

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. 2010-33042  
Issue No. 2017/2026  
Case No. [REDACTED]  
Load No. [REDACTED]  
Hearing Date: October 21, 2010  
Wayne County DHS (15)

**ADMINISTRATIVE LAW JUDGE:** Christian Gardocki

**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, a telephone hearing was held on October 21, 2010. The claimant appeared and testified. On behalf of Department of Human Services (DHS), [REDACTED], Manager, and [REDACTED] Specialist, appeared and testified.

**ISSUE**

Whether DHS properly calculated Claimant's eligibility for Medicaid and Medicare Savings Program (MSP).

**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 ongoing Medical Assistance (MA) benefit recipient.
2. Claimant receives \$1030 in gross monthly Retirement, Survivors, Disability Insurance (RSDI) income.
3. Claimant receives \$300/month in court ordered spousal support.
4. Since 10/2009, DHS determined that Claimant was eligible to receive Medicaid subject to a \$635/month deductible.
5. Since 10/2009, DHS determined that Claimant was eligible to receive Specified Low-Income Beneficiary coverage which paid for Claimant's Medicare Part B premium.

6. Claimant requested a hearing on 4/16/10 disputing the determinations made by DHS concerning her MA benefit eligibility.

### **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 (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 Reference Tables Manual (RFT).

MA provides medical assistance to individuals and families who meet financial and nonfinancial eligibility factors. The goal of the MA program is to ensure that essential health care services are made available to those who otherwise would not have financial resources to purchase them.

A recipient with excess income for ongoing Medicaid may still be eligible for Medicaid under the deductible program. Clients with a Medicaid deductible may receive Medicaid 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. BEM 545 at 9. The client must report medical expenses by the last day of the third month following the month in which the group wants MA coverage. *Id.*

Clients may qualify under more than one MA category. Federal law gives them the right to the most beneficial category. The most beneficial category is the one that results in eligibility or the least amount of excess income. BEM 105 at 2. As an aged or disabled person, Claimant's most beneficial MA program is through Aged-Disabled Care (AD-Care).

Claimant's net income for purposes of AD-Care is calculated by first determining her total monthly income. It was not disputed that Claimant's gross RSDI income was \$1030/month. It was also not disputed that Claimant received \$300/month in spousal support income. Per DHS policy, DHS is to count the gross RSDI benefit amount as unearned income. BEM 503 at 20. Gross amount means the amount of RSDI before any deduction such as a Medicare premium. BEM 163 at 2.

Adding Claimant's RSDI (\$1030) and spousal support (\$300) incomes results in a countable monthly amount of \$1330. \$20 is deducted as a disregard from Claimant's

total income to determine the net income amount. BEM 541 at 3. Claimant's net income is found to be \$1310/month.

Income eligibility for AD-Care exists when net income does not exceed the income limit for the program. BEM 163. The net income limit for AD-Care for a one person MA group is \$903/month. RFT 242. Claimant's net income (\$1310) exceeds the AD-Care income limit. It is found that DHS properly determined Claimant to be ineligible for AD-Care based on excess income.

Claimant may still receive MA benefits subject to a monthly deductible through the Group 2 MA program. The deductible is calculated by subtracting Claimant's Protected Income Level (PIL) from Claimant's MA net income. The protected income level (PIL) is a set allowance for non-medical need items such as shelter, food and incidental expenses. Claimant's PIL is \$375. RFT 240. Claimant's net income (\$1310) minus her PIL (\$375) results in a monthly deductible of \$935. DHS calculated that Claimant was entitled to receive Medicaid subject to a \$635/month deductible. Though DHS calculated a smaller deductible amount, DHS conceded that Claimant's spousal support was not considered. As DHS calculated a deductible more favorable to Claimant than what should have been calculated, the DHS determination is upheld.

Claimant also disputed the DHS denial of Medicare Savings Program (MSP) eligibility. MSP programs offer three different degrees of assistance with payment toward a client's Medicare premium and deductibles. Qualified Medicare Beneficiaries (QMB) coverage pays for a client's Medicare premiums, deductibles and coinsurances. Specified Low Income Beneficiaries (SLMB) coverage pays for a client's Medicare Part B premium. Additional Low Income Beneficiaries (ALMB) coverage pays for a client's Medicare Part B premium if funding is available.

The type of coverage a client receives depends on the client's income. BEM 165 at 2. Income eligibility exists when a client's net income is within the limits as found in RFT 242. Net income for MSP eligibility is calculated the same way as Medicaid eligibility. Thus, Claimant's net income for MSP eligibility is \$1310. The net income limit for the lowest MSP eligibility is \$1219/month. RFT 242. Claimant's net income exceeds the net income limits for MSP eligibility. As DHS calculated that Claimant was eligible for SLMB, a decision more favorable to Claimant than what should have been calculated, the DHS determination is upheld.

Claimant also contended that her income has not changed since a time when she was receiving Medicaid from DHS. Claimant's argument is essentially irrelevant as to whether DHS properly determined her MA benefits in a later month, but the undersigned is willing to address Claimant's argument. Evidence was provided that indicated DHS issued Medicaid during a time that Claimant was not income eligible for the coverage. DHS conceded that Claimant's \$300/month income was not and is not budgeted. As

discussed during the hearing, DHS may begin to budget this income thereby potentially reducing Claimant's MA further and increasing Claimant's deductible.

Further, the reduction in Claimant's coverage appears to have coincided with a time when DHS updated their computer system with a program which reduced the likelihood of human error. Once Bridges recalculated Claimant's eligibility, Claimant stopped receiving the MA benefits which were previously issued to Claimant's benefit.

Claimant contends that her infirmities are such that she is entitled to full Medicaid coverage. Claimant's argument is not relevant to her eligibility. By being disabled, Claimant has met a requirement for MA benefits. Claimant's specific coverage is objectively determined based on her income. The undersigned has no doubt that Claimant has substantial medical expenses. Claimant may submit the proof of her medical expenses to DHS to meet her deductible so that Medicaid can be activated in accordance with DHS policies. Other than meeting her deductible, Claimant's health is irrelevant to her specific type of coverage. Though the undersigned sympathizes with Claimant's circumstances, neither the undersigned nor DHS has the ability to change Claimant's MA benefit income-eligibility.

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS inaccurately calculated Claimant's MA benefit coverage but that Claimant is not entitled to receive additional benefits as the DHS determinations issued more MA coverage than to which Claimant was entitled. The actions taken by DHS are AFFIRMED.



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Christian Gardocki  
Administrative Law Judge  
For Ismael Ahmed, Director  
Department of Human Services

Date Signed: 10/27/2010

Date Mailed: 10/27/2010

**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.

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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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