

STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:

[REDACTED]

Registration. No: 2011-30635
Issue No: 2013; 2026
Case No: [REDACTED]
Hearing Date: July 7, 2011
Grand Traverse County DHS

Administrative Law Judge: Mark A. Meyer

HEARING DECISION

This matter is before the undersigned Administrative Law Judge in accordance with MCL 400.9, MCL 400.37 and 1979 AC, R 400.903. Claimant requested a hearing on April 1, 2011, and, after due notice, one was held on July 7, 2011. Both Claimant and his representative appeared at hearing. The Department of Human Services (the Department) was represented by agency personnel.

ISSUE

In dispute was whether the Department properly determined that Claimant was eligible for Medical Assistance (MA), but with a deductible for the period in issue.

FINDINGS OF FACT

Based on the competent, material, and substantial evidence on the whole record, the Administrative Law Judge finds as relevant fact:

1. Claimant applied for MA benefits in March 2011. (Department's hearing summary, dated April 23, 2011.)
2. The Department received verification that Claimant was receiving retirement, survivors, and disability insurance (RSDI) benefits – social security – in the amount of [REDACTED] per month. (Department's Exhibit D-1.)
3. Using this information, the Department completed an MA budget for Claimant. According to the budget computation, he was eligible for MA, but only after satisfying a [REDACTED] deductible. (Department's Exhibit D-2.)

4. Claimant was informed of this determination in a notice of case action mailed to him on March 18, 2011. According to this notice, he would become eligible to receive MA "when your allowable expenses are more than your deductible amount." (Department's Exhibit D-3, p 2.)
5. Claimant then submitted numerous medical bills that were verified by the Department. It was determined that he met his deductible amount of March and April 2011, and was thus eligible for MA during those months. (Department's Exhibit D-4; Department's hearing summary.)
6. On March 28, 2011, the Department issued a notice of case action to Claimant informing him of his eligibility for MA during the months of March and April 2011. (Department's Exhibit D-5.)
7. Claimant then submitted a request for hearing to contest the agency's MA deductible determination. (Claimant's hearing request, dated April 1, 2011.)

CONCLUSIONS OF LAW

The hearing and appeals process for applicants and recipients of public assistance in Michigan is governed by 1999 AC, R 400.901 through 400.951, in accordance with federal law. An opportunity for hearing must be granted to an applicant who requests a hearing because his claim for assistance is denied or not acted on with reasonable promptness, and to any recipient who is aggrieved by Department action resulting in suspension, reduction, discontinuance, or termination of assistance. Rule 400.903(1).

An applicant or recipient holds the right to contest an agency decision affecting eligibility or benefit levels whenever it is believed that the decision is incorrect. The Department must provide an administrative hearing to review the decision and determine its appropriateness. Bridges Administrative Manual (BAM) 600, p. 1.¹

Here, the Department determined that Claimant was eligible for MA, but only after satisfying a [REDACTED] deductible. From this determination, Claimant filed a request for hearing, effectively asserting that he was entitled to MA with no deductible.

The MA program was established by Title XIX of the Social Security Act, 42 USC 1396, *et seq.*, and is implemented through federal regulations found in the Code of Federal Regulations, 42 CFR 430, *et seq.* The Department administers the MA program under MCL 400.10, *et seq.*, and MCL 400.105. Agency policies developed from this authority are found in the BAM, the Bridges Eligibility Manual (BEM) and the Reference Tables Manual (RFT).

¹ All policy citations are to Department of Human Services (Department) policy in effect at the time of the agency action in issue.

The MA program provides medical assistance to individuals and families who meet the program's financial and nonfinancial eligibility factors. BEM 100, p. 2. The goal of MA is to ensure that essential health care services are made available to those who otherwise would not have the financial resources to purchase them. BEM 100, p. 2; BEM 105, p. 1. The program is comprised of several sub-programs or categories. One category is Family Independence Program (FIP) recipients. Another category is Supplemental Security Income (SSI) recipients. There are several other categories for persons not receiving FIP or SSI. However, the eligibility factors for those categories are based on the eligibility factors in either the FIP or SSI program. Therefore, those categories are referred to as either FIP-related or SSI-related. BEM 105, p. 1.

To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare, or formerly blind or disabled. BEM 105, p. 1. Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant, women receive MA under FIP-related categories. BEM 105, p. 1.

MA is further broken down into two groups: Group 1 and Group 2. In general, the distinction between the two groups relates to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105, p. 1. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for FIP-related and SSI-related Group 1 categories. BEM 105, p. 1.

For Group 2, however, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for FIP-related and SSI-related Group 2 categories. BEM 105, p. 1.

Here, under the MA priority levels found in BEM 105, p. 4, the Department determined Claimant's eligibility under the Group 1 category of AD (aged, disabled) care criteria. See BEM 163. The agency did not dispute that Claimant was disabled. Income eligibility for MA under AD care exists when net income does not exceed the income limit found in RFT 242. BEM 163, p. 2. Neither party disputed that Claimant's net income was [REDACTED] per month. Under RFT 242, a person's income must be below [REDACTED] per month to qualify for MA. Claimant's net income exceeded this limit by [REDACTED]; he was therefore ineligible to receive MA in a Group 1 category.

To be eligible for Group 2 MA, the group must have net income that is the same or less than the applicable protected income level as established under RFT 200 and RFT 240.² See BEM 544, p. 1; BEM 545, pp. 1-2. Conversely, the group is ineligible for MA when its monthly net income exceeds the protected income level. Here, Claimant's net

² Reference Tables Manual (RFT) 240 lists the protected income levels for Group 2 Medical Assistance (MA) based on shelter area and fiscal group size. RFT 200 lists the Michigan counties in each shelter area. Bridges Eligibility Manual (BEM) 544, p. 1.

income was [REDACTED]. His protected income level, based on his group size of one and his shelter area of V, was [REDACTED]. Again, he was not eligible for MA Group 2 due to excess income.

A person having a determined excess income may, however, become eligible for assistance under the MA Group 2 deductible program. See BEM 545. The deductible program is a process that allows a person or group with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. BEM 545, p. 8. The fiscal group's monthly excess income is called a deductible amount. BEM 545, p. 9. Each calendar month is a separate deductible period. BEM 545, p. 8.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month in issue. The group must report expenses by the last day of the third month following the month in which the group wants MA coverage. BEM 545, p. 9. See also 42 CFR 435.831.

In the present matter, Claimant was determined eligible for assistance under the MA program, but only after satisfying a monthly [REDACTED] deductible – calculated using his net income, the Group 2 MA needs under BEM 544, and the tables in RFT 200 and RFT 240. Claimant's undisputed net income was [REDACTED]. His Group 2 needs level was [REDACTED]. Therefore, his MA deductible amount was [REDACTED].

Claimant provided, however, no specific objection to, or evidence contradicting, the Department's determination of income eligibility or the actual deductible amount. Rather, according to his hearing testimony, Claimant objected to being forced to satisfy the [REDACTED] monthly deductible before receiving MA benefits. According to Claimant, he would be unable to survive on the remaining [REDACTED] after satisfying his determined deductible.

The Administrative Law Judge is bound by the laws and regulations governing a person's eligibility for MA, on which the Department's policies are based. See, e.g., Delegation of Hearing Authority, dated February 22, 2011. Moreover, in the absence of an express legislative conferral of authority, an administrative agency generally lacks powers grounded in equity. *Delke v Scheuren*, 185 Mich App 326, 332; 460 NW2d 324 (1990), citing *Auto-Owners Ins Co v Elchuk*, 103 Mich App 542; 303 NW2d 35 (1981). No such equitable powers exist here.

While Claimant's objection to the payment of a monthly deductible before receipt of MA benefits is certainly understandable, he provided no evidence establishing that the agency's excess income and deductible calculations were in error, incorrect, or otherwise improper.

DECISION AND ORDER

Based on the above findings of fact and conclusions of law, the Administrative Law Judge concludes that the Department properly determined Claimant's MA income eligibility and monthly deductible amount.

The Department's action is UPHELD.

It is SO ORDERED.

/s/ _____
Mark A. Meyer
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: **July 22, 2011**

Date Mailed: **July 22, 2011**

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.

Claimant may appeal this Decision and Order to the Circuit Court for the county in which he/she resides within 30 days of the mailing of this 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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