

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.: 2010-30269  
Issue No.: 2026  
Case No.: [REDACTED]  
Load No.: [REDACTED]  
Hearing Date:  
May 3, 2010  
Oakland County DHS (3)

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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 conducted from Detroit, Michigan on May 3, 2010. Claimant appeared and testified; [REDACTED] also appeared and testified on Claimant's behalf. On behalf of Department of Human Services (DHS), [REDACTED], Manager, appeared and testified.

ISSUE

Whether DHS correctly applied Claimant's medical expenses in 7/2008 toward Claimant's \$793 medical 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. Claimant was an ongoing Medical Assistance (MA) recipient.
2. In 7/2008, Claimant was eligible for Medicaid subject to a \$793 monthly deductible.
3. Claimant was hospitalized from approximately [REDACTED].

4. Claimant incurred medical expenses from his hospitalization which exceeded \$793.
5. Claimant submitted various medical expenses on approximately 7/31/08 for the purpose of meeting the \$793 deductible.
6. The 7/31/08 submission of medical expenses included a \$756.18 bill from [REDACTED], a community mental health service; Claimant also submitted \$77.13 in prescription receipts.
7. Claimant is not responsible for payment of the \$756.18 bill as Claimant qualifies to receive the service for free.
8. DHS found Claimant's deductible met by the hospital bill, which DHS paid except for a \$793 deductible.
9. Claimant submitted a hearing request on 6/25/09 regarding the DHS denial in paying \$793 of the hospital bill.

#### 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 (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 Reference Tables Manual (RFT).

The Medical Assistance program was designed to assist needy persons with medical expenses. The State of Michigan has set guidelines for income, which determines if a MA group falls within the needy classification. A recipient who has excess income for Medicaid programs is not eligible for ongoing Medicaid.

However, a recipient may become eligible for Medicaid 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.

In the present case, Claimant contends that he submitted over \$793 in medical expenses, separate from his hospital bill, to meet his deductible and should not have to pay a separate \$793 deductible as part of his hospital bill. BEM 545 states, "A **medical expense** must be incurred for a medical service listed below. Except for some transportation, the actual charge(s) minus liable third party resource payments counts as an allowable expense. However, not all sources of payment are considered liable third party resources." Thus, the general rule is that if a third party is responsible for payment of medical services, the expenses should not be applied toward the deductible. However, there are exceptions.

BEM 545 also states that payments by a state or locally funded government program are such an exception. It specifically lists community mental health services as such an exception. Community mental health service was precisely the service that was involved in the \$756.18 medical bill. Thus, even though Claimant is not responsible for payment of the expense, BEM 545 allows the bill to apply toward Claimant's deductible.

Claimant established that he had other medical expenses from 7/2008 when combined with the \$756.18 [REDACTED] bill met Claimant's monthly deductible. It is found that Claimant met his 7/2008 deductible through submission of his prescription expenses

and [REDACTED] bill and Claimant should not be responsible for a separate \$793 copayment as part of his hospital expense.

DECISION AND ORDER

The actions taken by DHS are REVERSED. The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS improperly assessed Claimant with a \$793 patient pay amount stemming from his [REDACTED] hospital stay and that Claimant met his medical deductible through other bills submitted to DHS. It is ordered that DHS remove Claimant's \$793 patient pay amount for 7/2008.

*Christian Gardocki*

---

Christian Gardocki  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 5/10/2010

Date Mailed: 5/10/2010

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 receipt 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.

CG/jlg

cc:

[REDACTED]