

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: 2009-9845
Issue No: 2026
Case No: [REDACTED]
Load No: [REDACTED]
Hearing Date:
October 14, 2009
Bay 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 claimant's request for a hearing. After due notice, a telephone hearing was held on Wednesday, October 14, 2009. 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 as material fact:

- (1) The claimant was a recipient of regular MA.

(2) On November 10, 2008, the department caseworker received a New Hire Report (FIA-4635A) stating that the claimant had unreported earned income.

(3) On November 10, 2008, the department caseworker mailed the claimant a New Hire Report and a DHS-38 to the claimant that was due back on November 20, 2008. (Department Exhibit 1-3)

(4) On November 18, 2008, the department caseworker received a completed DHS-38 from the claimant's employer stating that the claimant's income is as follows: \$9.00 per hour at 56 hours per week for a total of [REDACTED] biweekly gross income. The claimant was also eligible for a health plan through work at \$28.32 per pay period. (Department Exhibit 4-5)

(5) On November 19, 2008, the department caseworker received from the claimant the completed Assigned New Hire Employment Notice and one pay stub for a check dated November 14, 2008 showing a gross income of [REDACTED]. (Department Exhibit 6-8)

(6) On November 19, 2008, the department caseworker determined the claimant's eligibility for MA based on a gross monthly earned income of [REDACTED] (Department Exhibit 9-11):

- The claimant qualified for a \$90 work expense deduction, resulting in net earnings of [REDACTED]
- The claimant had total needs of \$391, resulting in a protected income level of \$391 for a group size of one in her shelter area.
- The claimant had excess income or deductible in the amount of \$527, resulting from her net income of [REDACTED] minus her total needs of \$391.

(7) On November 19, 2008, the department caseworker sent the claimant notice that the claimant had an active MA deductible case where she would have to meet her deductible of \$527 for each month in order to be eligible for MA. (Department Exhibit 13)

(8) On November 21, 2008, the claimant called her caseworker to state that she would like her MA case kept open because she's not working as many hours as the DHS-38 indicated. The department caseworker advised the claimant to obtain proof of income and submit it to the department if different that the DHS-38 completed by her employer. (Department Exhibit 15)

(9) On December 2, 2008, 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 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).

The department manuals provide the following relevant policy statements and instructions for caseworkers:

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:

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

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 group monthly net income of [REDACTED]. The claimant’s protected income level for her shelter group with a group size of one was \$391. PRT 240. After subtracting the claimant’s total needs amount of \$391 from her total fiscal net group income of [REDACTED] the claimant would be left with an excess income or deductible of \$527.

Therefore, the claimant’s MA deductible must be upheld.

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 the monthly deductible of \$527.

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

/s/ _____
Carmen G. Fahie
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: November 17, 2009

Date Mailed: November 17, 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 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/vmc

cc:

