



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS
DIRECTOR

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Date Mailed: April 1, 2022
MOAHR Docket No.: 22-000612
Agency No.: ██████████
Petitioner: ██████ ██████

ADMINISTRATIVE LAW JUDGE: Amanda M. T. Marler

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; 42 CFR 438.400 to 438.424; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on March 31, 2022. The Petitioner was self-represented. The Department of Health and Human Services (Department) was represented by David Rost, Assistance Payments Worker.

ISSUE

Did the Department properly calculate Petitioner's Food Assistance Program (FAP) benefit rate?

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 receives a gross Retirement Survivors Disability Insurance (RSDI) benefit of ██████████ per month.
2. Petitioner is responsible for her Medicare Parts A, B, and C premiums.
3. On ██████████ 2022, the Department received Petitioner's application for FAP benefits listing RSDI income, health insurance costs of \$40.00 per month, prescription costs of \$70.00 per month, a first mortgage of \$623.00 per month, a second mortgage of \$151.00 per month, and other housing costs of \$278.00 per month, in addition to utility expenses.
4. On January 18, 2022, the Department issued a Notice of Case Action to Petitioner advising her that she was eligible for ██████████ for the period January 13, 2022, through January 31, 2022, and ██████████ per month from February 1, 2022, through

December 31, 2023, based upon [REDACTED] per month in unearned income, a standard deduction of \$177.00, medical expenses of \$165.00, housing costs of \$1,083.00, and the heat and utility standard deduction (H/U) of \$559.00.

5. On February 14, 2022, the Department received Petitioner's request for hearing disputing the Department's calculation of her FAP benefit rate.

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 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.

In this case, Petitioner disputes the Department's calculation of her FAP benefit rate. To determine whether the Department properly calculated Petitioner's FAP benefit rate, the evaluation first starts with consideration of all countable earned and unearned income available to the group. BEM 500 (July 2020), pp. 1-5. The Department determines a client's eligibility for program benefits based on the client's actual income and/or prospective income. Prospective income is income not yet received but expected. BEM 505 (November 2021), p. 1. In prospecting income, the Department is required to use income from the past 30 days if it appears to accurately reflect what is expected to be received in the benefit month, discarding any pay if it is unusual and does not reflect the normal, expected pay amounts. BEM 505, pp. 4-9. A standard monthly amount must be determined for each income source used in the budget. BEM 505, pp. 8-9. Respondent receives a gross monthly RSDI check of [REDACTED]; therefore, there is no need to further standardize her income.

No other evidence was presented indicating that Petitioner had other sources of income. Therefore, Petitioner's total gross income is [REDACTED].

After consideration of income, the Department considers all appropriate deductions and expenses. Since Petitioner is a recipient of RSDI and Medicare, she is considered a Senior, Disabled, or disabled Veteran (SDV) and is therefore eligible for the following deductions to income:

- Dependent care expense.
- Medical expense deduction
- Excess shelter deduction.

- Court ordered child support and arrearages paid to non-household members.
- Standard deduction based on group size.

BEM 550 (October 2020), pp. 1; BEM 554 (July 2021), p. 1; BEM 556 (February 2021), pp. 3-6.

The Department properly budgeted the standard deduction of \$177.00. RFT 255 (November 2021), p. 1; BEM 556, p. 4. No evidence was presented that Petitioner has dependent care or child support expenses.

However, Petitioner is responsible for her Medicare Part A, Part B, and Part C premiums noted on the State Online Query (SOLQ), an interface with the Social Security Administration accessible by the Department to aid it in determining a client's Social Security Benefit and Medicare participation. Petitioner is also responsible for the costs of monthly prescriptions and additional insurance as noted on Petitioner's application for benefits. Per policy, "an SDV group that has a verified one-time or ongoing medical expense(s) of more than \$35 for an SDV person(s) will receive the Standard Medical Deduction (SMD). The SMD is \$165. If the group has actual medical expenses which are more than the SMD, they have the option to verify their actual expenses instead of receiving the SMD." BEM 554, p. 9. Since the Department was aware of Petitioner's responsibility to pay for the Medicare premiums and was also informed of her additional prescription and insurance costs, the Department improperly failed to budget the expenses. It is also noted that Petitioner's Medicare Part B premium on its own is greater than the SMD; therefore, she should have been afforded at least the value of her Medicare Part B premium instead of the SMD. Despite the Department's error, this decision will continue to evaluate the budget as presented by the Department for purposes of thoroughness.

After consideration of each of these deductions, Petitioner's Adjusted Gross Income (AGI) would be calculated by subtracting each item from the gross income. Without the cost of the Medicare premiums, additional insurance premium, and the cost of her verified prescriptions, the AGI cannot be calculated.

Once the AGI is calculated, the Department must then consider the Excess Shelter Deduction. BEM 554, p. 1; 7 CFR 273.9(d)(6). The Excess Shelter Deduction is calculated by adding Petitioner's housing costs to any of the applicable standard deductions and reducing this expense by half of Petitioner's AGI. BEM 556, pp. 4-7; 7 CFR 273.9(d)(6)(ii). The Department properly budgeted Petitioner's first and second mortgage, homeowner's insurance, and association fees for a total housing expense of \$1,083.00. The Department also properly budgeted the H/U of \$559.00. The H/U covers all heat and utility costs including cooling except actual utility expenses (repairs or maintenance). BEM 554, p. 16. When a client is not responsible for heating and/or cooling costs, the client may receive utility standard deductions for non-heat electric, water and/or sewer, telephone, cooking fuel, and trash as applicable. BEM 554, p. 22-25. The expenses and factors outlined here are the only expenses considered for purposes

of calculating the FAP budget and determining eligibility. After each item is considered, Petitioner's total housing cost is added together and reduced by 50% of Petitioner's AGI to calculate an excess shelter cost. *Id.*

Next, Petitioner's excess shelter cost is subtracted from the AGI to determine the Net Income. *Id.* Finally, Petitioner's Net Income is compared against the Food Assistance Issuance Tables found in RFT 260 for a monthly FAP benefit rate. BEM 556, p. 6; RFT 260 (October 2021).

Since the Department failed to consider Petitioner's Medicare premiums, additional insurance, and prescription costs, which it was aware of, the Department did not properly calculate Petitioner's FAP benefit rate.

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 proof that it acted in accordance with Department policy when it determined Petitioner's FAP benefit rate.

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. Reprocess Petitioner's application for FAP benefits dated January 13, 2022;
2. If otherwise eligible, issue supplements to Petitioner for benefits not previously received; and,
3. Notify Petitioner in writing of its decision.

AMTM/cc



Amanda M. T. Marler
Administrative Law Judge

