

STATE OF MICHIGAN  
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:

[REDACTED]

Claimant

Reg No: 2008-20325

Issue No: 2026

Case No:

[REDACTED]

Load No:

Hearing Date:

March 23, 2009

Genesee County DHS

ADMINISTRATIVE LAW JUDGE: Jeanne M. VanderHeide

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon the Claimant's request for hearing. After due notice, a telephone hearing was conducted from Detroit, Michigan on March 23, 2009. The Claimant and his brother, [REDACTED] appeared and testified. Dawn Elford appeared on behalf of the Department.

ISSUE

Whether the Department properly determined the Claimant's MA deductible amount.

FINDINGS OF FACT

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

1. Claimant was an ongoing MA recipient in a household of one.
2. Claimant's spend down deductible in 2007 was \$668.00.
3. A budget review was completed May of 2008 which lowered Claimant's deductible to \$585.00. (Exhibit 1 C).

4. The Department determined that Claimant had a net income of [REDACTED] from RSDI. *Id.*
5. The Department also determined that Claimant had Health insurance premiums of [REDACTED]. *Id.*
6. Claimant requested a hearing contesting the department's determination that Claimant is required to pay a deductible and the amount of the deductible on 5/13/08.

#### CONCLUSIONS OF LAW

The Medical Assistance ("MA") program is established by Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations ("CFR"). The Department of Human Services, formally known as the Family Independence Agency, administers the MA program pursuant to MCL 400.10, *et seq* and MCL 400.105. Department policies are found in the Program Administrative Manual ("PAM"), the Program Eligibility Manual ("PEM"), and the Program Reference Manual ("PRM").

The goal of the Medicaid program is to ensure that essential health care services are made available to those who otherwise could not afford them. PEM 105, p. 1. Medicaid is also known as Medical Assistance ("MA"). *Id.* The Medicaid program is comprised of several categories; one category is for FIP recipients while another is for SSI recipients. *Id.* Programs for individuals not receiving FIP or SSI are based on eligibility factors in either the FIP or SSI program thus are categorized as either FIP related or SSI related. *Id.* To receive MA under an SSI related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formally blind or disabled. *Id.* Families with dependent children, caretaker relatives of

dependent children, persons under age 21 and pregnant, or recently pregnant women, receive MA under FIP related categories. *Id.*

There are various SSI related categories under which one can qualify for MA benefits. PEM 150-174. The MA regulations also divide MA recipients into Group 1 and Group 2 which relate to financial eligibility factors. Financial eligibility for Group 1 exists when countable income minus allowable expenses equals or is below certain income limits. PEM 105, p. 1. The income limits vary by category and are for non-medical needs such as food and shelter. *Id.* Medical expenses are not used when determining eligibility for FIP and SSI related Group 1 categories. *Id.* For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for FIP-related and SSI-related Group 2 categories. *Id.*

To determine whether an individual is eligible for Group 1 or Group 2 MA, the individual's protected income level (PPI) must be determined. The PPI is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. PEM 544. If fiscal group has net income that is the same or less than the PPI, RFT 240, then it will qualify for MA. If the net income is over the PPI, then the fiscal group may become eligible for assistance under the deductible program. A deductible is a process which allows a client with excess income to be eligible for MA if sufficient allowable medical expenses are incurred. Each calendar month is a separate deductible period. The fiscal group's monthly excess income is called the deductible amount. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. The MA group must report

expenses by the last day of the third month following the month it wants medical coverage. PEM 545; 42 CRF 435.831.

The monthly protected income level for a Medical Assistance group of one living in Genesee County is \$408.00 per month. RFT 240, RFT 200. In determining net income a standard deduction of \$20 is deducted for SSI related Medical Assistance recipients. Health insurance premiums for the disabled individual can be added to the PPI to determine the Claimant's deductible.

In the present case, claimant's net income [REDACTED] exceeds the monthly protected income level by \$408.00. The PPI of \$408.00 is added to the health insurance premiums of [REDACTED] to determine that Claimant's income exceeds MA eligibility by \$585.00 per month. Claimant is consequently ineligible to receive Medical Assistance. However, under the deductible program, if Claimant incurs medical expenses in excess of \$585.00 during the month, he may then be eligible for Medical assistance.

Claimant argues that he is unable to pay the deductible per month for his medical expenses because of limited means. This Administrative Law Judge sympathizes with the Claimant, but does not have the jurisdiction to change or alter department policy and state law at this time. Therefore, the undersigned finds that the Department has acted in accordance with department policy and law in setting Claimant's deductible.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds the Department acted in accordance with department policy when it calculated the Claimant's MA benefits.

Accordingly, it is ORDERED:

1. The Department's determination is AFFIRMED.

/s/  
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Jeanne M. VanderHeide  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 04/03/09

Date Mailed: 04/03/09

**NOTICE:** Administrative Hearings may order a rehearing or reconsideration on either its own motion or at the request of a party within 30 days of the mailing date of this Decision and Order. Administrative Hearings will not order a rehearing or reconsideration on the Department's motion where the final decision cannot be implemented within 90 days of the filing of the original request.

The Claimant may appeal the Decision and Order to Circuit Court within 30 days of the mailing of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt date of the rehearing decision.

JV/dj

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