WEST VIRGINIA OFFICE OF INSPECTOR GENERAL
BOARD OF REVIEW

[redacted]

Appellant,

v. **Action Numbers: 26-BOR-2647 & 26-BOR-2648**

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 October 6, 2026.

The matter before the Hearing Officer arises from the Respondent's calculation of Supplemental Nutrition Assistance Program (SNAP) benefits and denial of Adult Medicaid benefits as outlined in notices dated August 28, 2026.

At the hearing, the Respondent appeared by Trevor Wayne, Economic Service Worker, WV DoHS. The Appellant was self-represented. All witnesses were sworn and the following documents were admitted into evidence.

Department's Exhibits:

- D-1 SNAP and Medicaid application dated August 11, 2026
- D-2 Pay stubs for [redacted]
- D-3 Case Comments from Respondent's computer system
- D-4 Appellant's rent receipt
- D-5 Verification of child support income

Appellant's Exhibits:

None

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 submitted an online Supplemental Nutrition Assistance Program (SNAP) and Modified Adjusted Gross Income (MAGI) Adult Medicaid application to the Respondent on August 11, 2026 (Exhibit D-1).

2) On Page 13 of the application, the Appellant indicated that her husband, [redacted] was employed by [redacted] (Exhibit D-1).

3) A Respondent worker contacted the Appellant via telephone on August 13, 2026, to complete an interview for the application (Exhibit D-3).

4) During the interview, the Appellant indicated that [redacted] was employed at [redacted] and is paid weekly (Exhibit D-3).

5) The Respondent requested income and shelter verification from the Appellant (Exhibit D-3).

6) The Appellant provided the verification and a Respondent worker calculated [redacted] average income on August 26, 2026, by utilizing pay stubs from July 18, 2026, July 25, 2026, August 1, 2026, and August 8, 2026 (Exhibits D-2 and D-3).

7) The Respondent's worker calculated Mr. [redacted] gross weekly income as $998.18 (Exhibits D-2 and D-3).

8) The Respondent's worker calculated Mr. [redacted] gross monthly income as $4,292.20 using a weekly income multiplier of 4.3 (Exhibits D-2 and D-3).

9) The Appellant has a four-person household.

10) The Respondent determined that the Appellant was eligible for zero SNAP benefits for August 2026 prorated from the date of application.

11) The Respondent determined that the Appellant was eligible for $2 in SNAP benefits for September 2026 and $32 in SNAP benefits for October 2026 and ongoing months due to a federal reevaluation of SNAP allotments effective October 2026.

12) The Respondent determined that the Appellant's income was excessive for Adult Medicaid benefits.

13) The Appellant contests the Respondent's SNAP calculation and Adult Medicaid denial because [redacted] is a self-employed subcontractor and did not receive a deduction for his business expenses when household income was calculated for the August 2026 application.

14) [redacted] receives an Internal Revenue Service (IRS) Form 1099 for taxation purposes.

15) Most of Mr. [redacted] pay statements include a $205 weekly income deduction for "other" expenses, cited as "software, meter or truck."

16) The Respondent sent SNAP approval and Medicaid denial notices to the Appellant on August 28, 2026.

17) The Appellant filed a fair hearing request on August 31, 2026.

APPLICABLE POLICY

7 Code of Federal Regulations Section 273.10, states, in part:

(e) ***Calculating net income and benefit levels —***

(1) ***Net monthly income.***

(i) To determine a household's net monthly income, the State agency shall:

(A) Add the gross monthly income earned by all household members and the total monthly unearned income of all household members, minus income exclusions, to determine the household's total gross income.

(B) Multiply the total gross monthly earned income by 20 percent and subtract that amount from the total gross income; or multiply the total gross monthly earned income by 80 percent and add that to the total monthly unearned income, minus income exclusions.

(C) Subtract the standard deduction.

(D) If the household is entitled to an excess medical deduction as provided in §273.9(d)(3), determine if total medical expenses exceed $35. If so, subtract that portion which exceeds $35.

(E) Subtract allowable monthly dependent care expenses, if any, as specified under §273.9(d)(4) for each dependent.

(F) If the State agency has chosen to treat legally obligated child support payments as a deduction rather than an exclusion in accordance with §273.9(d)(5), subtract allowable monthly child support payments in accordance with §273.9(d)(5).

(G) Subtract the homeless shelter deduction, if any, up to the maximum of $143.

(H) Total the allowable shelter expenses to determine shelter costs. Subtract from total shelter costs 50 percent of the household's monthly income after all the above deductions have been subtracted. The remaining amount, if any, is the excess shelter cost. If there is no excess shelter

cost, the net monthly income has been determined. If there is excess shelter cost, compute the shelter deduction according to paragraph (e)(1)(i)(I) of this section.

(I) Subtract the excess shelter cost up to the maximum amount allowed for the area (unless the household is entitled to the full amount of its excess shelter expenses) from the household's monthly income after all other applicable deductions. Households not subject to a capped shelter expense shall have the full amount exceeding 50 percent of their net income subtracted. The household's net monthly income has been determined.

West Virginia Income Maintenance Manual Chapter 4.4.4.D addresses the consideration of self-employment income for SNAP purposes:

> When an AG member or a disqualified individual(s) 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 states:

> **4.4.4.D.1 Determining Gross Income**
>
> Gross income includes the net proceeds from the sale of capital goods or equipment. The method used to determine monthly 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 has been determined, the instructions below are used to determine how the income is counted.
>
> ➢ Person Receiving Regular Income
>
> Persons 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. This income is converted to a monthly amount, according to the Budgeting Method in Section 4.4.1. Business expenses may be computed on a monthly basis or prorated over a 12-month period, at the client's option.
>
> ➢ Persons Receiving Irregular Income
>
> Many persons derive income from short-term seasonal self-employment. This seasonal enterprise may be the major source of income for the year, or only for the period of time the person is actually engaged in this enterprise, with other sources

of income being available during the remainder of the year. Persons who are seasonally self-employed include vendors of seasonal commodities (produce, Christmas trees, etc.), or other seasonal farmers. Cash-crop and some seasonal farmers and other persons with similar irregular self-employment income receive their annual income from self-employment in a short period of time and budget their money to meet their living expenses for the next 12 months. Because the income is seasonal, it must be averaged over the period of time it is intended to cover, even if it is the major source of income for the year. However, if the averaged amount of past income does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease in business, the income is calculated based on anticipated earnings.

Business expenses may be computed on a monthly basis or prorated over a 12-month period, at the client's option.

➢ New Business

AGs with a new business that has been in existence less than a year have their income and incurred business expenses averaged over the amount of time the business has been in operation. From this, the monthly amount is projected for the coming year. However, if the averaged amount of past income and/or expenses does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease in business, the income and/or expenses is calculated based on anticipated earnings.

West Virginia Income Maintenance Manual Chapter 4.4.4.D.2:

4.4.4.D.2 Determining Gross Profit
Gross profit from self-employment is the income remaining after deducting any identifiable costs of doing business from the gross income.

➢ Deductions
Examples of allowable deductions include, but are not limited to:

• Employee labor costs, including wages paid to an AG member and any salary the client pays himself. When paid to an AG member, the income must be considered according to the provisions in Section 4.3.
• Stock and supplies
• Raw material
• Seed
• Fertilizers
• Repair and maintenance of machinery and/or property
• Cost of rental space used for conducting the business
• Payments on the principal and interest of the purchase price of income-producing real estate and capital assets, equipment, machinery, and other durable goods

• Insurance premiums and taxes paid on the business and income-producing property
• The utilities, principal, interest, and taxes for the client's residence which is used in part to produce income. This is applicable only if the expenses on the portion of the home used in the self-employment enterprise can be identified separately. See Shelter/Utility Deduction above. The total deduction given for shelter and/or expense of doing business must not exceed the actual expense.
• Advertising costs
• Utilities
• Office expenses, (i.e., stamps, stationery, etc.)
• Legal costs
• Net Loss from self-employment farming.

Do not deduct the following:
• Federal, State, or local income taxes
• Money set aside for retirement
• Travel from home to a fixed place of business and return
• Depreciation
• Amounts claimed as a net loss, except loss from farming self-employment.

Code of Federal Regulations, 42 CFR §435.119 provides the following information concerning Adult Medicaid coverage:

Coverage for individuals age 19 or older and under age 65 at or below 133 percent FPL.
(a) ***Basis.*** This section implements section 1902(a)(10)(A)(i)(VIII) of the Act.
(b) ***Eligibility.*** Effective January 1, 2014, the agency must provide Medicaid to individuals who:
(1) Are age 19 or older and under age 65;
(2) Are not pregnant;
(3) Are not entitled to or enrolled for Medicare benefits under part A or B of title XVIII of the Act;
(4) Are not otherwise eligible for and enrolled for mandatory coverage under a State's Medicaid State plan in accordance with subpart B of this part; and
(5) Have household income that is at or below 133 percent FPL for the applicable family size.

West Virginia Income Maintenance Manual Chapter 4.7.5.A addresses the consideration of self-employment income for MAGI Adult Medicaid:

When a member of the MAGI household IG 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:

4.7.5.A.1 Determining Gross Income

The method used to determine monthly 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.

➢ Persons Receiving Regular Income

Persons receiving regular income are persons who receive income 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. This income is converted to a monthly amount according to the Budgeting Method in Section 4.6.1. Business expenses may be computed on a monthly basis or prorated over a 12-month period, at the client's option.

➢ Persons Receiving Irregular Income

Many persons derive income from short-term seasonal self-employment. This seasonal enterprise may be the major source of income for the year, or only for the period of time the person is actually engaged in this enterprise, with other sources of income being available during the remainder of the year. Persons who are seasonally self-employed include vendors of seasonal commodities (e.g., produce, Christmas trees, etc.), or other seasonal farmers.

Cash crop and some seasonal farmers and other persons with similar irregular self-employment income receive their annual income from self-employment in a short period of time and budget their money to meet their living expenses for the next 12 months.

Because the income is seasonal, it must be averaged over the period of time it is intended to cover, even if it is the major source of income for the year. However, if the averaged amount of past income does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease in business, the income is calculated based on anticipated earnings.

Business expenses may be computed on a monthly basis or prorated over a 12-month period, at the client's option.

➢ New Business

AGs with a new business that has been in existence less than a year have their income and incurred business expenses averaged over the amount of time the business has been in operation. From this, the monthly amount is projected for the coming year. However, if the averaged amount of past income and/or expenses does not accurately reflect the anticipated monthly circumstances because of a

substantial increase or decrease in business, the income and/or expenses is calculated based on anticipated earnings.

West Virginia Income Maintenance Manual Chapter 4.7.5.A.2:

4.7.5.A.2 Determining Gross Profit

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:
  - Add value of inventory at the beginning of the period under consideration.
  - Add purchases (disregarding cost of items withdrawn for personal use).
  - Add labor costs (disregarding amounts paid to oneself).
  - Add materials and supplies.
  - Add other costs.
  - 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:

  - Advertising
  - Car and truck expenses
  - Commissions and fees
  - Contract labor
  - Depletion
  - Depreciation and section 179 expense deduction
  - Employee benefit programs
  - Insurance (not including health insurance)
  - Interest (mortgage and from other loans)
  - Legal and professional services
  - Office expenses
  - 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.

DISCUSSION

Policy states that gross profit from self-employment is the income remaining after deducting any identifiable costs of doing business from the gross income. The method used to determine monthly gross income from self-employment for SNAP and MAGI Adult Medicaid varies with the nature of the enterprise. It is necessary to determine which type of self-employment applies to the client's situation. The business' expenses are subtracted from its income to arrive at the self-employment income profit or loss for the individual.

The Appellant testified that [redacted] is a self-employed subcontractor for [redacted], a contracted company for Optimum. As a subcontractor, Mr. [redacted] receives an Internal Revenue Service 1099 Form and is responsible for his expenses, such as van rental ($205 per week), gasoline, cell phone, etc. The Appellant stated that Mr. [redacted] pay statements are not actually "pay stubs," but invoices for the work he has done. The Appellant contended that she contacted the DoHS' client services unit with questions about deducting Mr. [redacted] expenses and was advised to contact the [redacted] County DoHS Office to address the issue. The Appellant contended that no one from the local office contacted her to attempt and resolve the issue prior to the hearing.

Trevor Wayne, Economic Service Worker with the Respondent, testified that the Respondent was unaware that Mr. [redacted] was a self-employed contractor, as the information was not reported during the Appellant's SNAP application.

Case Comments reveal that the Appellant's SNAP application was processed on August 26, 2026. The Respondent sent Notices of Decision to the Appellant on August 28, 2026, and the Appellant filed a hearing request to contest the SNAP calculation and Medicaid denial on August 31, 2026. While there may have been misunderstanding or miscommunication concerning Mr. [redacted] employment status, the Appellant provided credible testimony that she attempted to address the contract worker/self-employment issue with the Respondent but received no response. It should be noted that Mr. [redacted] pay statements, which were presented at the time of application, list the weekly deduction for his van expense.

Based on information provided during the hearing, the Respondent's calculation of SNAP benefits and denial of MAGI Adult Medicaid benefits cannot be affirmed. The case is remanded to the

Respondent to recalculate SNAP and Adult Medicaid eligibility based on self-employment income policy.

CONCLUSIONS OF LAW

1) SNAP and MAGI Adult Medicaid policy states that self-employment income is calculated by subtracting countable business expenses from gross income.

2) [redacted] is a self-employed subcontractor and has business expenses that were not considered when calculating countable household income for SNAP and Medicaid purposes.

3) Because Mr. [redacted] self-employment expenses were not considered, the Respondent's calculation of SNAP benefits and denial of Adult Medicaid cannot be affirmed.

4) The Respondent must recalculate Mr. [redacted] income for SNAP and Medicaid purposes based on self-employment income policy.

DECISION

It is the decision of the State Hearing Officer to **REVERSE** the Respondent's calculation of SNAP income and denial of Adult Medicaid benefits. The case is **REMANDED** to the Respondent for the calculation of self-employment income and a retroactive eligibility determination for SNAP and Medicaid benefits to the date of the Appellant's August 2026 application.

ENTERED this 8th day of October 2026.

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Pamela L. Hinzman
State Hearing Officer