

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: 2009-3624

Issue No: 2026

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

July 8, 2009

Macomb 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 8, 2009. The Claimant appeared and testified. Patricia Bailey, Program Manger, appeared on behalf of the Department.

ISSUE

Whether the Department properly determined the Claimant's Medical Assistance ("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 benefits on 9/25/08.
2. A budget was completed on October 1, 2008 which determined Claimant's deductible to be \$583.00. (Exhibit 1, pp. 1-2).

3. The Department determined that Claimant had a net income of \$1336.00 from unemployment compensation. *Id.* Claimant verified that this is the amount of unemployment compensation that she was receiving on the date of application.
4. The Claimant testified that there are two people in her group.
5. Claimant requested a hearing contesting the department's determination on 10/1/08 that Claimant is required to pay a deductible and the amount of the deductible.

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 monthly protected income level for a Medical Assistance group of two living in Macomb County is \$541.00 per month. RFT 240, RFT 200. In determining net income, a

standard deduction of \$20 is deducted for SSI related Medical Assistance recipients. Health insurance premiums for the disabled individual can be added to the PPI to determine the Claimant's deductible.

In the present case, claimant's net income \$991 exceeds the monthly protected income level by \$450.00 per month. Claimant is consequently ineligible to receive Medical Assistance. However, under the deductible program, if Claimant incurs medical expenses in excess of \$450.00 during the month, she may then be eligible for Medical assistance. The Department is also required to determine if Claimant is entitled to Medical assistance under any other programs. In this case, it was determined that Claimant is not eligible under Healthy Kids.

Claimant argues that she is unable to pay the deductible per month for her medical expenses because of limited means. This Administrative Law Judge sympathizes with the Claimant, but does not have the jurisdiction to change or alter department policy and state law at this time. Therefore, the undersigned finds that the Department has acted in accordance with department policy and law in setting a deductible.

However, the Department utilized the incorrect shelter region; therefore, the amount of the deductible is less than determined by 10/1/08 budget. Accordingly, the Department's decision is REVERSED, in part.

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 calculated the Claimant's MA benefits except for utilizing the correct shelter group protected income.

Accordingly, it is ORDERED:

1. The Department's determination is REVERSED, in part.

2. The Department shall recalculate Claimant's income using the protected income of \$541.00 per month per RFT 240 and supplement Claimant with any lost benefits she was otherwise entitled to receive.

/s/ _____
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

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