

STATE OF MICHIGAN  
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2011-3784  
Issue No.: 2026  
Case No.: [REDACTED]  
Hearing Date: January 26, 2011  
DHS County: Wayne (82-15)

**ADMINISTRATIVE LAW JUDGE:** Susan C. Burke

**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 January 26, 2011. Claimant appeared and testified. The Department of Human Services (Department) was represented by [REDACTED].

**ISSUE**

Did the Department correctly calculate Claimant's Medical Assistance (MA) spend-down?

**FINDINGS OF FACT**

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

1. Claimant was an ongoing MA recipient.
2. Claimant earned approximately \$8.00 per hour, working approximately forty hours per week.
3. The Department determined in a September 2010 case action that Claimant qualified for MA Caretaker with a medical spend-down of \$236.00 per month.
4. On October 11, 2010, Claimant requested a hearing, contesting the spend-down amount.

## CONCLUSIONS OF LAW

The MA program is established by the Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The Department (formerly known as the Family Independence Agency) 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), which includes the Reference Tables (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. (MA). BEM105

The State of Michigan has set guidelines for income, which determines 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.

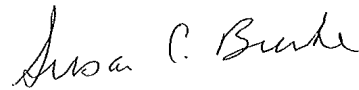
Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105. Income eligibility exists when net income does **not** exceed the Group 2 needs in BEM 544. BEM 166. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA-protected income levels based on shelter area and fiscal group size. BEM 544. An eligible MA group (Group II 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. 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. A deductible 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.

The monthly protected income level for a Medical Assistance fiscal group of one living in Wayne county is \$375.00 per month. RFT 200, 240. In determining net income, \$65 plus half the remaining amount is deducted from gross earned income. BEM 541, (Earned BEM 536). 42 GFR 435.811.

In the instant case, Claimant credibly testified that she earned \$8.00 an hour, working approximately forty hours per week at the time of the September case action, and she did not dispute the \$1,286.00 earned income per month figure used by the Department. The amount of the earned income disregard is determined by consulting the table in RFT 295. The table provides an automatic answer to the one-half disregard plus \$65. When the table in RFT 295 is consulted for the earned income of \$1,286.00, the disregard is \$675.00 which amount is then deducted to determine the net income. ( $\$1286 - \$675 = \$611.00$ ). In the present case, Claimant's net income of \$611.00 exceeds the monthly protected income level of \$375.00 by \$236.00 per month. Claimant is, consequently, ineligible to receive MA. However, under the deductible program, if Claimant incurs medical expenses in excess of \$236.00 during the month, she may then be eligible for MA. Claimant argues that she is unable to pay the deductible per month for her medical expenses because of limited means. This Administrative Law Judge does sympathize with Claimant in the instance, but does not have the prerequisite jurisdiction to change or alter Department policy and State law at the present time. This Administrative Law Judge finds that the Department has acted in accordance with Department policy and law in determining Claimant's MA spend-down.

### **DECISION AND ORDER**

The Administrative Law Judge, based on the above findings of fact and conclusions of law, finds that the Department correctly calculated Claimant's MA spend-down and it is, therefore, ORDERED that the Department's decision is AFFIRMED.



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Susan C. Burke  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: February 7, 2011

2011-3784/SCB

Date Mailed: February 7, 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.

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.

SCB/pf

cc:

