

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: 2009-25025  
Issue No: 2014  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
July 13, 2009  
Wayne 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 July 13, 2009. The Claimant was represented by [REDACTED]. Kay Radford, ES Worker, appeared on behalf of the Department.

ISSUE

Whether the Department properly denied the Claimant's Medical Assistance ("MA") effective 3/23/09?

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 applied for MA benefits in July of 2008.
2. On [REDACTED], Claimant received a lump sum of \$4,071.00 from the Social Security Administration. (Exhibit III).

3. On [REDACTED], Claimant showed a bank balance of \$8,100.06. (Exhibit IV).
4. Claimant was denied MA for excess benefits in July of 2008.
5. Claimant reapplied for MA benefits on 1/22/09.
6. However, Claimant owned a life insurance policy with a total cash surrender value of \$3,216.99.
7. The Department denied Claimant benefits based on excess assets on 3/23/09.
8. Claimant cashed this policy in on [REDACTED] and transferred the proceeds to the nursing home housing where Claimant resides. (Exhibit II).
9. Once Claimant's bank account and assets (other than her house) were depleted, Claimant was awarded MA benefits for April of 2009.
10. Claimant requested a hearing contesting the department's determination regarding MA benefits prior to April 2009.

#### 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.*

Assets must be considered in determining MA eligibility. PEM 400, p. 1. Assets are cash and any other personal and/or real property. *Id.* Countable assets must be available and cannot exceed the applicable asset limit. PEM 400, pp. 1, 6. Available means that someone in the asset group has the legal right to use or dispose of the asset. PEM 400, p. 6. The SSI related asset limit is \$2,000 for a group of one and \$3,000 for a group of two. PEM 400, p. 5. Lump sums and accumulated benefits are income in the month received. PEM 400, p. 10.

A life insurance policy is considered an asset if it can generate a cash surrender value (CSV). Generally, whole life insurance policies generate a CSV while term policies do not. A policy that generates a CSV is the policy owner's asset. PEM 400, p. 25. Life insurance policies can be excluded as an asset if the cash surrender value of all the total face values of all policies a policy owner has for the same insured, total \$1,500 or less. PEM 400, p. 25.

In the present case, Claimant had a life insurance policy with a CSV over \$1,500.00. Therefore, under the above regulations, Claimant was over asset to qualify for Medicaid on 1/22/09. Once Claimant cashed out the policy, the proceeds were considered income in the month received. After those proceeds were spent, Claimant was below the required asset level and qualified for MA benefits.

Accordingly, the Department's decision is AFFIRMED.

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 denied Claimant MA benefits for excess assets on 3/23/09.

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: 08/05/09

Date Mailed: 08/10/09

**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

cc:

