



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

SHELLY EDGERTON  
DIRECTOR

[REDACTED]

Date Mailed: May 17, 2017  
MAHS Docket No.: 18-003764  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Kevin Scully**

**HEARING DECISION**

Following Petitioner'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 May 10, 2018, from Lansing, Michigan. Petitioner represented herself. The Department of Health and Human Services was represented by [REDACTED].

**ISSUE**

Did the Department of Health and Human Services (Department) properly deny Petitioner's application for Food Assistance Program (FAP) benefits?

Did the Department of Health and Human Services (Department) properly close Petitioner's Medical Assistance (MA) benefits?

**FINDINGS OF FACT**

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

1. Petitioner was an ongoing recipient of Medical Assistance (MA) benefits under the Health Michigan Program (HMP), when on [REDACTED], the Department received Petitioner's application for Food Assistance Program (FAP) and Medical Assistance (MA) benefits. Exhibit A, pp 12-33.
2. On [REDACTED], the Department sent Petitioner a Verification Checklist (DHS-3503) with a due date of [REDACTED]. Exhibit A, pp 34-35.
3. On [REDACTED] the Department sent Petitioner a Verification Checklist (DHS-3503) with a due date of [REDACTED]. Exhibit A, pp 36-37.

4. On [REDACTED], the Department sent Petitioner a Verification Checklist (DHS-3503) with a due date of [REDACTED].
5. On [REDACTED] the Department sent Petitioner a Verification Checklist (DHS-3503) with a [REDACTED], due date. Exhibit A, p 7.
6. On [REDACTED] the Department sent Petitioner a Verification Checklist (DHS-3503) with a [REDACTED], due date. Exhibit A, p 8.
7. The Department received a copy of Petitioner's paycheck dated [REDACTED] for the period [REDACTED], through [REDACTED]. Exhibit A, p 10.
8. On [REDACTED], the Department notified Petitioner that she was not eligible for Food Assistance Program (FAP) benefits effective [REDACTED]. Exhibit A, p 5.
9. On [REDACTED], the Department notified Petitioner that she was not eligible for Medical Assistance (MA) benefits effective [REDACTED], due to her failure to verify her income. Exhibit A, p 6.
10. On [REDACTED], the Department received Petitioner's request for a hearing. Exhibit A, pp 2-3.

### **CONCLUSIONS OF LAW**

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and 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 Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

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. The Department (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.

All earned and unearned income available is countable unless excluded by policy. Earned income means income received from another person or organization or from

self-employment for duties for duties that were performed for compensation or profit. Unearned income means all income that is not earned, including but not limited to funds received from the Family Independence Program (FIP), State Disability Assistance (SDA), Child Development and Care (CDC), Medicaid (MA), Social Security Benefits (RSDI/SSI), Veterans Administration (VA), Unemployment Compensation Benefits (UCB), Adult Medical Program (AMA), alimony, and child support payments. The amount counted may be more than the client actually receives because the gross amount is used prior to any deductions. Department of Human Services Bridges Eligibility Manual (BEM) 500 (July 1, 2017).

Assets means cash, any other personal property and real property. Real property is land and objects affixed to the land such as buildings, trees and fences. Condominiums are real property. Personal property is any item subject to ownership that is not real property. Countable assets cannot exceed the applicable asset limit. An asset is countable if it meets the availability tests and is not excluded. Available means that someone in the asset group has the legal right to use or dispose of the asset. Department of Human Services Bridges Eligibility Manual (BEM) 400 (January 1, 2018), pp 1-7.

Clients must cooperate with the local office in determining initial and ongoing eligibility and this includes the completion of necessary forms. Department of Human Services Bridges Assistance Manual (BAM) 105 (January 1, 2018), p 8.

Verification means documentation or other evidence to establish the accuracy of the client's verbal or written statements. Verification is usually required at application/redetermination and for a reported change affecting eligibility or benefit level when it is required by policy, required as a local office option, or information regarding an eligibility factor is unclear, inconsistent, incomplete, or contradictory. The Department uses documents, collateral contacts, or home calls to verify information. A collateral contact is a direct contact with a person, organization, or agency to verify information from the client. When documentation is not available, or clarification is needed, collateral contact may be necessary. Department of Human Services Bridges Assistance Manual (BAM) 130 (April 1, 2017), pp 1-10.

Petitioner was an ongoing MA recipient under the HMP category when she applied for FAP benefits on [REDACTED], by submitting an application for assistance. From [REDACTED], through [REDACTED], the Department sent Petitioner five separate Verification Checklist (DHS-3503) forms. On [REDACTED], the Department notified Petitioner that her application for FAP had been denied and that her MA benefits would close effective [REDACTED].

The Department requested verification of her identity, home rent, checking account, non-heat electric expenses, heat expenses, and monthly income. Among the verification items requested, only Petitioner's monthly income is relevant towards her eligibility for HMP benefits. As an ongoing recipient of MA benefits, it is not clear how the Department had not already received verification of her identity. There is no asset test to remain eligible for HMP benefits, and Petitioner's shelter expenses are not relevant towards her eligibility for HMP benefits.

At some point, the Department did receive a copy of a paycheck stub showing Petitioner's earned income from [REDACTED], through [REDACTED]. The hearing record is not clear when this document was received, but it is reasonable that it was received by the Department sometime between [REDACTED] (the date the paycheck was issued), and [REDACTED] (the date the hearing summary was completed). The record evidence supports a finding that the Department received verification of her monthly income before [REDACTED]. On [REDACTED], the Department notified Petitioner that her MA benefits would close effective [REDACTED], for failure to provide verification of her income.

Closed programs may be reinstated when there is compliance with program requirements before the negative action date. Department of Health and Human Services Bridges Administrative Manual (BAM) 205 (January 1, 2018), p 1.

In this case, Petitioner was an ongoing MA recipient when she applied for FAP benefits. Presumably she was eligible for MA benefits before the Department received her [REDACTED], application for assistance, but the Department was acting in accordance with policy when it requested additional verification of her income and applied the results towards her eligibility for ongoing MA benefits. On [REDACTED], the Department notified Petitioner that she was no longer eligible for MA benefits for failure to verify her income effective [REDACTED].

However, the record evidence supports a finding that Petitioner did provide the Department with verification of her income before her MA benefits closed effective [REDACTED]. Therefore, the Department should have reinstated her MA benefits as required by BAM 205.

On [REDACTED], Petitioner applied for FAP benefits and the Department requested, among other things, verification of her checking account. A checking account is a countable cash asset and is applied towards the determination of whether Petitioner is eligible for FAP benefits. The record evidence does not support a finding that Petitioner provided the Department with up to date verification of the balance of her checking account.

The Department also requested verification of Petitioner's obligation to pay shelter expenses, but the Department could have determined her eligibility for FAP benefits without receiving those verification documents. The Department could not accurately determine Petitioner's eligibility for FAP benefits without verifying the balance of her checking account. Therefore, the Department was acting in accordance with policy when it denied Petitioner's application for FAP benefits.

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 did not act in accordance with Department policy when it closed Petitioner's Medical Assistance (MA) benefits but acted in accordance with Department policy when it denied Petitioner's application for Food Assistance Program (FAP) benefits.

**DECISION AND ORDER**

Accordingly, the Department's decision is AFFIRMED with respect to Food Assistance Program (FAP) benefits but REVERSED with respect to Medical Assistance (MA) benefits.

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:

Initiate a determination of Petitioner's eligibility for Medical Assistance (MA) effective [REDACTED], in accordance with policy with adequate notice to Petitioner.

KS/hb

  
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**Kevin Scully**  
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) 763-0155; 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

**DHHS**

[REDACTED]

**Petitioner**

[REDACTED]