

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: 201036696

Issue No: 2026

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

August 26, 2010

Genesee County DHS

ADMINISTRATIVE LAW JUDGE: Marya A. Nelson-Davis

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 August 26, 2010. Claimant personally appeared and testified.

ISSUE

Did the Department properly determine the Medical Assistance (MA) eligibility of Claimant's household?

FINDINGS OF FACT

The Administrative Law Judge, based upon the competent, material and substantial evidence on the whole record, finds as material fact:

1. At the time relevant to this matter, Claimant's household included her spouse and one minor daughter.
2. At the time relevant to this matter, Claimant's spouse was receiving monthly [REDACTED] in the gross amount of [REDACTED] and Claimant's daughter was receiving monthly [REDACTED] in the gross amount of [REDACTED]. (ALJ1)
3. Claimant's spouse was paying a monthly insurance premium in the amount of [REDACTED] (ALJ1)

4. The Department ran FIP related-Group 2 MA budgets and determined that Claimant's child would have an MA deductible of [REDACTED], and Claimant would have an MA deductible of [REDACTED]. (Department Exhibits 1 and 2)
5. The Department determined that Claimant and her daughter, who had been eligible for MA under the Low Income Family (LIF) category, would have to pay their determined deductible before they would be eligible for MA coverage.
6. On February 24, 2010, the Department sent written notice of the MA eligibility determination to Claimant.
7. On March 4, 2010, the Department received Claimant's hearing request, protesting the denial of MA coverage for herself and her daughter.

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 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). Michigan provides MA for eligible clients under two classifications: Group 1 and Group 2 MA. Claimant falls under the Group 2 FIP-related MA classification, which consists of clients whose eligibility results from the State designating certain types of clients as "medically needy." MCL 400.106; MSA 16.490(16), MCL 400.107; MSA 16.490(17) and BEM Item 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.

In order to qualify for Group 2 MA, a medically needy client must have income which is equal to or less than the protective basic maintenance level. Agency policy sets forth a method for determining the protective basic maintenance level by considering: (1) The protected income level; (2) the amount diverted to dependents; (3) health insurance

premiums; and (4) remedial services, if determining eligibility for clients in adult-care homes. The protected income level is the set amount for non-medical needs such as shelter, food, and incidental expenses. In all other situations, other than those involving long-term care, the appropriate income level must be taken from RFT 240. BEM Item 544 and 42 CFR 435.811-435.814. If the client's income exceeds the protected income level, the excess amount (MA deductible) must be used to pay medical expenses before Group 2 coverage can begin.

An individual or MA group whose income is in excess of the monthly protected income level is ineligible to receive MA coverage. However, an 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 Item 545; 42 CFR 435.831.

Policy requires the Department to count and budget all gross income received that is not specifically excluded or all income that can be reasonably anticipated by the fiscal group. There are three main types of income: countable earned, countable unearned, and excluded. BEM Items 500 and 530.

Department policy states:

**RETIREMENT, SURVIVORS, AND DISABILITY
INSURANCE (RSDI) (AKA SOCIAL SECURITY
BENEFITS)**

All Programs

RSDI is available to retired and disabled persons, their dependents, and survivors of deceased workers.

Count the gross benefit amount as unearned income. BEM, Item 500.

For Group 2 FIP-related MA purposes, the MA fiscal group must include Claimant and her spouse. The MA fiscal group of Claimant's daughter would include both Claimant and her spouse, for a group size of 3. All of the income of the fiscal group members is considered in determining MA eligibility. For FIP-related MA purposes, the Department must follow the policy in BEM Item 536 to prorate the client's income among the client's dependents and him/herself. BEM Item 211.

In this case, the Claimant's protected income level is [REDACTED] and her daughter's would be [REDACTED]. RFT 240. Adding in the health insurance premium of [REDACTED], brings the Claimant's total needs to [REDACTED]. The Department followed the multi-step process in BEM Item 536, correctly, and determined Claimant's countable net income from her spouse's RSDI, which resulted in excess income or an MA deductible in the amount of [REDACTED]. The total need standard of Claimant's daughter would be [REDACTED] as she did not have any other allowable need item expenses. The Department followed the multi-step process in BEM Item 536, correctly, and determined that countable net income from her and her father's [REDACTED] would be [REDACTED], resulting in excess income or an MA deductible in the amount of [REDACTED] ([REDACTED]).

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department properly determined the MA eligibility of Claimant's household.

Accordingly, the Department's MA eligibility determinations are Affirmed.

/s/

Marya A. Nelson-Davis
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: October 1, 2010

Date Mailed: October 4, 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.

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