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: 2010-9853
Issue No: 2026
Case No: [redacted]
Load No: [redacted]
Hearing Date:
February 11, 2010
Barry 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 claimant's request for a hearing. After due notice, a telephone hearing was held on Thursday, February 11, 2010. The claimant personally appeared and testified on her own behalf.

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 as material fact:

(1) The claimant was a recipient of MA benefits.

(2) On June 3, 2009, the department caseworker determined that the claimant had excess income where she no longer qualified for regular MA, but would have to qualify for Group 2 MA and have a deductible case.

(3) On June 3, 2009, the department caseworker sent the claimant a notice that she would have a Group 2 MA case with a deductible effective July 1, 2009.

(4) The department caseworker reported in her hearing summary that Bridges does not show that a letter went out to the claimant. However, it appeared the claimant received this information as she submitted a Deductible Report, DHS-114A, on July 27, 2009, which was three days before she claims she was notified of the change.

(5) On July 27, 2009, the department caseworker ran a budget for Medicaid where she budgeted all the bills submitted with the DHS-114A making the claimant eligible for Medicaid beginning July 27, 2009. (Department Exhibit 16-19)

(6) On July 30, 2009, the department caseworker sent the claimant a notice that she was eligible for Medicaid from July 27, 2009 through July 31, 2009. (Department Exhibit 6)

(7) On August 11, 2009, the department caseworker received another DHS-114A with additional medical bills attached for dates of service of [redacted]. Since the coverage was already established for July 27, 2009, policy does not allow the department caseworker to adjust coverage to a prior date. The budgeting of these additional bills did make the claimant eligible for Medicaid in September 2009 and October 2009.

(8) On October 7, 2009, the department received a hearing request from the claimant, contesting 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 Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) 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.

Expenses Reported After Coverage Authorized

A group may report additional expenses that were incurred prior to the MA eligibility begin date you calculated for that month.

Do not alter the MA eligibility begin date if you have already authorized coverage on CIMS. However, any expenses the group reports that were incurred from the first of such a month through the day before the MA eligibility begin date might be countable as old bills. BEM 545, p. 11.

DEPARTMENT POLICY

MA Only

This item completes the Group 2 MA income eligibility process.

Income eligibility exists for the calendar month tested when:

. There is no excess income.
. Allowable medical expenses (defined in **EXHIBIT I**) equal or exceed the excess income.

When **one** of the following equals or exceeds the group's excess income for the month tested, income eligibility exists **for the entire month**:

. Old bills (defined in EXHIBIT IB).

. Personal care services in clients home, (defined in Exhibit II), Adult Foster Care (AFC), or Home for the Aged (HA) (defined in EXHIBIT ID).

. Hospitalization (defined in EXHIBIT IC).

> . Long-term care (defined in EXHIBIT IC). When **one** of the above does **not** equal or exceed the group's excess income for the month tested, income eligibility begins either:
>
> . **The exact day of the month** the allowable expenses **exceed** the excess income.
>
> . **The day after the day of the month** the allowable expenses **equal** the excess income.
>
> In addition to income eligibility, the fiscal group must meet all other financial eligibility factors for the category processed. However, eligibility for MA coverage exists only for qualified fiscal group members. A qualified fiscal group member is an individual who meets all the nonfinancial eligibility factors for the category processed. BEM 545, p. 1.

In the instant case, the claimant had previously been eligible for regular MA. The month of July 2009 was the first month where the claimant had a deductible. Reviewing the record and the objective evidence submitted by the department, it appears that the claimant submitted bills to the department caseworker as she received them. In the first medical spend-down information provided, she provided medical bills that qualified her for MA starting on July 27, 2009, but subsequently turned in bills that began on July 8, 2009.

This Administrative Law Judge notes that and gives the claimant credit for being quick in turning in her bills to meet her deductible, but does understand that the claimant may have thought that when she met her deductible that she would be eligible for MA for the whole month of July. This Administrative Law Judge was also informed that that is not the case, but that the claimant is only eligible for MA based on the earliest date of the earliest bill. If this Administrative Law Judge was misinformed, it is easy to understand how a claimant can also be misinformed. The claimant's intention was to submit her bills. Since this was the first month where she had a spend-down, the claimant should be given some leeway in getting accustomed to a new system.

This Administrative Law Judge notes that most caseworkers are overwhelmed with the volume of paperwork. However, what was gained by approving the claimant for four days of Medicaid for the month of July? This Administrative Law Judge knows that the department caseworker does not have the time to call the claimant to find if she had additional bills because she did and they were before the date that she initially submitted, which based on policy made her ineligible for MA.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department did not appropriately deny the claimant's MA benefits for the period before July 27, w2009.

Accordingly, the department's decision is **REVERSED**. The department is ordered to calculate all the claimant's bills for the month of July 2009 and make her eligible for the earliest date possible so her bills will be covered which may affect her eligibility in subsequent months.

/s/_______________________________
Carmen G. Fahie
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed:_April 19, 2010______

Date Mailed:_April 19, 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/vmc

cc: