

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

**IN THE MATTER OF:**

[REDACTED],  
[REDACTED]

Reg No.: 2011 5293  
Issue No.: 2026  
Case No.: [REDACTED]  
Hearing Date:  
December 15, 2010  
Wayne County DHS (55)

**ADMINISTRATIVE LAW JUDGE:** Lynn 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 a hearing. After due notice, a telephone hearing was held on December 15, 2010. The claimant appeared and testified. The Claimant's spouse, [REDACTED] also appeared and testified. Lori Lindsey, FIM and Ronald Johns, ES appeared on behalf of the Department.

**ISSUE**

Did the Department properly calculate the Claimant's Medical Assistance budget and spend down amount.

**FINDINGS OF FACT**

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

- 1) The Claimant completed a redetermination on September 3, 2010.
- 2) When the Department attempted to certify the results and establish the Claimant's eligibility for medical assistance on September 22, 2010, an error occurred in the Bridges System and the Department was unable to effectuate or activate the Claimant's medical assistance as of the date of the hearing. The Department sought the assistance from the Department's HELP desk on September 29, 2010 and has received no response to the problem. Exhibit 3.

- 3) The Claimant and her spouse were placed on medical spend down but have not been active due to the inability of the Department to certify her medical spend down case in the Bridges system.
- 4) As of the date of the hearing, the help request was still not resolved.
- 5) The Claimant and her spouse have not had any medical coverage since the period the Department was unable to certify the claimant's account.
- 6) The Department determined that the Claimant's spend down amount was \$100. Exhibit 1
- 7) The Claimant's group consisted of her spouse and two dependent children. Exhibit 2.
- 8) At the time of the redetermination, the Claimant's spouse received earned income of \$1,000 per month gross from his employment. At that time, there was no other group income. Exhibit 4
- 9) The Claimant's spouse lost his employment on December 1, 2010, and thus a new MA budget must be processed when the Department is provided verification of lost employment.
- 10) The Department properly determined the claimant's medical spend down amount. Exhibit 1
- 11) The Claimant requested a hearing on October 10, 2010, protesting the failure of the Department to process her medical assistance case and the amount of her monthly medical spend down amount. The Department received the Claimant's request on October 20, 2010.

### **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 (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).

The issue presented in this appeal is whether the Department properly calculated the MA Group 2 spend down amount. In order to calculate the spend down amount, the group's total income, earned and unearned, must be determined. BEM 536. A fiscal group must be established for each person requesting Medical Assistance (MA) and budgetable income is then determined for each fiscal group member. BEM 211. Bridges Policy has developed special rules to prorate a person's income among the

person's dependents and themselves. A multi step process of analysis must be followed to determine budgetable income and the Fiscal Group's net income. Id.

The Claimant's group countable earned income is \$1,000 per month. BEM 530. Earned income means income received from another person or organization or from self-employment for duties that were performed for remuneration or profit. BEM 500.

Several steps must be applied to determine total net income. In this case, the first step is to deduct \$90 from each fiscal group member with earnings. In this instance that would be the Claimant's spouse who was the only fiscal group member at the time the spend down amount was calculated with earnings. ( $\$1000 - \$90 = \$910$ ). Several other deductions are provided for in policy to be used in determining total net income, but they are inapplicable in this instance. Thus the total net income for the Claimant's spouse is \$910.

Once total net income is determined a prorated divisor must be determined. In order to determine the correct prorated divisor, the total dependents living with the fiscal group member is determined. The member whose earned income is being processed is not included in the dependent number. Id. In this instance there are three dependents, the Claimant and her two children. (Step 11). 2.9 is then added to the number of dependents to determine the pro rate divisor, which in this case is 5.9. ( $2.9 + 3 \text{ dependents} = 5.9$ ). (Step 12).

The total net income for the member who is being tested, the Claimant's spouse, is divided by the prorated divisor to get the prorated share of the Fiscal group member's income. Step 12. ( $\$910 \div 5.9 = \$154$ ) The Claimant's spouse prorated income is \$154 which is the same figure used by the department in making its budget calculation and is correct. Exhibit 1

Finally, as directed by BEM 536, page 5, an adult's fiscal group's net income is the total of the following amounts: 2.9 shares of the adult's own income, ( $2.9 \times \$910 = \$154$ ); plus (if the spouse is in the adult's fiscal group) 3.9 prorated shares of the spouse's own income ( $3.9 \times \$154 = \$446$ ). The adult fiscal group's net income is \$600. ( $\$154 + \$446 = \$600$ )

Once the total net income is determined the monthly protected income level set forth in RFT 240 must be determined. In this case for a group of 2 in Wayne County it is \$500. Since the Claimant's fiscal group's total net income is more than the protected income level, the difference between the group's total net income and the protected income level establishes the monthly deductible spend down amount of \$100. ( $\$600 - \$500 = \$100$ ). BEM 544.

In any month that the Claimant's fiscal group has excess income, and a spend down is applicable income eligibility exists when the group's allowable medical expenses equal or exceed the fiscal group's excess income. In any month where there is excess income, if the claimant's incurred medical expenses exceed the spend down amount (excess income), and the bills evidencing the medical expenses are provided to the

Department, once the Department processes the expenses, medical assistance eligibility is established. BEM 545, pages 2 – 5.

It is noted that since the Claimant's income has changed, as the Claimant's spouse is no longer working, a new budget must be established upon proof of loss of employment. The Department is to process the Claimant's medical spend down amount as soon as possible so that the Claimant's medical spend down case is active.

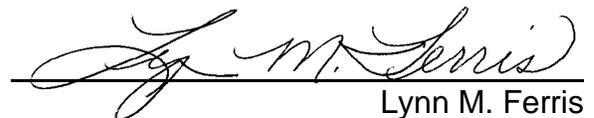
The undersigned has extensively reviewed the MA budget to determine budgetable net income and finds it to be correct and has also determined that the Department correctly determined the Claimant's spend down amount to be \$100.

#### DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, AFFIRMS the Department's decision and determination of the medical spend down amount in the instant case.

Accordingly, it is ORDERED:

1. The Department is to process and certify the results of the redetermination of September 3, 2010 and to retroactively process the Claimant's Medical Assistance spend down case as soon as possible to be effective September 1, 2010.

  
Lynn M. Ferris  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 01/20/11

Date Mailed: 01/21/11

**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 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.

LMF/dj

cc:

