

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: 2008-29506

Issue No: 2014

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

May 14, 2009

Oakland County DHS

ADMINISTRATIVE LAW JUDGE: Robert J. Chavez

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 14, 2009.

ISSUE

Was the claimant's Medicaid budget computed correctly?

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 applied for Medicaid on 4-14-08.
- (2) Claimant's RSDI income at the time of the redetermination was \$972.40.
- (3) Claimant had earned income of \$300 per month.

(4) Claimant was deemed income ineligible for Group 1 Medicaid and assigned to Group 2 Medicaid.

(5) Claimant was allowed \$408 of protected income, in accordance with his shelter area.

(6) Claimant's deductible was calculated at \$565.

### 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) and Reference Tables (RFT).

The State of Michigan has set guidelines for income, which determine if an MA group is eligible. Claimant is first checked to see if they are eligible for Group 1 Medicaid. However, net income (countable income minus allowable income deductions) must be at or below a certain income limit for Group 1 eligibility to exist. PEM 105. For a household size of 1, this limit is \$867. RFT 242. 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. PEM 105. 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.

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. RFT 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 RFT 240. 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.

The budget, which was run on 6-6-08, included claimant’s RSDI income of \$972, with \$20 disregarded, for a net income of \$952. Claimant also had earned income, which must be counted into the budget. PEM 500. Claimant’s total net income, once all disregards were taken into account was calculated to be \$1070. Unfortunately, the income threshold for Group 1 Medicaid was only \$867, which is lower than claimant’s combined earned and RSDI income. Claimant therefore found himself \$203 over the income threshold. The Administrative Law Judge has reviewed this budget and found no errors. Claimant himself was unable to point out specifically what parts of the budget he felt were in error. A net income total of \$1070 is \$203 more than the \$867 threshold. Therefore, claimant is not eligible for Group 1 MA, and under the

regulations discussed above, only eligible for Group 2 MA when the excess income, budgeted here to be \$565, is spent.

While it may seem incredible that a claimant with \$203 in excess income can result in \$565 of excess expenses, the law is what the law is. This Administrative Law Judge has no authority to ignore the limits set by law, even though all sides in this case have agreed that the outcome seems unfair, given claimant's medical expenses and limited income. However, the Department is similarly bound by its own policies, and was therefore correct in its determination.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department's decision to impose an MA-P deductible of \$565 was correct.

Accordingly, the Department's decision is AFFIRMED.

/s/  
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Robert J. Chavez  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: May 19, 2009

Date Mailed: May 20, 2009

**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.

RJC/cv

cc:

