

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

IN THE MATTER OF:

[REDACTED]

Reg. No: 2011-31189

Issue No: 2026

[REDACTED]

Gladwin County DHS

ADMINISTRATIVE LAW JUDGE: Vicki L. Armstrong

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 received on April 13, 2011. After due notice, a telephone hearing was held on June 23, 2011. Claimant personally appeared and testified.

ISSUE

Did the department properly place Claimant's Medicaid (MA) case in deductible status with an [REDACTED] monthly deductible amount?

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 active recipient of MA Group 2 deductible at all times pertinent to this hearing. (Hearing Summary).
2. Claimant's Senior/Disabled/Veteran (SDV) group size is 1. Claimant received Retirement, Survivors and Disability Insurance (RSDI) in the amount of [REDACTED] a month and [REDACTED] from spousal support. (Department Exhibit 4-5, 84, 113-118).
3. Based on Claimant's RSDI and spousal support, the department calculated a monthly MA deductible based on her income, as required in the MA Group 2 income eligibility policy set forth in BEM 545.
4. For MA eligible clients with income, the department must consider a Protected Income Level, which is a set amount. Federal regulations at 42 CFR 435.811 provide standards for income. In accordance with the

federal regulations, the department has prepared income and issuance tables which can be found at RFT 240, which mandates a [REDACTED] MA Monthly Protected Income Level in Claimant's case. BEM 544.

5. To determine Claimant's MA deductible for August 2010, the department subtracted the protected income level of [REDACTED] from Claimant's countable net income of [REDACTED] resulting in a [REDACTED] deductible. The department then subtracted medical bills of [REDACTED] resulting in a remaining deductible of [REDACTED]. (Department Exhibit 84).
6. On December 14, 2010, Mid-Michigan Medical Center mailed Claimant medical bills dating back to August 2010, beginning August 12 through August 31, 2010. According to uncontroverted testimony during the hearing, these August 2010 medical expenses had not previously been billed. (Department Exhibits 46-59, 66).
7. Claimant submitted a hearing request on April 13, 2011, protesting the denial of medical expenses toward her August 2010 Medicaid deductible. (Request for a Hearing).

### **CONCLUSIONS OF LAW**

The regulations governing the hearing and appeal process for applicants and recipients of public assistance in Michigan are found in the Michigan Administrative Code, MAC R 400.901-400.951. Clients have the right to contest a department decision affecting eligibility or benefit levels whenever it is believed that the decision is incorrect. The department will provide an administrative hearing to review the decision and determine the appropriateness. BAM 600.

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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Reference Tables Manual (RFT).

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).

The State of Michigan has set guidelines for income, which determine if a Medicaid 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.

The following rules are used to determine MA Group 2 income eligibility. The individual must be given the most advantageous use of their old bills (also known as incurred expenses). The individual may request coverage for the current month, up to six future months (see eligibility based on old bills in this item), and for any of the prior three months before the current month. BEM 545.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 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. BAM 130 explains verification and timeliness standards. BEM 545, p. 9.

In order to qualify for Group 2 MA coverage, a medically needy person like Claimant must have income which is equal to or less than the Protected Income Level. This dollar figure is a set amount for all non-medical needs, such as food, shelter and incidental expenses. If an individual's income exceeds the Protected Income Level, the excess amount must be used to pay medical expenses before Group 2 MA coverage can begin. This process is known as a "deductible" case. In Claimant's case, the Protected Income Level is \$350.00. RFT 240. When the department subtracted this dollar amount ( ) from Claimant's countable net income ( ) in addition to medical bills of ( ), Claimant's remaining deductible for August 2010 was ( ).

In this case, Claimant credibly testified that she did not receive the bills from the hospital regarding August 2010 charges until December 2010. According to the department, the August 2010 charges on the December 2010 bills could not be used because they could only look back 90 days. Claimant stated that she was unable to provide the verifications within the 90 day period because she did not receive the bills from the hospital until December 2010. According to departmental policy, before determining eligibility, the client must be given a reasonable opportunity to resolve any discrepancy between his statements and information from another source. BAM 130. The department admits that it did not contact the hospital to determine if it had mailed out the August 2010 bills prior to December 2010. Therefore, the department did not resolve the discrepancy of whether Claimant could have physically provided the verifications within the 90 days, based on the hospital's billing system. In accord with policy, Claimant must be given the most advantageous use of her old bills (also known as incurred expenses). BAM 545.

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that Claimant provided verification needed to determine her August 2010 MA eligibility.

Accordingly, the department's MA action is **REVERSED**. The department shall redetermine Claimant's MA deductible for August 2010 using the billed December 2010 medical procedures that were specifically for August 2010.

It is SO ORDERED.

\_\_\_\_\_/s/\_\_\_\_\_  
Vicki L. Armstrong  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: 6/24/11

Date Mailed: 6/24/11

**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.

VLA/ds

