

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.: 2008-26668  
Issue No.: 2026  
Case No.: [REDACTED]  
Load No.: [REDACTED]  
Hearing Date:  
May 20, 2009  
Oakland County DHS (4)

ADMINISTRATIVE LAW JUDGE: Linda Steadley Schwarb

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon claimant's request for a hearing. After due notice, a hearing was held on May 20, 2009. The claimant appeared and testified.

ISSUE

Did the Department of Human Services (DHS or department) properly impose a spend down or deductible prior to monthly eligibility for Medical Assistance (MA)?

FINDINGS OF FACT

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

- (1) Claimant is an ongoing recipient of MA benefits in a group consisting of herself.
- (2) In May 2008, claimant received Retirement, Survivors and Disability Insurance (RSDI) income in the gross amount of \$701 per month. (Department exhibit 3.)
- (3) In May 2008, claimant received pension payments in the gross amount of \$221.99 per month. (Department exhibit 2.)

- (4) At that time the department prepared claimant's MA budget which was to be effective June 1, 2008, claimant paid no health insurance premiums.
- (5) Based upon claimant's gross monthly income of \$922 and a protected income level of \$408, the department computed a MA SSI-Related Adult budget which established a spend down or deductible of \$494 per month. (Department exhibit 1.)
- (6) On May 21, 2008, the department notified claimant that effective June 1, 2008, the department intended to impose a monthly MA spend down or deductible of \$494.
- (7) On May 29, 2008, claimant filed a timely hearing request to protest the department's proposed negative action.
- (8) On June 1, 2008, the department imposed a monthly spend down or deductible of \$494 upon claimant's MA.
- (9) Claimant's MA budget was computed in conformance with policy.

#### 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 (DHS or department) 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. Medicaid is also known as Medical Assistance (MA). PEM 105.

The State of Michigan has set guidelines for income, which determine if an MA group is eligible. Income eligibility exists for the calendar month tested when:

- . There is no excess income, **or**
- . Allowable medical expenses equal or exceed the excess income (under the Deductible Guidelines). PEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. PEM 105. Income eligibility exists when net income does **not** exceed the Group 2 needs in PEM 544. PEM 166. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. PRT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. PEM 544. An eligible Medical Assistance group (Group 2 MA) has income the same as or less than the “protected income level” as set forth in the policy contained in the Program Reference Table (PRT). An individual or MA group whose income is in excess of the monthly protected income level is ineligible to receive MA. However, a MA group may become eligible for assistance under the deductible program. The deductible program 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 CFR 435.831.

In the present case, the department was required to take into consideration the claimant’s residence in Oakland County, claimant’s RSDI income of \$701 per month, claimant’s pension income of \$221.99 per month, and the number of persons in the MA group when determining

MA eligibility. PEM Item 241 provides for a \$20 disregard from unearned income. This resulted in a net monthly income figure of \$902. The MA budget prepared for claimant's case correctly reflects claimant's income and disregards from that income. Further, the budget sheet was accurately computed. Pursuant to PRM, Tables, Charts, and Schedules, Item 240, the protected income level of a one-person group residing in Oakland County is \$408 per month. Claimant paid no monthly health insurance premiums. The department correctly calculated that claimant's total excess income for purposes of MA eligibility was \$494. The undersigned Administrative Law Judge must find that the department properly calculated claimant's monthly spend down or deductible for purposes of MA eligibility in conformance with policy at \$494.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department of Human Services properly imposed a monthly spend down or deductible upon claimant's Medical Assistance in conformance with policy.

Accordingly, the department's action in this matter is **HEREBY, AFFIRMED.**

/s/  
Linda Steadley Schwarb  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 08/04/09

Date Mailed: 08/06/09

**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.

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The Claimant may appeal the Decision and Order to the Circuit within 30 days of the receipt 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.

LSS/jlg

cc:

