

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: 2009-180  
Issue No: 2006  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
September 29, 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 September 29, 2009, in Flint. Claimant personally appeared and testified under oath.

The department was represented by Taqualia Johnson (ES).

ISSUE

Did claimant meet her MA-P spend-down deductibles (\$482) for January and February 2008 eligibility purposes?

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 an MA-P recipient with a monthly deductible/spend-down of \$482.
- (2) Claimant incurred medical expenses in January and February 2008.

(3) Under department MA policy, claimant was required to verify the amount of her January 2008 bill by April 2008; claimant was required to verify the amount of her February 2008 bills by May 2008.

(4) Claimant submitted her January and February medical bills in July 2008. Claimant did not comply with the department's verification requirements in order to have coverage for her January and February 2008 medical expenses.

(5) The caseworker advised claimant that she could use her January and February 2008 medical bills to cover subsequent months in 2008.

(6) The caseworker advised claimant that she could not use her January and February 2008 bills to cover her January and February deductible/spend-down because claimant did not comply with the department's 90-day verification date.

(7) On August 20, 2008, the caseworker notified the claimant that since she did not meet the verification requirements for the January and February 2008 medical expenses, she did not satisfy her \$482 deductible for the months in question.

(8) On September 18, 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 (MA-P) for eligible persons under two broad classifications: Group I is for those persons who are categorically eligible because they receive 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 Items 500 and 554. See also PAM 130.

Claimant falls under the Group II classification of Medicaid recipient.

The department's policy manual (PEM) provides the following policy for determining claimant's MA-P eligibility.

The deductible/spend-down is a process which allows a client with excess income to become eligible for Group II MA, if sufficient allowable medical expenses are incurred. Open an MA case, without ongoing Group II MA coverage, so long as:

- . The fiscal group has excess income and

At least one fiscal group member meets all the other Group 2 eligibility factors.

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

Each calendar month is a separate deductible/spend-down period. The fiscal group's monthly excess income is called the deductible spend-down amount. PEM Item 545.

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

In order to qualify for Group II 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 II 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 Items 540 and 545.

Income eligibility exists for MA applicants when the fiscal group has no monthly excess income. For current MA applications, 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 agency will apply current medical expenses to reduce excess income for 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).

The recipient has until the last day of the spend-down period to provide the necessary verification that the deductible/spend-down has been met. If the required verification is not provided prior to the expiration of that period (90 days), MA cannot be authorized for any part of the spend-down period. PEM 545.

The preponderance of the evidence in the record establishes that the department correctly budgeted claimant's income and correctly established claimant's MA-P deductible/spend-down at \$482.

Department policy currently provides that claimant must verify expenses in 90 days of the date they were incurred. PAM 130. Since claimant did not meet the department's MA-P deductible/spend-down 90-day verification period, she did not meet her MA-P deductibles for the months of January and February 2008.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department correctly denied coverage of claimant's January and February 2008 medical bills because claimant did not satisfy her \$482 spend-down for the months in question.

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

**SO ORDERED.**

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

Date Signed: December 29, 2009

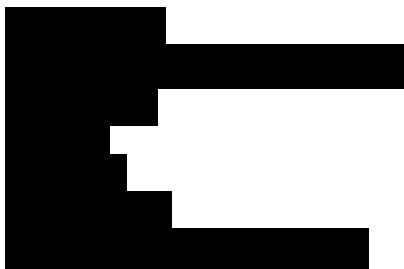
Date Mailed: December 29, 2009

**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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