

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: 2009-13295  
Issue No: 2026  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
July 2, 2009  
Chippewa 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 July 2, 2009. Claimant personally appeared and testified under oath.

The department was represented by Kim Wilberspin (Hearings Coordinator/FIM).

The Administrative Law Judge appeared by telephone from Lansing.

ISSUES

- (1) Did the department correctly deny MA-N coverage for claimant's June 2008 medical bill due to excess income?
- (2) Did the department correctly compute claimant's January 2009 spend-down/deductible (\$754)?

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 spend-down/deductible recipient.
- (2) In 2008, claimant had a spend-down/deductible of \$556.
- (3) In 2008, claimant timely submitted old medical bills totaling \$662.50.
- (4) The caseworker did not use claimant's June 2008 medical bills to establish MA-N

eligibility in 2008.

(5) On January 8, 2009, the caseworker prepared a 2009 MA eligibility budget. It shows the following:

RSDI Income	\$687
VA Income	\$850
Other Income	<u>\$ 61</u>
Total Income	\$1,598
LESS: Child Deduction	\$ 65
LESS: Parent/spouse deduction	<u>\$ 313</u>
Adjusted Income	\$1,220
LESS: Medical Needs	<u>\$ 466</u>
Excess Income	\$ 754
Spend-down/Deductible	\$ 754

(4) On January 8, 2009, the caseworker sent claimant a Notice of Deductible (DHS-4400) notifying claimant that her new spend-down/deductible was \$754.

- (5) On January 14, 2009, claimant requested a hearing.
- (6) Claimant thinks she met her MA-N spend-down/deductible for June 2008.

(7) Claimant thinks her 2009 spend-down/deductible is too high.

### 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 eligible because they receive FAP/FIP or SSI.

Group II is for those persons whose eligibility results from their level of need.

These persons are referred to as medically needy persons. MCL 400.16; PEM 105. Claimant fell under the Group II classification.

The department's policy manuals (PEM) provide the following policies for determining MA financial eligibility.

#### **MA GROUP II INCOME ELIGIBILITY SPEND-DOWN**

Deductible/Spend-down is a process which allows a customer with excess income to become eligible for Group II MA if sufficient allowable medical expenses are incurred.

#### **Active Spend-down**

Open an MA case without ongoing Group II MA coverage on CIMS as long as:

- The fiscal group has excess income **and**
- At least one fiscal group member meets all other Group II MA eligibility factors. PEM 105.

Such cases are called active spend-down cases. Periods of MA coverage are added on CIMS each time the group meets its spend-down.

**SPEND-DOWN PERIOD**

Each calendar month is a separate spend-down period. PEM Item 545.

**Meeting a spend-down**

Meeting a deductible/spend-down means reporting and verifying allowable medical expenses (**defined in “Exhibit I”**) that equal or exceed the spend-down amount for the calendar month tested. PEM Item 545.

Give the group a MSA-PUB. 617 or send one with a spend-down notice when an active spend-down starts and at each redetermination. PEM 545.

In order to qualify for Group II MA, the medically needy person must have income equal to or less than the Protected Income Level (also known as medical needs).

Protected Income (Medical Needs) is the amount of income which the department allows each applicant to use for her non-medical needs, such as shelter, food and incidental expenses. In all cases, except those involving long-term care, the appropriate protected income level is taken from PRT 240. PEM 544; 20 CFR 435.810.

To determine whether claimant is eligible for Group II MA, only income available to the fiscal group on a monthly basis may be considered. Certain deductions are allowed. The amount remaining after these deductions is MA budgetable income. MA income is then compared to the Medical Needs amount to determine whether or not Group II eligibility exists. PEM 545; 42 CFR 435.831, *et seq.*

Income eligibility for MA exists when the fiscal group has no monthly excess income. For current MA applicants, 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 income for eligibility purposes. If the cost of medical care incurred by the fiscal group is less than their excess income, MA benefits must be denied using a spend-down/deductible notice. Income eligibility exists when the client establishes that the cost of medical care incurred exceeds the spend-down/deductible amount.

Claimant has until the last day of the spend-down/deductible period to provide the necessary verification that the spend-down/deductible has been met. If the required verification is not provided prior to the expedited expiration date, MA cannot be authorized for any part of the spend-down/deductible period. PEM 545.

The preponderance of the evidence in the record establishes that the agency correctly budgeted claimant's income and correctly set claimant's 2009 spend-down/deductible at \$754.

The record also shows that claimant was entitled to have MA-N eligibility for June 2008 because her medical bills for the period (\$662.50) exceeded her 2008 spend-down/deductible (\$556).

The department has agreed to make the appropriate calculations and to provide claimant with MA-N benefits for 2008, **to the extent that she has qualified medical expenses.**

Because of the misunderstanding between the caseworker and claimant, the department will recompute claimant's MA-N spend-down/deductible eligibility for June, within 30 days of the date mailed below.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department correctly calculated claimant's January 2009 spend-down/deductible (\$754).

The department did not correctly calculate claimant's MA-N eligibility for June 2008. It shall recalculate eligibility for this period and provide claimant with appropriate benefits within 30 days of the mail date on this Decision and Order.

Accordingly, the agency's action on claimant's 2009 spend-down/deductible, is hereby, AFFIRMED.

Claimant's denial of eligibility for June 2008 is, hereby, REVERSED.

SO ORDERED.

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

Date Signed: November 2, 2009

Date Mailed: November 3, 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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