDACTED] from [REDACTED] represented Petitioner. [REDACTED], Petitioner's mother and legal guardian, testified as a witness for Petitioner. [REDACTED], Fair Hearings Officer, appeared and testified on behalf of the Respondent [REDACTED]<sup>1</sup>. [REDACTED], Program Administrator for Developmental Disability Services, and Shane Ray, the former Deputy Director at [REDACTED], also testified as a witnesses for Respondent.

### ISSUE

Did Respondent properly reduce Petitioner's individual budget and pay rate for Community Living Supports (CLS)?

### FINDINGS OF FACT

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

1. [REDACTED] was a Community Mental Health Services Program (CMHSP) affiliated with a Prepaid Inpatient Health Plan (PIHP), the Community Mental Health Partnership of [REDACTED].
2. Petitioner is an [REDACTED]-year-old male who has been diagnosed with Lennox-Gastaut Syndrome and Autistic Disorder and who has been receiving services through Respondent. (Exhibit 4, page 1).
3. Prior to his [REDACTED] birthday, Petitioner received services through the Children's Home and Community Based Services Waiver Program (CWP). (Testimony of Petitioner's guardian; Testimony of [REDACTED]).
4. When he turned eighteen, on [REDACTED] Petitioner was enrolled in the Habilitation Supports Waiver (HSW). (Testimony of Petitioner's guardian; Testimony of [REDACTED]).
5. Once he was enrolled in the HSW, an Individual Plan of Service (IPOS) was developed for the time period of [REDACTED] through [REDACTED] [REDACTED] (Exhibit 2, pages 17-28).
6. The plan was signed and agreed to by both Petitioner's guardian and Respondent's representatives. (Exhibit 2, page 27).

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<sup>1</sup> Since this case began, [REDACTED] was replaced by the [REDACTED].

7. Pursuant to Petitioner's IPOS through the HSW, Petitioner's caregivers were paid [REDACTED] per hour and he had additional funds allocated in his individual budget for transportation, community activities, and workers' compensation. (Exhibit G, page 1; Exhibit L, page 1; Testimony of Petitioner's guardian).
8. On [REDACTED] sent a letter to self-determination participants, including Petitioner, that provided that:

[WCHO] will be reducing our Community Living Support (CLS) rate for services paid and supported through a Fiscal Intermediary (FI). This change is necessary to ensure that [REDACTED] County's rate is the same as our regional partners and to ensure that we are being fiscally responsible.

The new rate will be [REDACTED] per hour, which includes worker's compensation, transportation, community participation, taxes, and training. While this is not a reduction in your current level of services, it may reduce the amount you can pay staff . . . We want to allow you time to process this change and work with your clinical team, therefore this will not go effect until [REDACTED].

*Exhibit A, page 1*

9. The new rate and its inclusion of worker's compensation, transportation, community participation, taxes and training, lead to both a decrease in Petitioner's overall budget and the hourly rate he could pay caregivers. (Exhibit G, pages 1-2; Testimony of Petitioner's guardian).
10. Petitioner's IPOS was not updated in [REDACTED] and he was not informed of any right to request an administrative hearing at that time. (Exhibit G, pages 1-2; Testimony of Petitioner's guardian).
11. On [REDACTED], Respondent sent Petitioner a written Notice and Hearing Rights regarding a change in his IPOS. (Exhibit 3, pages 3-4).
12. On [REDACTED] and [REDACTED], a specialist with Respondent attempted to contact Petitioner's guardian to discuss the change in rate. (Exhibit 4, pages 1-2).
13. On [REDACTED], the specialist spoke with Petitioner's guardian and

offered an all-inclusive rate of [REDACTED] per hour, while also reminding the guardian of her right to appeal. (Exhibit 4, page 7).

14. On [REDACTED], the Michigan Administrative Hearing System (MAHS) received the request for hearing filed in this matter.

### **CONCLUSIONS OF LAW**

The Medical Assistance Program (MA) is established pursuant to Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). It is administered in accordance with state statute, the Social Welfare Act, the Administrative Code, and the State Plan under Title XIX of the Social Security Act  
Medical Assistance Program:

Title XIX of the Social Security Act, enacted in 1965, authorizes Federal grants to States for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children. The program is jointly financed by the Federal and State governments and administered by States. Within broad Federal rules, each State decides eligible groups, types and range of services, payment levels for services, and administrative and operating procedures. Payments for services are made directly by the State to the individuals or entities that furnish the services.

*42 CFR 430.0*

The State plan is a comprehensive written statement submitted by the agency describing the nature and scope of its Medicaid program and giving assurance that it will be administered in conformity with the specific requirements of title XIX, the regulations in this Chapter IV, and other applicable official issuances of the Department. The State plan contains all information necessary for CMS to determine whether the plan can be approved to serve as a basis for Federal financial participation (FFP) in the State program.

*42 CFR 430.10*

Section 1915(b) of the Social Security Act provides:

The Secretary, to the extent he finds it to be cost-effective and efficient and not inconsistent with the purposes of this subchapter, may waive such requirements of section 1396a

of this title (other than subsection (s) of this section) (other than sections 1396a(a)(15), 1396a(bb), and 1396a(a)(10)(A) of this title insofar as it requires provision of the care and services described in section 1396d(a)(2)(C) of this title) as may be necessary for a State...

*42 USC 1396n(b)*

The State of Michigan has opted to simultaneously utilize the authorities of the 1915(b) and 1915 (c) programs to provide a continuum of services to disabled and/or elderly populations. Under approval from the Centers for Medicare and Medicaid Services (CMS) the Department of Health and Human Services (DHHS) operates a section 1915(b) Medicaid Managed Specialty Services and Support program waiver in conjunction with a section 1915(c).

Here, Respondent first argues that there was no reduction in Petitioner's services/budget or any other negative action in this case and that the undersigned Administrative Law Judge therefore lacks jurisdiction. The Code of Federal Regulations (CFR) only affords a Medicaid beneficiary a right to a fair hearing when the PIHP or its designee, in this case WCHO, takes an action that is a denial, reduction, suspension, or termination of a requested or previously authorized Medicaid covered service, see 42 CFR 438.400, and Respondent argues that Petitioner's overall budget remained the same after the change in the way budgets were calculated and the imposition of an all-inclusive budget rate.

However, despite Respondent's claims, Petitioner's guardian credibly testified that, while she did not know the exact numbers, the new rate and its inclusion of worker's compensation, transportation, community participation, taxes and training, lead to both a decrease in both Petitioner's overall budget and the hourly rate he could pay caregivers. Moreover, Respondent has failed to produce any credible evidence to rebut that testimony as even it acknowledges that both versions of the budgets it submitted contain errors in them, either factual or mathematical, and no one was present during the hearing from the Fiscal Intermediary who could resolve any confusion or explain any discrepancies. Accordingly, given Petitioner's guardian's credible testimony and the lack of any reliable conflicting evidence, the undersigned Administrative Law Judge finds that, while the exact action taken in this case is unclear, there was a reduction of Petitioner's individual budget and services in this this case.

Respondent also argues that, even if there was a reduction in Petitioner's services or individual budget, Respondent eventually followed the proper procedures by engaging in the person-centered planning process and setting a local, all-inclusive rate pursuant to the authority given to it by the Department.

However, by reducing Petitioner's individual budget during the middle of Petitioner's IPOS without Petitioner's agreement, Respondent erred and its decision must be reversed.

With respect to CLS through the HSW, the Medicaid Provider Manual (MPM) provides:

Community Living Supports (CLS) facilitate an individual's independence, productivity, and promote inclusion and participation. The supports can be provided in the beneficiary's residence (licensed facility, family home, own home or apartment) and in community settings (including, but not limited to, libraries, city pools, camps, etc.), and may not supplant other waiver or state plan covered services (e.g., out-of-home non-vocational habilitation, Home Help Program, personal care in specialized residential, respite).

The supports are:

- Assisting (that exceeds state plan for adults), prompting, reminding, cueing, observing, guiding and/or training the beneficiary with:
  - Meal preparation;
  - Laundry;
  - Routine, seasonal, and heavy household care and maintenance (where no other party, such as a landlord or licensee, has responsibility for provision of these services);
  - Activities of daily living, such as bathing, eating, dressing, personal hygiene; and
  - Shopping for food and other necessities of daily living.
- Assistance, support and/or training the beneficiary with:
  - Money management;
  - Non-medical care (not requiring nurse or physician intervention);
  - Socialization and relationship building;

- Transportation (excluding to and from medical appointments that are the responsibility of Medicaid through DHS or health plan) from the beneficiary's residence to community activities, among community activities, and from the community activities back to the beneficiary's residence);
  - Leisure choice and participation in regular community activities;
  - Attendance at medical appointments; and
  - Acquiring goods and/or services other than those listed under shopping and non-medical services.
- Reminding, observing, and/or monitoring of medication administration.

The CLS do not include the costs associated with room and board. Payments for CLS may not be made, directly or indirectly, to responsible relatives (i.e., spouses or parents of minor children) or the legal guardian.

For beneficiaries living in unlicensed homes, CLS assistance with meal preparation, laundry, routine household care and maintenance, ADLs, and/or shopping may be used to complement Home Help or Expanded Home Help services when the individual's needs for this assistance have been officially determined to exceed DHS's allowable parameters. Reminding, observing, guiding, and/or training of these activities are CLS coverages that do not supplant Home Help or Expanded Home Help. CLS may be provided in a licensed specialized residential setting as a complement to, and in conjunction with, State Plan coverage of Personal Care in Specialized Residential Settings.

If beneficiaries living in unlicensed homes need assistance with meal preparation, laundry, routine household care and maintenance, ADLs, and/or shopping, the beneficiary must request Home Help and, if necessary, Expanded Home Help from DHS. CLS may be used for those activities while the beneficiary awaits determination by DHS of the amount, scope and duration of Home Help or Expanded Home Help. If the beneficiary requests it, the PIHP must assist with applying for Home Help or submitting a request for a Fair

Hearing when the beneficiary believes that the DHS authorization of amount, scope and duration of Home Help does not accurately reflect his or her needs. CLS may also be used for those activities while the beneficiary awaits the decision from a Fair Hearing of the appeal of a DHS decision.

Community Living Supports (CLS) provides support to a beneficiary younger than 18, and the family in the care of their child, while facilitating the child's independence and integration into the community. This service provides skill development related to activities of daily living, such as bathing, eating, dressing, personal hygiene, household chores and safety skills; and skill development to achieve or maintain mobility, sensory-motor, communication, socialization and relationship-building skills, and participation in leisure and community activities. These supports must be provided directly to, or on behalf of, the child. These supports may serve to reinforce skills or lessons taught in school, therapy, or other settings. For children and adults up to age 26 who are enrolled in school, CLS services are not intended to supplant services provided in school or other settings or to be provided during the times when the child or adult would typically be in school but for the parent's choice to home-school.

*MPM, October 1, 2015 version  
Mental Health/Substance Abuse Chapter, pages 97-98*

Within the HSW, Petitioner receives his CLS through a self-determination agreement. Regarding the system of self-determination, the approved policies in the HSW application provide as an overview that:

Michigan has a long history of supporting opportunities for participant self-direction. In the early 1990's, as one of the eight Community Supported Living Arrangements (CSLA) states, Michigan collaborated with consumers of developmental disability services, their family members, advocates, providers, and other stakeholders to develop and operate a variety of Medicaid-funded services and supports pilots. These pilots were tightly governed under a values template of consumer choice and control. In 1995, when the Congressional "sun" set on the federal CLSA program, all of the CSLA consumers and as many of that program's self-directed features as the state was able to negotiate within its

renewal were incorporated within this Waiver program. In 1996, the Michigan legislature made person-centered planning a requirement for all participants receiving services and supports under the Mental Health Code. Since 1997, when Michigan was awarded its Robert Wood Johnson Self-Determination demonstration grant, MDCH has continued to build the demand and capacity for arrangements that support self-determination. Elements of participant direction are embedded in both policy and practice from Michigan's Mental Health Code, the Department's Person-Centered Policy Practice Guideline and Self-Determination Policy and Practice Guideline, the contract requirements in the contracts between the state and the PIHPs, and technical assistance at the state level for multiple methods for implementation by the PIHP.

The Self-Determination Policy and Practice Guideline requires that PIHP/CMHSPs “assure that full and complete information about self-determination and the manner in which it may be accessed and applied is available to each consumer. This shall include specific examples of alternative ways that a consumer may use to control and direct an individual budget, and the obligations associated with doing this properly and successfully.” (I.C. page 4). Moreover, the policy states: “A CMHSP shall actively support and facilitate a consumer’s application of the principles of self-determination in the accomplishment of his/her plan of services.” (I.E.. page 4).

(a) The nature of the opportunities afforded to participants

Waiver participants have opportunities for both employer and budget authority. Participants may elect either or both budget authorities and can direct a single service or all of their services for which participant direction is an option. The participant may direct the budget and directly contract with chosen providers. The individual budget is transferred to a fiscal intermediary (this is the Michigan term for an agency that provides financial management services or FMS) which administers the funds and makes payment upon participant authorization.

There are two options for participants choosing to directly employ workers: the Choice Voucher System and Agency with Choice. Through the first option, the Choice Voucher

System, the participant is the common law employer and delegates performance of the fiscal/employer agent functions to the fiscal intermediary, which processes payroll and performs other administrative and support functions. The participant directly recruits, hires and manages employees. Detailed guidance to PIHP entities is provided in the Choice Voucher System Technical Advisory. In the Agency with Choice model, participants may contract with an agency with choice and split the employer duties with the agency. The participant is the managing employer and has the authority to select, hire, supervise and terminate workers. As co-employer, the agency is the common law employer, which handles the administrative and human resources functions and provides other services and supports needed by the participant. The agency may provide assistance in recruiting and hiring workers. Detailed guidance to PIHP entities is provided in the Agency with Choice Technical Advisory. A participant may select one or both options. For example, a participant may want to use the Choice Voucher System to directly employ a good friend to provide CLS during the week and Agency with Choice to provide CLS on the weekends.

(b) how participants may take advantage of these opportunities

Information on the self-determination is provided to all participants who enroll or are currently enrolled in the HSW. Participants interested in arrangements that support self-determination start the process by letting their supports coordinator or other chosen qualified provider know of their interest. The participants are given information regarding the responsibilities, liabilities and benefits of self-determination prior to the PCP process. An individual plan of service (IPOS) will be developed through this process with the participant, supports coordinator or other chosen qualified provider, and allies chosen by the participant. The plan will include the HSW waiver services needed by and appropriate for the participant. An individual budget is developed based on the services and supports identified in the IPOS and must be sufficient to implement the IPOS. The participant will choose service providers and have the ability to act as the employer. In Michigan, PIHPs provide many options for participants to obtain assistance and support in implementing their arrangements.

c) the entities that support individuals who direct their services and the supports that they provide PIHPs are the primary entities that support participants who direct their services. Supports coordinators, supports coordinator assistants, or independent support brokers (or other qualified provider chosen by the participant) are responsible for providing support to participants in arrangements that support self-determination by working with them through the PCP process to develop an IPOS and an individual budget. The supports coordinator, supports coordinator assistant, or independent supports broker is responsible for obtaining authorization of the budget and plan and monitoring the plan, budget and arrangements. Supports coordinators, supports coordinator assistants, or independent supports brokers (or other qualified provider chosen by the participant) make sure that participants receive the services to which they are entitled and that the arrangements are implemented smoothly. Participants are provided many options for Independent Advocacy, through involvement of a network of participant allies and independent supports brokerage, which are described in Section E-1k below.

Through its contract with MDCH, each PIHP is required to offer information and education to participants on participant direction. Each PIHP also offers support to participants in these arrangements. This support can include offering required training for workers, offering peer-to-peer discussion forums on how to be a better employer, or providing one-on-one assistance when a problem arises.

Each PIHP is required to contract with one or more fiscal intermediaries to provide financial management services. Fiscal Intermediary Services is a service in the state's §1915(b) Waiver. The fiscal intermediary performs a number of essential tasks to support participant direction while assuring accountability for the public funds allotted to support those arrangements. The fiscal intermediary has four basic areas of performance:

- function as the employer agent for participants directly employing workers to assure compliance with payroll tax and insurance requirements;
- ensure compliance with requirements related to management of public funds, the direct employment of

workers by participants, and contracting for other authorized goods and services.

- facilitate successful implementation of the arrangements by monitoring the use of the budget and providing monthly budget status reports to participant and agency; and
- offer supportive services to enable participants to direct the services and supports they need.

*HSW Application  
Appendix E-1: Overview (1 of 13)  
(Emphasis added)*

Furthermore, with respect to the participant-directed budget in the self-determination program, the approved policies in the HSW application also provide that

An individual budget includes the expected or estimated costs of a concrete approach of obtaining the mental health services and supports included in the IPOS (SD Guideline II.C.). Both the individual plan of service (IPOS) and the individual budget are developed in conjunction with one another through the person-centered planning process (PCP) (SD Guideline II. A.). Both the participant and the PIHP must agree to the amounts in the individual budget before it is authorized for use by the participant. This agreement is based not only on the amount, scope and duration of the services and supports in the IPOS, but also on the type of arrangements that the participant is using to obtain the services and supports. Those arrangements are also determined primarily through the PCP process.

Michigan uses a retrospective zero-based method for developing an individual budget. The amount of the individual budget is determined by costing out the services and supports in the IPOS, after a IPOS that meets the participant's needs and goals has been developed. In the IPOS, each service or support is identified in amount, scope and duration (such as hours per week or month). The individual budget should be developed for a reasonable period of time that allows the participant to exercise flexibility (usually one year).

Once the IPOS is developed, the amount of funding needed to obtain the identified services and supports is determined collectively by the participant, the mental health agency

(PIHP or designee), and others participating in the PCP process.

This process involves costing out the services and supports using the rates for providers chosen by the participant and the number of hours authorized in the IPOS. The rate for directly employed workers must include Medicare and Social Security Taxes (FICA), Unemployment Insurance, and Worker's Compensation Insurance. The individual budget is authorized in the amount of that total cost of all services and supports in the IPOS. The individual budget must include the fiscal intermediary fee if a fiscal intermediary is utilized.

Participants must use a fiscal intermediary if they are directly employing workers and/or directly contracting with other providers that do not have contracts with the PIHPs. If a participant chooses to contract only with providers that are already under contract with the PIHP, there is no requirements [sic] that a fiscal intermediary be used.

Fiscal intermediary is a §1915(b) waiver service and is available to any participant using a self-determination arrangement. Each PIHP develops a contract with the fiscal intermediary to provide financial management services (FMS) and sets the rate and costs for the services. The average monthly fee has ranged from \$75.00 to \$125.00. Actual costs for the FMS will vary depending on the individual's needs and usage of FMS, as well as the negotiated rate between the PIHP and fiscal intermediary.

*HSW Application  
Appendix E-2: Opportunities for Participant-Direction (3 of 6)  
(Emphasis added)*

Materials provided by the PIHP include written information on the development of the individual budget. During the planning process, a participant is to be provided clear information and explanation of current service costs and allotments, along with information that provides guidance on developing and utilizing provider rates that would be applied by the participant during individual budget implementation.

As noted in section E-2(b)(ii) above, the budget is developed in conjunction with the development of the IPOS, using the PCP process, or is determined as applied to a pre-existing,

sufficient IPOS, using the PCP process. Budget authorization is contingent upon the participant and the PIHP entity reaching agreement on the amount of the budget and on the methods that will, or may, be applied by the participant to implement the plan and the individual budget. The budget will be provided to the participant in written form, as an attachment to the Self-Determination Agreement that outlines the expectations and obligations of the participant and the PIHP. The participant's plan is also attached to the agreement.

The participant's supports coordinator, supports coordinator assistant, or independent supports broker (or other qualified provider selected by the participant) are expected to provide assistance to the participant in understanding the budget and how to utilize it. In situations where the participant also has an independent supports broker, the broker will assist the participant to understand and apply the budget. The participant may seek an adjustment to the individual budget by requesting this from their supports coordinator or other chosen qualified provider. The supports coordinator, supports coordinator assistant, or independent supports broker (or other qualified provider selected by the participant) will be expected to assist the participant to convene a meeting including the participant's chosen family members and allies, and to assure facilitation of a PCP process to review and reconsider the budget. A change in the budget is not effective unless the participant and the PIHP have agreed to the changes.

*HSW Application  
Appendix E-2: Opportunities for Participant-Direction (4 of 6)  
(Emphasis added)*

The amount of the individual budget must be sufficient to provide a defined amount of resources. It must also be written to allow flexibility in its use, which means that an participant can decide when services and supports are used and make some adjustments between budget line items. The SD Guideline describes types of flexibility (SD Guideline II.E.4):

Adjustments that do not require a Modification to the Individual Budget:

Unless an adjustment deviates from the goals and objectives in the participant's IPOS, the participant is not required to obtain permission from the mental health agency (PIHP or designee) or provide advance notification of an intended adjustment. "The [participant] may adjust the specific application of CMHSP-authorized funds within the budget between budgetary line items and/or categories in order to adjust his/her specialty mental health services and supports arrangements as he or she deems necessary to accomplish his/her IPOS." (SD Guideline II.E.4.a.) The IPOS must be written in a way that contemplates and plans for the manner in which the participant may use the services and supports. Amounts, scopes and durations may be written in ranges or a length of time that makes flexibility possible (a month or a quarter). Services and supports that are similar and may be substituted for one another should be identified as well as services and supports for which there is no substitution. Adjustments in this manner should be communicated to the mental health agency (PIHP or designee) in a timely manner.

#### Adjustments that Require a Modification to the Individual Budget:

Sometimes, a participant wants to make an adjustment that fundamentally alters the IPOS (for example, substituting one service for another service that is not similar, forgoing services and supports, or using services and supports not authorized). If the adjustment "does not serve to accomplish the direction and intent of the person's IPOS, then the IPOS must be appropriately modified before the adjustment may be made." (SD Guideline II.E.4.d). In this situation, a modification can often be made over the phone between the participant and his or her supports coordinator, supports coordinator assistant, or independent supports broker (or other qualified provider selected by the participant). The change should be accomplished as expeditiously as possible. Larger changes may need to be made through the PCP process.

The mental health agency (PIHP or designee) must provide the participant with information on how to request a Medicaid Fair Hearing when the participant's Medicaid-funded services are changed, reduced or terminated as a result of a

reduction in the individual budget or denial of the budget adjustment.

*HSW Application  
Appendix E-2: Opportunities for Participant-Direction (5 of 6)  
(Emphasis added)*

As provided above, the HSW application expressly states that the individual budget is to be developed through the person-center planning process, developed for a reasonable amount of time, provided to the participant in written form, and contingent on the parties reaching agreement on the amount of the budget. That all initially occurred in this case as the parties agreed on both an IPOS and an individual budget for the time period of [REDACTED] through [REDACTED]

However, Respondent also subsequently decided to unilaterally reduce Petitioner's individual budget during the duration of that plan and, by doing so without the agreement of Petitioner, erred. As provided above, the HSW application expressly states that a "change in the budget is not effective unless the participant and the PIHP have agreed to the changes." HSW Application, Appendix E-2: Opportunities for Participant-Direction (4 of 6). Here, it is clear that the parties agreed to an IPOS and budget for one year and that Petitioner has not agreed to any changes in rates or to the budget during that year.

Given Respondent's error, Petitioner has met his burden of proving by a preponderance of the evidence that Respondent erred and the decision at issue in this case must be reversed.

**DECISION AND ORDER**

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the [REDACTED] improperly reduced Petitioner's individual budget and the rate he could pay CLS workers.

**IT IS THEREFORE ORDERED** that

The Respondent's decision is **REVERSED** and reinstate Petitioner's pre-[REDACTED] individual budget.

*Steven Kibit*

SK/db

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**Steven Kibit**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

**NOTICE OF APPEAL:** A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; 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 30763  
Lansing, Michigan 48909-8139

**DHHS -Dept Contact**

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

**DHHS-Location Contact**

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

**DHHS Department Rep.**

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

**Petitioner**

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

**Counsel for Petitioner**

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