

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.: 2010-40648

[REDACTED]

Load No.: 2502000000

Hearing Date: September 22, 2010  
Genesee County DHS (2)

**ADMINISTRATIVE LAW JUDGE:** Landis Y. Lain

**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 September 22, 2010. The claimant appeared and testified. The claimant was represented at the hearing by [REDACTED]

**ISSUE**

Did the Department of Human Services (the department) properly deny claimant's application for Medical Assistance (MA-P) benefits based upon its determination that claimant had excess income and deductible spend-down?

**FINDINGS OF FACT**

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

- (1) Claimant was an SSI benefit recipient and was receiving Medical Assistance as a result of his SSI eligibility.
- (2) On March 31, 2010, claimant was terminated from SSI Medicaid eligibility because his SSI was cancelled and he began receiving RSDI income through the Social Security Administration.
- (3) On February 17, 2010, claimant filed an application for Medical Assistance Benefits.
- (4) The Medical Assistance application was processed and the department determined that claimant was not eligible to receive Medical Assistance

benefits because of excess income and was given a spend-down deductible in the amount of [REDACTED].

- (5) On March 19, 2010, the department caseworker sent claimant notice that his application was denied for excess income and that he would be eligible to receive Medical Assistance benefits with a spend-down of [REDACTED] per month.
- (6) On March 24, 2010, claimant filed a request for a hearing to contest 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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Program Reference Manual (PRM).

Michigan provides MA eligible clients under two general classifications: group 1 and group 2 MA. Claimant qualified under the group 2 MA classification which consists of clients whose eligibility results from the state designating certain types of individuals as medically needy. PEM 105. Once his SSI benefits were cancelled, claimant was no longer eligible to receive Medical Assistance on a SSI category. In order to qualify for group 2 MA, a medically needy client must have income as equal to or less than the basic protected monthly income level.

Department policy sets forth a method for determining the basic maintenance level by considering:

1. Protected income level.
2. The amount deferred to dependent.
3. Health insurance premiums
4. Remedial services if determining the eligibility for claimant s in Adult Care Homes.

If the claimant's income exceeds the protect income level, the excess income must be used to pay medical expenses before group 2 MA coverage can begin. This process is known as a spend-down. The policy requires the department to count and budget all income received that is not specifically excluded. There are 3 main types of income: countable earned, countable unearned, and excluded. Earned income means income received from another person or organization or from self employment for duties that

were performed for remuneration or profit. Unearned income is any income that is not earned. The amount of income counted maybe more than the amount a person actually receives, because it is the amount before deductions are taken including the deductions for taxes and garnishments. The amount before any deductions are taken is called a gross amount. BEM, item 500, p. 1.

In the instant case, the department calculated claimant's income based upon his receipt of RSDI income in the amount of \$1,461 per month beginning January 1, 2010.

After giving claimant the appropriate unearned income general exclusion of [REDACTED] claimant was left with net earned income of [REDACTED]. Claimant did not provide the department with any deductions for insurance or premiums and therefore none were given. The department, after giving claimant the appropriate unearned income expense deduction, determined that claimant was receiving [REDACTED] in net monthly countable income. This Administrative Law Judge has reviewed the record and the exhibits and finds that the claimant's fiscal groups net income after being provided the most beneficial unearned income deductions was [REDACTED] in countable unearned net monthly income. Federal regulations at 42 CFR 435.831 provides standards for the determination of the MA monthly protected income level. The department is in compliance with the program reference manual, tables, charts, schedules, table 240-1. Table 240-1 indicates that the claimant's monthly protected income level for claimant's fiscal group of 1 person is [REDACTED] per month in net income minus the total needs of [REDACTED] in protected income level equals, \$1,033 in excess income. The department's determination that claimant has excess income for purposes of MA eligibility is correct.

Deductible spend-down is a process which allows the customer's excess income to be eligible for group 2 MA if sufficient allowable medical expenses are incurred. BEM, item 545, p. 1. Meeting the deductible spend-down means reporting and verifying allowable medical expenses that equal or exceed the spend-down amount for the calendar month tested. BEM, item 545, p. 9. The group must report expenses on the last day of the third month following the month it wants MA coverage for. BEM, item 130 explains verification and timeliness standards. BEM, Item 545, p. 9.

The department's determination that claimant has deductible spend-down in the amount of [REDACTED] per month is correct based upon the information contained in the file.

Claimant's allegation of the spend-down is too expensive and unfair because of his other expenses is compelling actable argument to be excused for the department's program policy requirements. Issue 99 paragraph 3.

The initial budgets has no equity powers. Therefore, this Administrative Law Judge finds the department has established by the necessary competent, material and substantial evidence on the record that in fact the incompliance of the department policy

when determined that excess income for purposes of Medical Assistance benefit eligibility in the determining of the monthly deductible spend-down in the amount of

██████████.

Claimant did testify on the record that he does have insurance premiums and was sick in the hospital and does have medical bills. Claimant also admitted that he did not turn in his medical bills or his bills for insurance premiums to the department so that they can make a determination of whether or not Medical Assistance would pay for those bills. Therefore, the Administrative Law Judge made the appropriate decision based on the information that was provided to them at the time.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department did appropriately determine that claimant had excess income for purposes of Medical Assistance benefit eligibility. The department appropriately determined that claimant has a deductible spend-down in the amount of

██████████.

Accordingly, the department's decision is AFFIRMED. However, the department is ORDERED to allow claimant 30 days in which to provide appropriate medical bills and insurance premiums to the department and the department shall make an assessment of claimant's deductible spend-down in light of the medical bills provided.

\_\_\_\_\_/s/\_\_\_\_\_  
Landis Y. Lain  
Administrative Law Judge  
For Ismael Ahmed, Director  
Department of Human Services

Date Signed: \_\_10/28/2010\_\_\_\_\_

Date Mailed: \_\_10/28/2010\_\_\_\_\_

**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.

201040648/LYL

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.

[REDACTED]