

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: 2009-3538  
Issue No: 2012  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
July 16, 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 16, 2009. The Claimant appeared and testified. Nereda Portillo, FIM, and Karen Kimbrough, ES Worker appeared on behalf of the Department.

ISSUE

Whether the Department properly determined the Claimant's MA deductible amount?

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 on 7/25/08.
2. The Department calculated a Healthy Kids budget which qualified the kids from MA.
3. The Department then calculated a FIP related MA budget for Claimant and his wife on 8/20/2008. (Exhibit 1, pp. 12-16) and determined that Claimant had excess income for MA/FIP.

4. The Department determined that Claimant's wife had earned income in the amount of \$1197 per month and that Claimant had unearned income in the amount of \$1448 from unemployment compensation.
5. Claimant testified that the income amounts utilized were correct.
6. Claimant's wife was then referred to MRT for evaluation of disability in relation to disability based MA program. An appointment was scheduled for Claimant to meet with the Medical Team on [REDACTED] at 10:30 a.m.
7. On October 29, 2008, Claimant's wife requested a hearing indicating "I have a medical condition [and] was denied health medical benefits." Exhibit 2.
8. The Department and Claimant were uncertain what happened with the MRT evaluation.
9. No denial of disability based Medicaid was contained in the Claimant's file. Furthermore, the Department was uncertain about the status of Claimant's MA case.

#### 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.*

There are various SSI related categories under which one can qualify for MA benefits. PEM 150-174. The MA regulations also divide MA recipients into Group 1 and Group 2 which relate to financial eligibility factors. Financial eligibility for Group 1 exists when countable income minus allowable expenses equals or is below certain income limits. PEM 105, p. 1. The income limits vary by category and are for non-medical needs such as food and shelter. *Id.* Medical expenses are not used when determining eligibility for FIP and SSI related Group 1 categories. *Id.* For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for FIP-related and SSI-related Group 2 categories. *Id.*

To determine whether an individual is eligible for Group 1 or Group 2 MA, the individual's protected income level (PPI) must be determined. The PPI is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. PEM 544. If fiscal group has net income that is the same or less than the PPI, RFT 240, then it will qualify for MA. If the net income is over the PPI, then the fiscal group may become eligible for assistance under the deductible program. A deductible 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 CRF 435.831.

The Department must approve or deny the application and mail out a notice to the Claimant within a set period of time. In MA cases where disability is a factor, the standard to respond to Claimant's application is 90 days. Furthermore, this standard of promptness for MA cannot be changed for any reason.

In the present case, Claimant does not dispute the amount of income that was used in the 8/20/08 FIP based MA budget. Total income for Claimants was \$1684.00/month and the total needs were \$500.00 for each husband and wife. The Monthly excess income is \$1184.00/month. Claimant is consequently ineligible to receive Medical Assistance under FIP based MA. However, if Claimant's wife was found to be disabled, she could qualify for disability based Medicaid under the deductible program. The Department never responded to the Wife's disability based MA application and does not know what the current status of the application is. Accordingly, the Department did not properly process the Claimant's application.

Based upon the foregoing facts and relevant law, it is found that the Department's failed to process Claimant's wife's disability based MA application and the Department's actions are reversed.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds the Department failed to act in accordance with Department policy and failed to process Claimant's wife's disability based MA application.

Accordingly, it is ORDERED:

1. The Department's closure, if any, of Claimant's wife's MA based Medicaid application is REVERSED.
2. The Department shall process the Claimant's 7/25/08 disability based MA application in accordance with Department policy and procedure.
3. Should Claimant qualify for disability based Medicaid, the Department shall supplement the Claimant with any lost benefits she was otherwise entitled to receive.

/s/

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Jeanne M. VanderHeide  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 08/20/09

Date Mailed: 08/24/09

**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:

[REDACTED]