

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: 2010-34518  
Issue No: 2026  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
June 10, 2010  
Lapeer County DHS

ADMINISTRATIVE LAW JUDGE: Suzanne L. Keegstra

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 June 10, 2010. The claimant personally appeared and provided testimony, along with her husband, [REDACTED]

ISSUE

Did the department properly determine the claimant should be on a Medical Assistance (MA) deductible program in January, 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. The claimants' had been receiving Low-Income Families (LIF) Medical Assistance (MA) prior to January, 2010. (Department Exhibit 3)

2. [REDACTED] receives Unemployment Compensation Benefits (UCB) in the amount of \$774 biweekly. (Department Exhibit 5)

3. [REDACTED] receives UCB in the amount of \$504 biweekly. (Department Exhibit 6)

4. The claimants were mailed a Notice of Case Action (DHS-1605) on January 14, 2010 that indicated they were each being placed on a MA deductible of \$524 monthly. (Department Exhibit 4)

5. The claimant submitted a hearing request on January 25, 2010. The negative action was removed pending the 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).

Department policy states:

#### **UNEMPLOYMENT BENEFITS**

##### **All Programs**

Unemployment benefits include:

- . Unemployment Compensation Benefits (UCB) available through the Michigan Unemployment Agency and comparable agencies in other states, and
- . Supplemental Unemployment Benefits (SUB pay) from an employer or other source.

Count the gross amount as unearned income. PEM, Item 500, p. 34.

## **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). PEM 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). PEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. PEM 105. Income eligibility exists when net income does **not** exceed the Group 2 needs in PEM 544. PEM 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. PEM 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.

In this case, the department was unable to produce the budget to show how the department arrived at the MA deductible amount. The Notice of Case Action indicates that the claimants' deductible is \$524 monthly. However, as the case worker was unable to produce the budget showing the calculations for the deductible, the department has not shown that they calculated the deductible amount correctly. In fact, the department case worker indicated in his requested follow-up statement that he attempted to replicate the deductible budget using the old computer system (LOA II) and could not replicate the deductible amount the BRIDGES computer system had arrived at. Thus, this Administrative Law Judge is unable to determine the accuracy of the deductible amount provided by the department.

While the claimants' may well be excess income for the LIF program, the department still needs to show that they determined the MA deductible amount properly. Since the department can not provide evidence to show that the MA deductible is properly determined, the department must recompute the MA budget and provide a detailed written explanation to the claimant as to how they arrived at the MA deductible amount.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department did not prove they budgeted the claimants' MA deductible amount properly.

Accordingly, the department is REVERSED. The department shall:

1. Re-budet the claimants' MA deductible case back to January 14, 2010 in accordance with department policy.
2. Provide the claimants with a detailed written explanation of how the department computed the MA deductible amount.

SO ORDERED.

/S/  
Suzanne L. Keegstra  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: July 27, 2010

Date Mailed: July 29, 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.

SLK 

cc: 