June 12, 2025

[redacted]

RE: [redacted] v. WV DoHS
ACTION NOS.: 25-BOR-1851 & 25-BOR-1852

Dear [redacted]:

Enclosed is a copy of the decision resulting from the hearing held in the above-referenced matter.

In arriving at a decision, the State Hearing Officer is governed by the Public Welfare Laws of West Virginia and the rules and regulations established by the Department of Health and Human Resources. These same laws and regulations are used in all cases to ensure that all persons are treated alike.

You will find attached an explanation of possible actions you may take if you disagree with the decision reached in this matter.

Sincerely,

Pamela L. Hinzman
State Hearing Officer
Member, State Board of Review

Encl: Recourse to Hearing Decision
Form IG-BR-29

cc: Carla Marsh, WV DoHS

WEST VIRGINIA OFFICE OF INSPECTOR GENERAL
BOARD OF REVIEW

[redacted]

Appellant,

v. **Action Numbers: 25-BOR-1851 & 25-BOR-1852**

WEST VIRGINIA DEPARTMENT OF HUMAN SERVICES
BUREAU FOR FAMILY ASSISTANCE,

Respondent.

DECISION OF STATE HEARING OFFICER

INTRODUCTION

This is the decision of the State Hearing Officer resulting from a fair hearing for [redacted] This hearing was held in accordance with the provisions found in Chapter 700 of the West Virginia Office of Inspector General Common Chapters Manual. This fair hearing was convened on June 10, 2025.

The matter before the Hearing Officer arises from the Respondent's calculation of the Appellant's Supplemental Nutrition Assistance Program (SNAP) benefits and the termination of Adult Medicaid benefits as outlined in notices dated April 3, 2025.

At the hearing, the Respondent appeared by Carla Marsh, Economic Service Worker Senior, WV DoHS. The Appellant was self-represented. All witnesses were placed under oath and the following documents were admitted into evidence.

Department's Exhibits:

D-1 SNAP Budget information
D-2 MAGI Medicaid Income Budget information
D-3 Income Summary
D-4 Expenses Summary
D-5 Appellant's 2024 Federal Income Tax Return forms
D-6 Residential Apartment Lease Agreement
D-7 West Virginia Income Maintenance Manual Chapters 4.4.3.B, 4.4.4.D, 4.4.4.F, 4.7.2.A, 4.7.2.B, and 4.7.5

Appellant's Exhibits:

A-1 [redacted] account statement for May 2025

A-2 Letter from [redacted]

After a review of the record, including testimony, exhibits, and stipulations admitted into evidence at the hearing, and after assessing the credibility of all witnesses and weighing the evidence in consideration of the same, the Hearing Officer sets forth the following Findings of Fact.

FINDINGS OF FACT

1) The Appellant is a recipient of Supplemental Nutrition Assistance Program (SNAP) benefits.

2) On April 3, 2025, the Respondent notified the Appellant that her household was approved for a SNAP allotment of $11 per month (Exhibit D-1).

3) The Appellant was a recipient of Modified Adjusted Gross Income (MAGI) Adult Medicaid benefits and was notified on April 3, 2025, that her Medicaid benefits would be terminated due to excessive income (Exhibit D-2).

4) The Appellant has a three-person household.

5) The Appellant's husband has self-employment income from [redacted], a consulting company that performs contractual work (Exhibit D-5).

6) The household's total countable self-employment income for SNAP purposes is $40,888 per year or $3,407.33 per month (Exhibit D-5).

7) The Appellant's adjusted gross income for MAGI Medicaid purposes is $35,183 per year or $2,931.92 per month (Exhibit D-5).

APPLICABLE POLICY

West Virginia Income Maintenance Manual Chapter 4.4.2.B lists allowable deductions for SNAP benefits. These deductions include the earned income disregard of 20 percent, the Standard Deduction, the dependent care deduction, the child support deduction, the Homeless Shelter Standard Deduction, medical expenses for the elderly and/or disabled, shelter expenses, and the Standard Utility Allowance (SUA).

Code of Federal Regulations 7 CFR 273.9(d)(1)(i) addresses the Standard Deduction for SNAP benefits and states, in pertinent part:

> ***48 States, District of Columbia, Alaska, Hawaii, and the Virgin Islands.*** Effective October 1, 2002, in the 48 States and the District of Columbia, Alaska, Hawaii, and

> the Virgin Islands, the standard deduction for household sizes one through six shall be equal to 8.31 percent of the monthly net income eligibility standard for each household size established under paragraph (a)(2) of this section rounded up to the nearest whole dollar. For household sizes greater than six, the standard deduction shall be equal to the standard deduction for a six-person household.

West Virginia Income Maintenance Manual Chapter 4, Appendix B, states that the current Standard Deduction for a three-person SNAP Assistance Group is $204 per month.

Code of Federal Regulations 7 CFR 273.9(d)(6)(iii) addresses Standard Utility Allowances for SNAP purposes and states, in pertinent part:

> (A)With FNS approval, a State agency may develop the following standard utility allowances (standards) to be used in place of actual costs in determining a household's excess shelter deduction: an individual standard for each type of utility expense; a standard utility allowance for all utilities that includes heating or cooling costs (HCSUA); and, a limited utility allowance (LUA) that includes electricity and fuel for purposes other than heating or cooling, water, sewerage, well and septic tank installation and maintenance, telephone, and garbage or trash collection.

West Virginia Income Maintenance Manual Chapter 4.4.2.C.1 states:

> SUAs are fixed deductions that are adjusted yearly to allow for fluctuations in utility expenses. AGs with utility expenses for both occupied and unoccupied homes may only use the SUA for one home of his choice. These deductions are the Heating/Cooling Standard (HCS), the Non-Heating/Cooling Standard (NHCS), and the One Utility Standard (OUS). The current SUA amounts are found in Appendix B. AGs that are obligated to pay from their resources a utility expense that is billed separately from their shelter expenses are eligible for an SUA deduction. AGs that are not obligated to pay any utility expense are ineligible for the SUA, even if other residents pay utility expenses. Income for the SUA must be evaluated at certification, redetermination, and when the AG reports a change in utilities that may affect its eligibility for a deduction.

West Virginia Income Maintenance Manual Chapter 4, Appendix B, states that the Heating/Cooling Standard Deduction is $504 per month.

West Virginia Income Maintenance Manual Chapter 4.4.2.B.6 states:

> Medical expenses in excess of $35 must be allowed as a medical deduction for AG members who are elderly, which is at least age 60, or disabled, as defined in Section 13.15. Once the medical expenses of all such AG members have been totaled, the amount of the total in excess of $35 is used as a medical deduction. Thirty-five dollars ($35) is deducted from the total amount of expenses for the AG, not $35 from each person's expenses. There is no maximum dollar limit for a medical deduction.

Code of Federal Regulations 7 CFR 273.11:

Self-employment income. The State agency must calculate a household's self-employment income as follows:

(1) ***Averaging self-employment income.***

(i) Self-employment income must be averaged over the period the income is intended to cover, even if the household receives income from other sources. If the averaged amount does not accurately reflect the household's actual circumstances because the household has experienced a substantial increase or decrease in business, the State agency must calculate the self-employment income on the basis of anticipated, not prior, earnings.

(ii) If a household's self-employment enterprise has been in existence for less than a year, the income from that self-employment enterprise must be averaged over the period of time the business has been in operation and the monthly amount projected for the coming year.

(iii) Notwithstanding the provisions of paragraphs (a)(1)(i) and (a)(1)(ii) of this section, households subject to monthly reporting and retrospective budgeting who derive their self-employment income from a farming operation and who incur irregular expenses to produce such income have the option to annualize the allowable costs of producing self-employment income from farming when the self-employment farm income is annualized.

(2) ***Determining monthly income from self-employment.***

(i) For the period of time over which self-employment income is determined, the State agency must add all gross self-employment income (either actual or anticipated, as provided in paragraph (a)(1)(i) of this section) and capital gains (according to paragraph (a)(3) of this section), exclude the costs of producing the self-employment income (as determined in paragraph (a)(4) of this section), and divide the remaining amount of self-employment income by the number of months over which the income will be averaged. This amount is the monthly net self-employment income. The monthly net self-employment income must be added to any other earned income received by the household to determine total monthly earned income.

(ii) If the cost of producing self-employment income exceeds the income derived from self-employment as a farmer (defined for the purposes of this paragraph (a)(2)(ii) as a self-employed farmer who receives or anticipates receiving annual gross proceeds of $1,000 or more from the farming enterprise), such losses must be prorated in accordance with paragraph (a)(1) of this section, and then offset against countable income to the household as follows:

(A) Offset farm self-employment losses first against other self-employment income.

(B) Offset any remaining farm self-employment losses against the total amount of earned and unearned income *after* the earned income deduction has been applied.

(iii) If a State agency determines that a household is eligible based on its monthly net income, the State may elect to offer the household an option to determine the benefit level by using either the same net income which was used to determine eligibility, or by unevenly prorating the household's total net income over the period for which the household's self-employment income was averaged to more closely approximate the time when the income is actually received. If income is prorated, the net income assigned in any month cannot exceed the maximum monthly income eligibility standards for the household's size.

West Virginia Income Maintenance Manual Chapter 4.4.4.D states that when an Assistance Group member receives income from self-employment, the instructions below must be used to arrive at the gross profit which is used to calculate countable income. Contract income that is not intended to cover a 12-month period and is not paid on an hourly or piecework basis is prorated over the period it is intended to cover.

West Virginia Income Maintenance Manual Chapter 4.4.4.D.1 considers persons who receive regular income as those who receive income as profit on a more or less regular schedule (weekly, monthly, etc.), or receive a specific amount from the business each week or month and/or receive the balance of profit from the enterprise at the end of the business year. Chapter 4.4.4.D.2 states that gross profit from self-employment is the income remaining after deducting any identifiable costs of doing business from the gross income.

West Virginia Income Maintenance Manual Chapter 4.4.3.B describes how to compute countable income for SNAP purposes.

Step 1: Combine monthly gross countable earnings and monthly gross profit from self-employment.
Step 2: Deduct 20% of Step 1.

Step 3: Add the gross countable unearned income, including the WV WORKS benefit and any amount reduced or being repaid to WV WORKS due to failure to comply with a program requirement. See Section 4.4.4.
Step 4: Subtract the Standard Deduction found in Appendix B.
Step 5: Subtract allowable dependent care expenses.
Step 6: Subtract the amount of legally obligated child support actually paid.
Step 7: Subtract the Homeless Shelter Standard Deduction found in Appendix B.
Step 8: Subtract allowable medical expenses in excess of $35.
Step 9: Calculate 50% of the remaining income and compare it to the actual monthly shelter/SUA amount.
Step 10: If the shelter and Standard Utility Allowance is greater than Step 9 and at least one person is elderly or disabled, the amount in excess of 50% is deducted, without regard to the shelter/utility cap, in Appendix B to arrive at countable income.

West Virginia Income Maintenance Manual Chapter 4.4.3.C states that to determine the SNAP allotment, find the countable income and the maximum benefit allotment for the AG in Appendix A. To determine the benefit allotment, multiply net income by 30% (round up) then subtract 30% of net income as calculated above from the maximum monthly benefit for the AG size. Chapter 4, Appendix A, states that the maximum monthly SNAP allotment for a three-person Assistance Group is $768 per month.

West Virginia Income Maintenance Manual Chapter 23.10.4 states the following in regard to MAGI Adult Medicaid**:**

> As a result of the Affordable Care Act (ACA), the Adult Group was created, effective January 1, 2014. Eligibility for this group is determined using MAGI methodologies established in Section 4.7. Medicaid coverage in the Adult Group is provided to individuals who are aged 19 or older and under age 65.
>
> To be eligible for the Adult Group, income must be equal to or below 133% of the Federal Poverty Level (FPL).

West Virginia Income Maintenance Manual Chapter 4.7.2 states:

MAGI-based income includes:
- Adjusted gross income (taxable income less deductions/adjustments), excluding:
  - o Certain taxable American Indian/Alaska Native income
  - o Taxable scholarships/awards used for educational purposes
- Non-taxable Social Security benefits
- Tax-exempt interest
- Foreign earned income

To calculate the MAGI, determine the adjusted gross income amount for each member of the MAGI household whose income will count, for the current month. The MAGI differs from the adjusted gross income, because MAGI accounts for additions and adjustments. The Worker uses the budgeting method established in

Section 4.6.1, Budgeting Method, to anticipate future income amounts, consider past income sources, and build monthly income amounts based upon the applicant's reported income.

West Virginia Income Maintenance Manual Chapter 4.7.2.B states:

After the income has been determined in Step 1, determine if any adjustments/deductions are applicable and subtract them from the income determined in Step 1. The Worker must incorporate allowable deductions (also known as adjustments) in the calculation of MAGI-based income. These adjustments/deductions can be found on page one of IRS form 1040. Different methodologies, as shown in the table below, may be used to incorporate different types of adjustments/deductions into the income determined in Step 1.

The following items are subtracted from the individual's income:

- Educator expenses
- Certain business expenses of reservists, performing artists, and fee-basis government officials
- Health savings account deductions
- Moving expenses (Only for active duty members of the military who are ordered to move or change duty station).
- Deductible part of self-employment tax
- Self-employed Simplified Employee Pension (SEP), Savings Incentive Match Plan for Employees (SIMPLE), and qualified plans
- Self-employed health insurance deductions
- Penalty on early withdrawal of savings
- Alimony paid ONLY if the alimony agreements are finalized prior to January 2019. Any pre-existing agreements modified after December 31, 2018 are not deductible.
- IRA deductions
- Student loan interest deductions

West Virginia Income Maintenance Manual Chapter 4.7.3 states that the only allowable income disregard for MAGI Medicaid is an amount equivalent to five percentage points of 100% of the Federal Poverty Level (FPL) for the applicable MAGI household size. The 5% FPL disregard is not applied to every MAGI eligibility determination and should not be used to determine the MAGI coverage group for which an individual may be eligible. The 5% FPL disregard will be applied to the highest MAGI income limit for which an individual may be determined eligible.

West Virginia Income Maintenance Manual Chapter 4.7.4 states that the applicant's household income must be at or below the applicable MAGI standard for the MAGI coverage groups.

Step 1: Determine the MAGI-based gross monthly income for each MAGI household income group (IG).
Step 2: Convert the MAGI household's gross monthly income to a percentage of the FPL by dividing the current monthly income by 100% of the FPL for the household

> size. Convert the result to a percentage. If the result from Step 2 is equal to or less than the appropriate income limit, no disregard is necessary, and no further steps are required.
> Step 3: If the result from Step 2 is greater than the appropriate limit, apply the 5% FPL disregard by subtracting five percentage points from the converted monthly gross income to determine the household income.
> Step 4: After the 5% FPL income disregard has been applied, the remaining percent of FPL is the final figure that will be compared against the applicable modified adjusted gross income standard for the MAGI coverage groups.

West Virginia Income Maintenance Manual Chapter 4.7.5.A states that when a member of the MAGI household income group receives self-employment income, the instructions below must be used to arrive at the gross profit, which is used to calculate countable income. Countable income is determined by subtracting allowable business expenses from the gross income.

West Virginia Income Maintenance Manual Chapter 4.7.5.A.1 states that the method used to determine gross income from self-employment varies with the nature of the enterprise. It is necessary to determine which of the following types of self-employment applies to the client's situation. Once the pattern of self-employment is determined, the instructions below are used to determine how the income is counted.

West Virginia Income Maintenance Manual Chapter 4.7.5.A.2, *Determining Gross Profit*, states:

> Gross profit from self-employment is the income remaining after deducting any identifiable costs of doing business from the gross income. The instructions below must be used to arrive at the gross profit, which is used to calculate countable income. These instructions are based upon the IRS Forms used by self-employed individuals to file federal taxes on their self- employment income. Income from self-employment is calculated by totaling the following items, as described on the IRS Forms:
>
> - Add payment cards and third-party network transactions.
> - Add gross receipts or sales (separate from items reported above).
> - Add income that results from "Statutory Employee" status. If an individual's income results from such a status, they would receive a W-2 for the year that has the "Statutory Employee" box checked.
> - Add any other form of income received by the business.
> - Subtract returns, allowances, and other adjustments.
> - Subtract the cost of goods sold, calculated using the following methodology:
>   - o Add value of inventory at the beginning of the period under consideration.
>   - o Add purchases (disregarding cost of items withdrawn for personal use).
>   - o Add labor costs (disregarding amounts paid to oneself).
>   - o Add materials and supplies.
>   - o Add other costs.

- o Subtract value of inventory at the end of the period under consideration.

• Subtract the expenses related to the business' operations. The following expenses can be deducted:

- o Advertising
- o Car and truck expenses
- o Commissions and fees
- o Contract labor
- o Depletion
- o Depreciation and section 179 expense deduction
- o Employee benefit programs
- o Insurance (not including health insurance)
- o Interest (mortgage and from other loans)
- o Legal and professional services
- o Office expenses
- o Pension and profit-sharing plans
- o Rent or lease (includes vehicles, machinery, equipment, and other business property)
- o Repairs and maintenance
- o Supplies o Taxes and licenses
- o Travel, meals, and entertainment
- o Utilities
- o Wages
- o Any other business-related expenses

• Subtract the business' expenses from its income to arrive at the self-employment income profit or loss for the individual.

West Virginia Income Maintenance Manual Chapter 4, Appendix A, states that the gross income limit for a three-person MAGI Medicaid Assistance Group is $2,954 per month (133% of the Federal Poverty Level).

DISCUSSION

Policy specifies the allowable deductions for SNAP benefits. These deductions include the earned income disregard of 20 percent, the Standard Deduction, the dependent care deduction, the child support deduction, the Homeless Shelter Standard Deduction, medical expenses for the elderly and/or disabled, shelter expenses, and the Standard Utility Allowance (SUA). To be eligible for Adult Medicaid benefits, income must be equal to or below 133% of the FPL for the Assistance Group size. The worker must incorporate allowable deductions (also known as adjustments) in the calculation of MAGI-based income. These adjustments/deductions can be found on page one of IRS form 1040.

The Appellant testified that her household's monthly self-employment income varies and indicated that her bank account had a negative balance at times during the month of May 2025. The Appellant stated that she has been receiving counseling services and will be unable to continue with therapy since her Medicaid benefits were terminated.

The Respondent correctly calculated the household's gross self-employment income as $3,407.33 per month for SNAP purposes. The calculation with deductions is as follows: $3,407.33- $681.47 (earned income deduction of 20 percent) = $2,725.86 - $204 (standard deduction) = $2,521.86 (net adjusted income). No excess shelter/utility cost deduction is allowed. The maximum SNAP allotment for a three-person Assistance Group is $768 - $756.56 (30 percent of net adjusted income) = $11 SNAP entitlement.

Policy states that the worker must incorporate allowable deductions found on page one of IRS Form 1040 when calculating countable income for MAGI Adult Medicaid purposes. The Appellant's adjusted gross countable income (Line 11 of IRS Form 1040) for Medicaid purposes is $35,183 per year or $2,931.92 per month after deductions. Therefore, the Respondent incorrectly terminated MAGI Adult Medicaid benefits.

CONCLUSIONS OF LAW

1) The Appellant is eligible for $11 per month in SNAP benefits based on her household's countable net adjusted income of $2,521.86.
2) To be eligible for MAGI Adult Medicaid benefits, gross income must be at or below 133% of the FPL for the household size.
3) The Appellant's countable income for Adult Medicaid purposes is $2,931.92 per month.
4) The income limit for a three-person MAGI Adult Medicaid household is $2,954 per month (133% of the FPL).
5) The Appellant is eligible for MAGI Adult Medicaid benefits.

DECISION

It is the decision of the State Hearing Officer to **UPHOLD** the Respondent's calculation of the Appellant's SNAP allotment. It is the decision of the State Hearing Officer to **REVERSE** the Respondent's action to terminate MAGI Adult Medicaid benefits.

ENTERED this 12th day of June 2025.

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Pamela L. Hinzman
State Hearing Officer