

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. 201012749
Issue No. 2026
Case No. [REDACTED]
Load No. [REDACTED]
Hearing Date: July 13, 2010
Jackson 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, a telephone hearing was held on Tuesday, July 13, 2010. The claimant personally appeared and testified on her own behalf with his son [REDACTED] as a witness.

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 with a review required in September 2009.
2. The claimant receives [REDACTED] in Social Security RSDI income. (Department Exhibit 18-20)
3. On October 28, 2009, the department caseworker calculated the claimant's eligibility for MA benefits based on her Social Security RSDI income of [REDACTED] (Department Exhibits 2, 3, 5, 7):

- The claimant had excess income for QMB and AD-Care where her [REDACTED] was allowed a \$20 unearned general exclusion resulting in [REDACTED] in net earned income which failed the income limit of [REDACTED].
 - The claimant passed the income test for SLMB where her [REDACTED] unearned income had an unearned income general exclusion of \$20 for a net unearned income of [REDACTED] which passed the income limit of [REDACTED].
 - The claimant did pass Full Group 2 spend-down where her [REDACTED] unearned income resulted in a \$20 unearned income general exclusion for a net unearned income of [REDACTED]. The claimant had a protected income limit of [REDACTED] resulting in a deductible of [REDACTED].
4. On October 28, 2009, the department caseworker sent the claimant a notice that her QMB was closed, but she was approved for SLMB and that she had a deductible of [REDACTED] and, in addition, her Medical Savings Program was cancelled where they would stop paying her Medicare premium. (Department Exhibit 8-17)
 5. On November 19, 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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Program Reference Manual (PRM).

The department's program eligibility manuals provide the following relevant policy statement 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. BEM 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. BEM, 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. BAM 130 explains verification and timeliness standards. BEM, 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). BEM 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). BEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105. Income eligibility exists when net income does **not** exceed the Group 2 needs in PEM 544. BEM 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. BEM 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. BEM 545; 42 CFR 435.831.

The claimant has a fiscal group net income of [REDACTED]. The claimant had a protected income limit of [REDACTED]. After subtracting the claimant’s total needs amount of [REDACTED] from her total fiscal group net income of [REDACTED] the claimant would be with an excess income or deductible of [REDACTED]. This Administrative Law Judge notes that the claimant was no longer eligible for the Medical Savings Program, which would pay her deductible and the department should deduct that as an expense on her Group 2 spend-down. Therefore, the MA deductible determination 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 correctly established the claimant’s MA deductible of [REDACTED]

Accordingly, the department’s MA deductible action is **AFFIRMED**. However, the department is ordered to reprocess the claimant’s budget if she is required to pay her Medical Savings Program deductible.

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

Date Signed: August 27, 2010

Date Mailed: August 27, 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:

