

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: 2010-47819
Issue No: 2006
Case No: [REDACTED]
Load No: [REDACTED]
Hearing Date:
September 16, 2010
Muskegon County DHS

ADMINISTRATIVE LAW JUDGE: Jay W. Sexton

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 September 16, 2010, in Muskegon. Claimant personally appeared and testified under oath.

The department was represented by Brenda Hodson (FIM).

The Administrative Law Judge appeared by telephone from Lansing.

ISSUE

Did the department correctly compute claimant's MA spend-down for July 2010?

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 and her husband are current MA recipients.

(2) On July 20, 2010, the caseworker prepared paperwork to determine claimant's eligibility for ongoing MA benefits for July 2010.

(3) On July 20, 2010, the caseworker prepared an MA eligibility budget as follows:

RSDI	\$938.40
Total Income	\$938.40
Less Standard Deduction	\$ 20.00
Less: Medicare Insurance Deduction	\$ 96.50
Adjusted Gross Income	\$821.90
Medical Needs Allowance	<u>\$350.00</u>
Excess Income	\$471.90
Spend-down Amount	\$471.90

(4) On July 20, 2010, the caseworker sent claimant a Notice of Case Action (DHS-1605) stating that claimant's spend-down/copay would be \$471.90.

(5) On August 2, 2010, claimant requested a hearing.

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).

Michigan provides Medicaid for eligible persons in two broad classifications: Group I is for those persons who are categorically eligible because they receive FAP/ADC or SSI. Group II is for those persons whose eligibility results in their level of need. These persons are referred to as needy persons. MCL 400.16 and MCL 400.107. PEM Items 150, 500, 505, 550, 554, and 556. PAM Items 105, 110, 115, 210 and 600.

Claimant falls under the Group II classification of Medicaid recipients.

The department's policy provides a spend-down process which allows clients with excess income to be eligible for Group II MA, when sufficient allowable expenses have been incurred.

Policy provides that Group II MA coverage may be provided as long as:

- (a) The fiscal group has excess income; and at least one fiscal group member meets all other Group II eligibility factors.

Such cases are called active spend-down cases. Periods of MA coverage are added on the Bridges system each time the group meets a spend-down amount.

Each calendar month is a separate spend-down period. The fiscal group's monthly excess income is called a spend-down amount. PEM/BEM 545.

Meeting a spend-down amount means reporting and verifying allowable medical expenses that equal or exceed the spend-down amount for the calendar month for each calendar month. The department must notify a spend-down recipient when the spend-down period begins.

In order to qualify for Group II MA, a medically needy person must have income which is equal to or less than the prescribed income limit, also known as "medical needs." To determine whether a recipient is eligible for Group II MA, only the income eligible to the fiscal group, on a monthly basis, may be considered. Both earned and unearned income must be budgeted. Certain deductions are allowed. PEM Item 545.

Income eligibility for MA applicants is established when the fiscal group has no monthly excess income. For current MA applications, income eligibility exists on the first day of the month in which monthly excess income, for MA purposes is zero.

Persons who have excess income for MA purposes may still qualify for MA, if they have incurred medical expenses. The department will apply current medical expenses to reduce excess income for eligibility purposes. When the applicant's medical expenses are less than the excess income, the ongoing case must be closed, using spend-down notice, DHS-4400. Income eligibility exists when the applicant establishes that the cost of medical incurred exceeds the spend-down amount.

The recipient has until the last day of the spend-down period to provide the necessary verification that the spend-down amount has been met. If the required verification is not provided prior to the expiration of the spend-down period, MA cannot be authorized at any time during the spend-down period. PEM/BEM Item 505.

The preponderance of the evidence in the record establishes that the department correctly budgeted claimant's unearned income, and correctly set claimant's spend-down for July 2010 at \$471.90.

After a careful review of the record, the Administrative Law Judge concludes that the department correctly calculated claimant's spend-down amount for July 2010.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department correctly imposed a spend-down amount for July 2010 of \$471.90.

Accordingly, the department's action is, hereby, **AFFIRMED**.

SO ORDERED.

/S/
Jay W. Sexton
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: October 7, 2010

Date Mailed: October 7, 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.

JWS/tg

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