

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

IN THE MATTER OF:



Reg. No.: 2011-36079
Issue No.: 2026
Case No.: [REDACTED]
Hearing Date: August 11, 2011
DHS County: Washtenaw

ADMINISTRATIVE LAW JUDGE: Carmen G. Fahie

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 Thursday, August 11, 2011. The Claimant personally appeared and testified on his own behalf.

ISSUE

Did the Department of Human Services (Department) properly place the Claimant's Medical Assistance (MA) case in spend-down status and determine his monthly deductible?

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 Claimant was a recipient of MA Ad-Care.
2. On January 1, 2011, the Claimant received an increase in his Social Security Retirement, Survivor's and Disability Insurance (RSDI) from \$938 to \$970 per month. (Department Exhibit 3-5)
3. On March 9, 2011, the Department caseworker calculated the Claimant's eligibility for continued benefits based on his RSDI income of \$940. (Department Exhibit 2-3):
 - The Claimant had a net unearned income of \$920, resulting from an unearned income general exclusion of \$20.
 - The Claimant had a protected income of \$408 for a group size of one in his shelter area.

- The Claimant had a deductible of \$512, resulting from his net income of \$950 minus his protected income limit of \$408.
4. On March 9, 2010, the Department caseworker sent the Claimant a notice that due to excess income, the Claimant had a spend-down in the amount of \$512, which he must meet in order to become Group 2 MA eligible. (Department Exhibit 13-18)
 5. On March 21, 2011, the Department received a hearing request from the Claimant, contesting the Department's negative action.

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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Program Reference Manual (PRM).

The Department's Bridges Eligibility Manual provides the following relevant policy statements and instructions for caseworkers:

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. BEM 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. BEM, 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. BAM 130 explains verification and timeliness standards. BEM, 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). BEM 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).

BEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105. Income eligibility exists when net income does **not** exceed the Group 2 needs in BEM 544. BEM 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. BEM 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, an 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. BEM 545; 42 CFR 435.831.

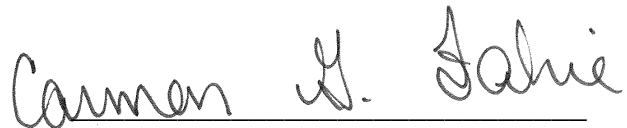
In this case, the Claimant has a fiscal group net income of \$950. The Claimant's protected income level for his shelter area for a group size of one is \$408. PRT 240. After subtracting the Claimant's total needs amount of \$408 from a total fiscal group net income of \$950, the Claimant would be left with excess income or deductible of \$542.

Therefore, the Claimant's MA deductible determination must be corrected from \$512 to the correct amount of \$542

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department properly placed the Claimant's MA case in spend-down, but did not correctly determined his monthly deductible of \$542.

Accordingly, the Department's MA deductible action is **REVERSED**. The Department is ordered to initiate the redetermination of the correct spend down amount using Claimant's increased RSDI of \$970.



Carmen G. Fahie
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: December 21, 2011

Date Mailed: December 21, 2011

NOTICE: Michigan Administrative Hearing System (MAHS) 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. MAHS 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. (60 days for FAP cases)

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.

Claimant may request a rehearing or reconsideration for the following reasons:

- A rehearing **MAY** be granted if there is newly discovered evidence that could affect the outcome of the original hearing decision.
- A reconsideration **MAY** be granted for any of the following reasons:
 - misapplication of manual policy or law in the hearing decision,
 - typographical errors, mathematical error, or other obvious errors in the hearing decision that effect the substantial rights of the claimant:
 - the failure of the ALJ to address other relevant issues in the hearing decision.

Request must be submitted through the local DHS office or directly to MAHS by mail at
Michigan Administrative Hearings
Reconsideration/Rehearing Request
P. O. Box 30639
Lansing, Michigan 48909-07322

CGF/pf

cc:

