

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: 2008-30405
Issue No: 2006
Case No: [REDACTED]
Load No: [REDACTED]
Hearing Date:
June 30, 2009
Genesee County DHS

ADMINISTRATIVE LAW JUDGE: Jay W. Sexton

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 telephone hearing was held on June 30, 2009, in Flint. Claimant personally appeared and testified.

The department was represented by Bishop Ryan (ES).

The Administrative Law Judge appeared by telephone from Lansing.

ISSUE

Did the agency correctly impose a spend-down/deduction on claimant's MA-P case, effective July 1, 2008?

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 a current MA-P recipient.
- (2) On April 11, 2008, the department reviewed claimant's MA-P eligibility.

(3) On July 25, 2008, the caseworker prepared an MA-P eligibility budget. The budget shows the following:

RSDI	\$893
Less: Standard Deduction	<u>\$ 20</u>
Adjusted income	\$873
Less: Medical Needs	<u>\$408</u>
Excess income	\$465
Spend-down/deduction	\$465

(4) On July 25, 2008, the caseworker sent claimant a Medicare Savings Program Result Notice advising claimant that her excess income is \$465 and that claimant could to pay her excess income to her personal care provider under PEM 545.

(5) Claimant's Medicaid deductible was met on July 1, 2008.

(6) On August 21, 2008, claimant requested a hearing.

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).

Michigan provides Medicaid for eligible persons under two broad classifications: Group I is for those persons who are categorically eligible because they receive FIP or SSI. Group 2 is for those persons whose eligibility results from their level of need. These persons are referred to as medically-needy persons. MCL 400.16 and MCL 400.107. PEM Items 500, 554.

Claimant falls under the Group 2 classification of Medicaid recipient.

The agency's policy manual (PEM) provides the following policy to determine claimant's MA-P financial eligibility.

Spend-down/deduction was a process which allows a client with excess income to be eligible for Group 2 MA if sufficient allowable medical expenses are incurred. Open an MA case without ongoing Group 2 MA coverage so long as:

- The fiscal group has excess income, and
- At least one fiscal group member meets all of the Group 2 MA eligibility factors.
- Such cases are called active spend-down cases.
- Periods of MA coverage are added on CIS each time the group meets its spend-down/deduction.
- Each calendar month is a separate spend-down period.
- The fiscal group's monthly excess income was called the spend-down/deduction amount.

PEM Item 545.

Meeting a spend-down means reporting and verifying allowable medical expenses that equal or exceed the spend-down amount for the calendar month tested. PEM Item 545.

* * *

In order to qualify for Group 2 MA, a medically-needy person must have income which is equal to or less than the prescribed income limit, also known as "medical needs." To determine whether a recipient is eligible for Group 2 MA, only income available to the fiscal group on a monthly basis may be considered. Both earned and unearned income must be budgeted. Certain deductions are allowed. PEM 540, 545; 42 CFR 435.831, *et seq.*

Income eligibility exists for MA applicants when the fiscal group has no monthly excess income. Income eligibility exists on the first day of the month in which monthly excess income for MA purposes is zero.

Persons who have excess income for MA purposes may still qualify for MA, if they have incurred medical expenses. The department will apply current medical expenses to reduce excess income for MA eligibility purposes. When the medical expenses incurred by the fiscal group are less than the excess income, the ongoing case must be closed, using a spend-down notice (FIA-4400). Income eligibility exists when the recipient establishes that the costs of medical care incurred exceed the spend-down/deduction amount.

The recipient has until the last day of the spend-down period to provide the necessary verification as a spend-down/deduction has been met. If the required verification is not provided prior to the expiration of it, MA cannot be authorized for any part of the spend-down period. PEM Item 545.

The preponderance of the evidence in the record establishes that the agency correctly budgeted claimant's income and correctly set claimant's spend-down/deduction for July 2008 at \$465.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department correctly imposed the spend-down/deduction for July 2008 in the amount of \$465.

Accordingly, the department's decision is, hereby, AFFIRMED.

SO ORDERED.

/s/ _____
Jay W. Sexton
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: October 26, 2009

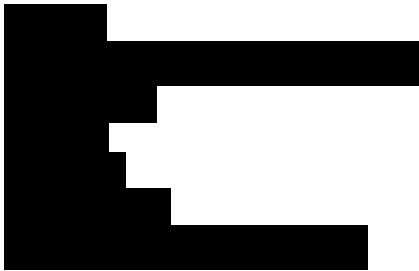
Date Mailed: October 27, 2009

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 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.

JWS/tg

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