

**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 46739
Issue No.: 2026
Case No.: [REDACTED]
Hearing Date: March 26, 2012
Medical Spec. Processing (98)

ADMINISTRATIVE LAW JUDGE:

Lynn M. Ferris

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 hearing. After due notice, a telephone hearing was conducted from Detroit, Michigan on March 26, 2012. The Claimant appeared and testified. [REDACTED], Assistance Payments Supervisor appeared on behalf of the Department.

ISSUE

Whether the Department properly determined the Claimant's Medical Assistance ("MA") deductible amount.

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 is a MA recipient. The Claimant receives medical assistance subject to a spend down amount of \$1227 per month.
2. As a result of the Claimant receiving RSDI of \$958.50; \$644 in Veterans Assistance and earned income from his wife's employment income of \$963.10, the Department determined that the Claimant was ineligible for ongoing Medical Assistance due to excess income, and placed the Claimant on a spend down.

3. On June 14, 2011 the Department issued a Notice of Case Action determining the Claimant was subject to a MA deductible of \$1227 effective July 1, 2011.
4. The income amounts received by the group from RSDI, VA and employment earnings were confirmed by the Claimant as correct.
5. The Claimant has one dependent child. There are two dependents in the Claimant's group, his wife and minor child.
6. A budget analyzing the Claimant's eligibility for MA was completed, which determined Claimant's deductible to be \$1227.00 per month effective July 1, 2011.
7. The Department determined that Claimant had countable income of \$1965 after the various pro rate divisors were applied to the income from Social Security Disability, employment earnings and VA income.
8. The Claimant had a net countable income of \$1768 after deductions for Medicare Part B expenses of \$110.50, and Medical Expense of \$86.50.
9. The Department used a protected income level of \$541 for the group of 2 living in St. Clair County. RFT 240.
10. On June 16, 2011, Claimant requested a hearing contesting the Department's determination terminating his ongoing Medical Assistance and imposing a deductible.

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, formally 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 Bridges Program Reference Manual ("PRM").

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. BEM 105, p. 1. Medicaid is also known as Medical Assistance ("MA"). *Id.* The Medicaid program is comprised of several categories; one category is for FIP recipients while another is for SSI recipients. *Id.* Programs for individuals not receiving FIP or SSI are based on eligibility factors in either the FIP or SSI program thus are categorized as either FIP related or SSI related. *Id.* To receive MA under an SSI

related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formally blind or disabled. *Id*

There are various SSI related categories under which one can qualify for MA benefits. BEM 150-174. The MA regulations also divide MA recipients into Group 1 and Group 2 which relate to financial eligibility factors. For Group 2, eligibility is possible even when net income exceeds the income limit which is the case in the instant matter. This is because incurred medical expenses are used when determining eligibility for FIP-related and SSI-related Group 2 categories. *Id.*

To determine whether an individual is eligible for Group 1 or Group 2 MA, the individual's protected income level (PPI) must be determined. The PPI 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. If the fiscal group has net income that is the same or less than the PPI, RFT 240, then it will qualify for MA. If the net income is over the PPI, then the fiscal 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 to continue. BEM 545.

The June 14, 2011 Notice of Case Action informed Claimant that he was entitled to MA coverage with a deductible of \$1227. To receive MA under a Group 2 SSI-related MA category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. BEM 105. Individuals are eligible for Group 2 MA coverage when net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (based on shelter area and fiscal group size). BEM 105; BEM 166; BEM 544; RFT 240. While individuals eligible for Group 2 MA have income equal to, or less than, the protected income level, an individual whose income is in excess of the monthly protected income level may become eligible for assistance under the deductible program, with the deductible being equal to the amount that the group's monthly income exceeds the protected income levels. BEM 545.

In this case, the monthly protected income level for an MA group of two (Claimant and his spouse) living in St Clair County is \$541 per month. RFT 200, 240. At the hearing, the Department reviewed and explained an SSI-Related

MA budget showing how the deductible in Claimant's case was calculated. The budget indicated that Claimant's total net income for MA purposes was \$1965. This amount was calculated in accordance with BEM 530 and BEM 541. Claimant also received a deduction for insurance premiums (Medicare Part B) totaling \$110.50 and medical expenses of \$86.50, leaving Claimant with countable income of \$1768. Claimant's net countable income of \$1768 exceeds the monthly protected income level of \$541 by \$1227 per month. Thus, the Department properly determined that Claimant is eligible for MA coverage once he incurs medical expenses in excess of \$1227 during the month.

The entire formula as set forth in BEM 536 BEM 530 and BEM 541 was properly followed and applied by the Department and therefore must be upheld. During the hearing the Department representative went over the calculations on the record step by step and confirmed income totals, explained the pro rate divisors used and the medical expenses/premiums deducted. The Department presented a detailed and erudite presentation which carefully and artfully explained a very complex calculation and thus based upon its explanation of the process and steps used in determining the deductible amount met its burden of proof and demonstrated that the deductible of \$1227 is correct and in accordance with Department policy.


Claimant asserted during the hearing that he is unable to pay the deductible per month for his medical expenses because of limited available income. This Administrative Law Judge sympathizes with the Claimant, but does not have the jurisdiction to change or alter department policy and state law. Therefore, the undersigned finds that the Department has acted in accordance with department policy and law in setting a deductible.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds the Department acted in accordance with department policy when it determined that the Claimant was not eligible to receive Medical assistance due to excess income and correctly calculated the Claimant's MA deductible to be \$1227.

Accordingly, it is Ordered:

1. The Department's determination is AFFIRMED.


Lynn M. Ferris
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: March 30, 2012

Date Mailed: March 30, 2012

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 to:
Michigan Administrative hearings
Reconsideration/Rehearing Request
P. O. Box 30639
Lansing, Michigan 48909-07322

LMF/hw

cc:

