

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. 20108593  
Issue No. 2026  
Case No. [REDACTED]  
Load No. [REDACTED]  
Hearing Date: July 8, 2010  
Ingham County DHS

**ADMINISTRATIVE LAW JUDGE:** Carmen G. Fahie

**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, an in-person hearing was held on Thursday, July 8, 2010. The claimant personally appeared and testified with her daughter, [REDACTED], attorney, [REDACTED], and law clerk, [REDACTED].

**ISSUE**

Did the department properly place the claimant's Medical Assistance (MA) case in spend-down status and determine her monthly deductible?

**FINDINGS OF FACT**

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

1. The claimant was a recipient of MA with a review required in August 2009.
2. Subsequently, the department caseworker calculated the claimant's eligibility for MA based on Social Security RSDI income of [REDACTED] and [REDACTED] in monthly child support for arrears for a child that was no longer in the home. Department Exhibit 3:
  - The claimant pays an insurance premium of [REDACTED].
  - The claimant has an adult prorated income of [REDACTED].

- The claimant's adult share of the adult's own income of [REDACTED]
  - The claimant had a total net income of [REDACTED], resulting from the claimant's adult income of [REDACTED] minus her insurance premium of [REDACTED]
  - The claimant has a deductible of [REDACTED], resulting from her net income of [REDACTED] minus her income limit of [REDACTED].
3. On August 29, 2009, the department caseworker sent the claimant a notice that effective September 1, 2009 that due to excess income that she would have a spend-down amount of [REDACTED], which she must meet in order to be MA eligible. Department Exhibit 1.
  4. On October 6, 2009, the department received a hearing request from the claimant, contesting the department's negative action.
  5. During the hearing, the claimant stated that she does not keep the [REDACTED] that she receives in child support, but gives it to her daughter every month.
  6. During the hearing, the department caseworker stated that they never received written verification that the claimant did not keep the [REDACTED] and that she gave it to her daughter, which resulted in the [REDACTED] being counted as a part of the claimant's income.
  7. During the hearing, the department caseworker stated that she would be willing to not count the child support as the claimant's income if the daughter wrote a statement stating that she did receive the [REDACTED] a month from the claimant each month and not count it as the claimant's income.
  8. During the hearing, the claimant's daughter signed a written statement that she receives [REDACTED] per month from the claimant that the claimant receives in child support from the claimant's daughter's father. In addition, the claimant wrote that she gives her the daughter the [REDACTED] a month in child support received from her daughter's father.

### **CONCLUSIONS OF LAW**

The Medical Assistance (MA) program is established by the 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 Program Reference Manual (PRM).

## **MA GROUP 2 INCOME ELIGIBILITY**

### **Deductible**

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred.

### **Active Deductible**

Open an MA case **without ongoing Group 2 MA coverage** on CIMS as long as:

- . The fiscal group has excess income, **and**
- . At least one fiscal group member meets all other Group 2 MA eligibility factors.

Such cases are called active deductible cases. Periods of MA coverage are added on CIMS each time the group meets it deductible.

### **Deductible Period**

Each calendar month is a separate spend-down period.

### **Deductible Amount**

The fiscal group's monthly excess income is called a deductible amount. PEM 545, pp. 8-9.

### **Meeting a Deductible**

Meeting a deductible means reporting and verifying allowable medical expenses (defined in "**EXHIBIT I**") that equal or exceed the deductible amount for the calendar month tested. PEM, Item 545, p. 9.

The group must report expenses by the last day of the third month following the month for which it wants MA coverage. PAM 130 explains verification and timeliness standards. PEM, Item 545. p. 9.

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). BEM 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.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105. Income eligibility exists when net income does **not** exceed the Group 2 needs in BEM 544. BEM 166. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. PRT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. BEM 544. An eligible Medical Assistance group (Group 2 MA) has income the same as or less than the “protected income level” as set forth in the policy contained in the Program Reference Table (PRT).

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

The claimant has a fiscal net income of [REDACTED] and an insurance premium of [REDACTED] with a total earned income of [REDACTED] minus the income limit parameter of [REDACTED] leaving a deductible of [REDACTED]. Therefore, the claimant’s MA deductible determination must be upheld. During the hearing the department accepted a written statement from the claimant and her daughter that the [REDACTED] in child support was given from the claimant to her daughter each month.

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department correctly established the claimant’s MA deductible of [REDACTED]

Accordingly, the department's decision is **AFFIRMED**.

/s/

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Carmen G. Fahie  
Administrative Law Judge  
For Ismael Ahmed, Director  
Department of Human Services

Date Signed: August 25, 2010

Date Mailed: August 25, 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 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.

CGF/vc

cc:

[REDACTED]