

STATE OF MICHIGAN
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:



Reg. No.: 2010-12157
Issue No.: 2026
Case No.: [REDACTED]
Load No.: [REDACTED]
Hearing Date: July 29, 2010
Wayne County DHS (18)

ADMINISTRATIVE LAW JUDGE: Linda Steadley Schwarb

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 hearing was held on July 29, 2010. Claimant appeared and testified.

ISSUE

Did the Department of Human Services (DHS or department) properly determine that claimant was not eligible for the Medicare Savings Program and properly impose a monthly deductible upon claimant's Medical Assistance (MA) in conformance with policy?

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 is a recipient of Retirement, Survivors', and Disability Insurance (RSDI) in the gross amount of \$773.40 per month. After Part B premiums of \$96.40 per month are deducted from claimant's monthly RSDI payment, claimant receives \$677 per month in net RSDI payment.
2. Claimant is paid monthly child support arrearage for her now adult daughter who does not live with claimant. At the hearing, claimant reported that the child support arrearage is paid into a debit account and claimant's adult daughter has exclusive use of the debit card. Claimant maintains that she does not receive any of the child support arrearage payments.
3. Claimant receives \$21 per month in rental income.

4. On September 18, 2009, claimant applied for Medical Assistance and the Medicare Savings Program.
5. Based upon gross monthly RSDI income in the amount of \$773.40, the average amount of monthly child support arrearage payment (based upon the three months prior to the month of application) and the \$21 per month rental income as well as the protected income level of \$375 for a group of one and claimant's monthly health insurance premium of \$96.40, the department computed an MA-SSI related adult budget which established that claimant had excess income for purposes of the Medicare Savings Program and a monthly MA deductible of \$1,088.
6. On September 19, 2009, the department notified claimant that she was not eligible for the Medicare Savings Program and that she had a \$1,088 monthly deductible on her MA coverage.
7. On September 25, 2009, claimant filed a hearing request to protest the department's determination.
8. At the hearing, after learning that claimant did not receive any of the monthly child support arrearage payment, the department agreed to consult with personnel in program policy to see if any accommodation could be made in claimant's MA budget. (BEM Item 503, p. 5.) The department agreed to contact claimant with the results of the consultation.

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 (BAM), the Program Eligibility Manual (BEM) and the Program Reference Manual (PRM).

The goal of the Medicaid program is to ensure that essential health services are made available to those otherwise could not afford them. Medicaid is also known as Medical Assistance (MA). BEM Item 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).

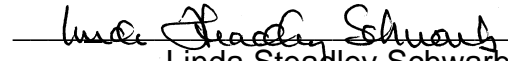
BEM 545. Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM Item 105. Income

eligibility exists when net income does not exceed the group 2 needs level in BEM Item 544. BEM Item 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 Item 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, an 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 become 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 Item 545; 42 CFR 435.831.

In the present case, the department was required to take into consideration the claimant's residence in Wayne County, claimant's RSDI income of \$773.40 per month, claimant's rental income of \$21 per month, and claimant's child support arrearage payments. (Note that BEM Item 503, p. 5, indicates that arrearage payments received by a parent for an adult child, or a child not living in the home, are considered unearned income for the parent.) The department was also required to consider the number of persons in the MA group (claimant) when determining MA eligibility. BEM Item 241 provides for a \$20 disregard from unearned income (RSDI and child support arrearage payment). Claimant had \$21 per month in rental income. This is considered earned income. Since earned income has a \$65 and one-half disregard, claimant's earned rental income was not counted. The calculations resulted in a net monthly income figure of \$1,560. The MA budget prepared for claimant's case correctly reflects claimant's income and disregards from that income. Further, the budget was accurately computed. Pursuant to PRM, Tables, Charts, and Schedules, Item 240, the protected income level of a one-person group (claimant) residing in Wayne County is \$375 per month. Claimant paid monthly health insurance premiums of \$96.40. The department correctly calculated that claimant's total excess income for purposes of MA eligibility was \$1,088. The undersigned Administrative Law Judge must find that the department properly determined that claimant was not eligible for the Medicare Savings Program (BEM Item 645) and properly calculated claimant's monthly deductible for purposes of MA eligibility in conformance with policy at \$1,088 per month.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department of Human Services properly determined that claimant was not eligible for the Medicare Savings Program and properly imposed a monthly deductible upon claimant's Medical Assistance in conformance with policy. Accordingly, the department's determination in this matter is hereby affirmed.


Linda Steadley Schwarz
Administrative Law Judge
for Ismael Ahmed, Director
Department of Human Services

Date Signed: August 3, 2010

Date Mailed: August 6, 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.

LSS/pf

cc:

