

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.: 201042374
Issue No.: 2026
Case No.: [REDACTED]
Load No.: [REDACTED]
Hearing Date: August 5, 2010
Wayne County DHS

ADMINISTRATIVE LAW JUDGE: Jeanne VanderHeide

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 hearing. After due notice, a telephone hearing was conducted from Detroit, Michigan on August 5, 2010. The Claimant appeared and testified. [REDACTED], FIM and [REDACTED], ES, appeared on behalf of the Department.

ISSUE

Whether the Department properly determined the Claimant's Medical Assistance ("MA") deductible amount.

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 active MA recipient under Healthy Kids Group 2 FIP related MA.
2. Claimant began receiving unemployment compensation benefits (UCB). (Exhibit 2).
3. As a result, the Department recalculated Claimant's MA budget. (Exhibit A-4).

4. A budget was completed which determined the deductible for Claimant and his wife to be \$202.00, increased from \$22.00 the month before. (Exhibit A-1, B1-2).
5. The Department determined that Claimant had unearned income of \$674.00 biweekly from unemployment compensation. (Exhibit 2).
6. The Claimant testified that besides him and his wife, there are three dependents in his group.
7. Claimant requested a hearing contesting the department's determination effective 8/1/10 that Claimant is required to pay a deductible and the amount of the deductible.

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, formally 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 Program/Bridges Administrative Manual ("PAM/BAM"), the Program/Bridges Eligibility Manual ("PEM/BEM"), and the Reference Tables ("RFT").

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. BEM 105, p. 1. Medicaid is also known as Medical Assistance ("MA"). *Id.* The Medicaid program is comprised of several categories; one category is for FIP recipients while another is for SSI recipients. *Id.* Programs for individuals not receiving FIP or SSI are based on eligibility factors in either the FIP or SSI program thus are categorized as either FIP related or SSI related. *Id.* To receive MA under an SSI related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formally blind or disabled. *Id.* Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant women, receive MA under FIP related categories. *Id.*

There are various SSI related categories under which one can qualify for MA benefits. BEM 150-174. The MA regulations also divide MA recipients into Group 1 and Group 2 which relate to financial eligibility factors. Financial eligibility for Group 1 exists when countable income minus allowable expenses equals or is below certain income limits. BEM 105, p. 1. The income limits vary by category and are for non-medical needs such as food and shelter. *Id.* Medical expenses are not used when determining eligibility for FIP and SSI related Group 1 categories. *Id.* For Group 2, eligibility is possible even

when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for FIP-related and SSI-related Group 2 categories. *Id.*

To determine whether an individual is eligible for Group 1 or Group 2 MA, the individual's protected income level (PPI) must be determined. The PPI is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. BEM 544. If fiscal group has net income that is the same or less than the PPI, RFT 240, then it will qualify for MA. If the net income is over the PPI, then the fiscal group may become eligible for assistance 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. The MA group must report expenses by the last day of the third month following the month it wants medical coverage. BEM 545; 42 CRF 435.831.

In order to determine Group 2 FIP Related MA and Healthy Kids MA \$90 is deducted from the countable earnings of each fiscal group member with earnings. Then another \$30.00 is deducted plus 1/3 of a fiscal group member's remaining earned income if the member receipt FIP or LIF in at least 1 or 4 calendar months preceding the month being tested. There are also deductibles applied for dependent care expenses, and child support paid. The next step is to determine the prorate divisor (2.9 is added to the number of dependents) which determines the individual's prorated share. The group's net income is then divided by the prorate divisor. Finally, in order to determine the non parent caretaker's prorated share divide the personal total net income by the non-parent caretaker relative's prorate divisor. The result is the prorated share of the fiscal group member's income for purposes of determining the member's eligibility. PEM 536, pp. 3-4. Income eligibility exists for a person requesting MA when the net income of the person's fiscal group does not exceed the appropriate poverty level in RFT 246 and if the individual income is below the monthly protected income level by shelter area. RFT 200.

The Administrative Law Judge has personally checked the Department's calculations. Applying the above referenced policy, Claimant's individual net income share computes to \$522.00 per month. Claimant and his wife are also assigned one share of each other's income. The monthly protected income level for a Medical Assistance group of two living in Wayne County is \$500.00 per month. RFT 240, RFT 200. In the present case, claimant's joint net income share of \$702 exceeds the monthly protected income level by \$202.00 per month. Claimant is consequently ineligible to receive Medical Assistance. However, under the deductible program, if Claimant or his wife incur

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medical expenses in excess of \$202.00 during the month, they may then be eligible for Medical assistance.

Claimant argues that he is unable to pay the deductible per month for his medical expenses because of limited means and other expenses. This Administrative Law Judge sympathizes with the Claimant, but does not have the jurisdiction to change or alter department policy and state law at this time. Therefore, the undersigned finds that the Department has acted in accordance with department policy and law in setting a deductible.

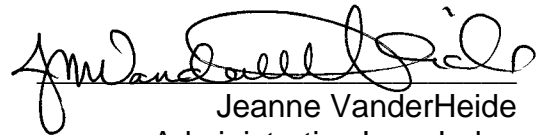
Accordingly, based on the foregoing findings of facts and rules of law, the undersigned finds that the Department's properly determined the Claimant's MA deductible and the Departments MA decision is AFFIRMED.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds the Department acted in accordance with department policy when it calculated the Claimant's MA benefits effective 8/1/10.

Accordingly, it is Ordered that the Department's determination is AFFIRMED.

/s/



Jeanne VanderHeide
Administrative Law Judge
For Ismael Ahmed, Director
Department of Human Services

Date Signed: August 9, 2010

Date Mailed: August 9, 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 60 days of the filing of the original request.

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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.

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