

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: 2010-57  
Issue No: 2026  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
May 12, 2010  
Grand Traverse County DHS

ADMINISTRATIVE LAW JUDGE: Jay W. Sexton

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 May 12, 2010 in Traverse City. Claimant personally appeared and testified under oath.

The department was represented by Colleen Ryan (FIM).

The Administrative Law Judge appeared by telephone from Lansing.

ISSUE

Did the department correctly compute claimant's July 1, 2009 MA-Med Care Spend-down?

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 former MA recipient.

(2) Prior to June 30, 2009, claimant received full MA benefits.

(3) On June 5, 2009, the caseworker conducted a review of claimant's eligibility period. The caseworker used claimant's eligibility information with the assistance of the Bridges Budgeting System. The relevant information for claimant's July 1, 2009 MA Spend-down is as follows:

- (a) [REDACTED] income (gross)--\$1,065;
- (b) Standard deduction--\$20;
- (c) Protected income allowance--\$391;
- (d) Excess income--\$654;
- (e) Spend-down/deductible--\$654.

(4) On June 5, 2009, Bridges sent claimant a Notice of Case Action (DHS-1605) notifying claimant that his new spend-down/deductible, effective July 1, 2009 was \$654.

(5) On July 29, 2009, claimant requested a 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).

Michigan provides Medicaid for eligible persons under two broad classifications: Group I is for those persons who are eligible persons under two broad classifications: Group I is for those persons who are eligible because they receive FAP/FIP or SSI.

Group II is for those persons whose eligibility results from their level of need. These persons are referred to as medically needy persons. MCL 400.16; PEM 105. Claimant falls under the Group II classification.

The department's policy manuals (PEM) provide the following policies for determining MA financial eligibility.

**Group II income eligibility spend-down/deductible.**

Deductible/spend-down is a process which allows a customer with excess income to be eligible for Group II MA, if sufficient allowable medical expenses are incurred.

**SPEND-DOWN/DEDUCTIBLE PERIOD**

Each calendar month is a separate spend-down/deductible period. PEM Item 545.

**Meeting a spend-down.**

Meeting a deductible/spend-down means reporting and verifying allowable medical expenses (defined in Exhibit #1) that equal or exceed the spend-down amount for the calendar month tested. PEM Item 545.

\* \* \*

Protected Income (Medical Needs) is the amount of income which the department allows each applicant to use for his nonmedical needs, such as shelter, food, and incidental expenses. In all cases, except those involving long-term care, the appropriate protected income level is taken from PRT 240. PEM 544; 20 CFR 435.810.

Income eligibility for MA exists when the fiscal group has no monthly excess income. Recurrent MA applicants, income eligibility exists on the first day of the month in which monthly excess monthly income for MA purposes is zero. Persons who have excess income for MA purposes may still qualify for MA if they have incurred medical expenses. The department applied medical expenses to reduce income for eligibility purposes. If the cost of medical care is incurred by the fiscal group is less than the excess income, MA benefits must be denied using a

spend-down deductible notice. Income eligibility exists when the client establishes that the cost of medical care incurred exceeds the spend-down deductible amount. PEM 500, 545, 174.

Claimant has until the last day of the spend-down/deductible to provide the necessary verification that the spend-down deductible has been met. If the required verification is not provided prior to the expiration date, MA cannot be authorized for any part of the spend-down deductible period. PEM 545.

The preponderance of the evidence in the record establishes that the department correctly budgeted claimant's income and correctly set claimant's July 2009 spend-down/deductible at \$654.

The department used the correct budgeting purposes to determine claimant's current MA eligibility and correctly computed the spend-down/deductible amount of \$654.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department correctly calculated claimant's July 2009 spend-down/deductible (\$654).

Accordingly, the department's action on claimant's 2009 MA case is, hereby,  
AFFIRMED.

SO ORDERED.

/S/ \_\_\_\_\_  
Jay W. Sexton  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: June 11, 2010

Date Mailed: June 14, 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 receipt 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.

JWS/tg

cc:

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