

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: 2010-26252  
Issue No: 2026  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
April 21, 2010  
Muskegon 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, April 21, 2010. The claimant personally appeared and testified on his own behalf.

ISSUE

Did the department properly cancel the claimant's Medical Assistance (MA) spend-down case because he did not meet his deductible in at least one of the prior three months?

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 MA with a deductible of [REDACTED] that the claimant must meet before he would be MA eligible.

(2) On November 2, 2009, the department caseworker sent the claimant a notice that the claimant was no longer eligible for MA because his deductible had not been met in at least one of the last three months where he could reapply if his circumstances changes based on BAM 210. (Department Exhibit 3-4)

(3) On December 10, 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 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).

### **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.

This Administrative Law Judge affirms that the claimant must meet his deductible in at least one of the three prior months or his MA deductible case would close per BEM 545.

### **Redetermination**

Redetermine eligibility for active deductible cases at least every 12 months unless the group has not met its deductible within the past three months.

Active deductible cases are first listed on the RD-093, Redetermination Report - Worker Listing, two months before the month the redetermination is due. If a group has not met its deductible in at least one of the three calendar months before that month **and** none of the members are QMB, SLM or ALM eligible, change CIMS as follows:

- . Redetermination date (ReDt) = 9s.
- . MA eligibility end date (MA-End) = the last day of the month the redetermination is due.

CIMS will automatically notify the group of closure if you complete the above changes by the regular MA cutoff date in the month prior to the month the redetermination is due. See RFS 104.If the claimant meets his deductible, BEM 545, p. 10.

If the claimant meets his deductible, the claimant can reapply for MA benefits. Therefore, the department has established that it was acting in compliance with department policy by determining that the claimant was not eligible for a MA deductible because he had not met his deductible in at least one of the prior three months.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department appropriately closed the claimant's MA deductible case because the claimant did not meet his deductible in at least one of the prior three months.

Accordingly, the department's decision is **AFFIRMED**.

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

Date Signed: June 14, 2010

Date Mailed: June 15, 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.

2010-26252/CGF

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:

