

STATE OF MICHIGAN
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:

[REDACTED]

Reg No. 2009 36293
Issue No. 2026
Case No. [REDACTED]
Load No. [REDACTED]
Hearing Date:
May 19, 2010
St. Clair County DHS

ADMINISTRATIVE LAW JUDGE: Carmen G. Fahie

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 a hearing. After due notice, an in-person hearing was held on Wednesday, May 19, 2010. The claimant personally appeared and testified on her own behalf.

ISSUE

Did the department properly place the claimant's Medical Assistance (MA) case in spend-down status and determine her monthly deductible?

FINDINGS OF FACT

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

1. The claimant was a recipient of MA-P and FAP benefits.
2. During a FAP review, the department caseworker discovered that the department was not budgeting the claimant's pension of [REDACTED] from [REDACTED] [REDACTED] where verification was in the case, but it was overlooked due to department error where the claimant had a deductible case and ALMB. (Department Exhibit 1)

3. The claimant receives [REDACTED] in Social Security RSDI benefits. (Department Exhibit 2-3)
4. On July 17, 2009, the department caseworker calculated the claimant's eligibility for MA-ALMB (Department Exhibit 6):
 - The claimant had unearned income of [REDACTED] from her RSDI income of [REDACTED] and pension of [REDACTED]
 - The claimant qualified for a [REDACTED] unearned income exclusion resulting in a net unearned income of [REDACTED]
 - The claimant failed her income test results because the income limit for ALMB is [REDACTED] and the claimant had countable income of [REDACTED]
5. On July 17, 2009, the department caseworker calculated the claimant's eligibility for MA based on her unearned income of [REDACTED] (Department Exhibit 7):
 - The claimant qualified for a [REDACTED] unearned income general exclusion resulting in a net unearned income of [REDACTED].
 - The claimant had a protected income of [REDACTED]
 - The claimant had a deductible of [REDACTED] resulting from her countable net income of [REDACTED] and her protected income of [REDACTED].
6. On July 17, 2009, the department caseworker sent the claimant a notice that she was no longer eligible for the State of Michigan to pay her Medicaid Plan B payment effective August 1, 2009 and that the claimant's MA deductible was [REDACTED]
7. On July 23, 2009, the department received a hearing request from the claimant, contesting the department's negative action.

CONCLUSIONS OF LAW

The Medical Assistance (MA) program is established by the 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 (formerly 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).

MA GROUP 2 INCOME ELIGIBILITY

Deductible

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred.

Active Deductible

Open an MA case **without ongoing Group 2 MA coverage** on CIMS as long as:

(1)

- . The fiscal group has excess income, **and**
- . At least one fiscal group member meets all other Group 2 MA eligibility factors.

(2)

Such cases are called active deductible cases. Periods of MA coverage are added on CIMS each time the group meets it deductible.

Deductible Period

Each calendar month is a separate spend-down period.

Deductible Amount

The fiscal group's monthly excess income is called a deductible amount. PEM 545, pp. 8-9.

Meeting a Deductible

Meeting a deductible means reporting and verifying allowable medical expenses (defined in "**EXHIBIT I**") that equal or exceed the deductible amount for the calendar month tested. PEM, Item 545, p. 9.

The group must report expenses by the last day of the third month following the month for which it wants MA coverage. PAM 130 explains verification and timeliness standards. PEM, Item 545. p. 9.

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 this case, the claimant had a fiscal net income of [REDACTED]. The claimant’s protected income level in her shelter area for a group size of one is [REDACTED]. PRT 240. After subtracting the claimant’s total needs amount of [REDACTED] from her total fiscal group net income of [REDACTED], the claimant would be left with an excess income or deductible of [REDACTED]. Therefore, the claimant’s MA deductible determination must be upheld.

The MALB income limit is [REDACTED]. The claimant had a countable net income of [REDACTED], which results in her failing the income test and requires her to pay her Medicaid Part B. The claimant failed the income test by [REDACTED]. Therefore, the claimant’s MA deductible is [REDACTED] and the claimant is required to pay her Medicaid Part B deductible.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law decides that the department properly placed the claimant's MA case in spend-down status and determined her monthly deductible for [REDACTED] and the claimant had excess income for the State of Michigan to pay her Medicaid Part B deductible.

Accordingly, the department's action is **AFFIRMED**.

/s/

Carmen G. Fahie
Administrative Law Judge
For Ismael Ahmed, Director
Department of Human Services

Date Signed: July 8, 2010

Date Mailed: July 8, 2010

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.

CGF / vc

cc:

[REDACTED]