

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. 20118253  
Issue No. 2026  
Case No. [REDACTED]  
Load No. [REDACTED]  
Hearing Date: January 6, 2011  
Iosco County DHS

**ADMINISTRATIVE LAW JUDGE:** Marlene B. Magyar

**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 January 6, 2011. Claimant and her spouse personally appeared and testified.

**ISSUE**

Did the department correctly place claimant's Medicaid (MA) case in deductible status with a [REDACTED] monthly deductible amount, and also, correctly apply her ongoing medical expenses against that 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 and her husband reside together in [REDACTED] nty, [REDACTED]
2. Claimant meets all of the requirements necessary to receive MA except income eligibility because her husband receives monthly [REDACTED] benefits.
3. When the department budgeted this household income, claimant's medical coverage was limited to deductible status with a [REDACTED] monthly deductible expense before full-coverage MA could be activated (Department Exhibit #3).

4. On June 30, 2010, claimant submitted medical bills totaling [REDACTED] (Department Exhibit #1).
5. These expenses resulted in full-coverage MA case activation for claimant in July and August with the remaining amount ([REDACTED]) applied against her future deductible obligation (Department Exhibit #4-#6).
6. However, because claimant's outstanding medical expenses no longer equaled or exceeded her required monthly deductible amount, the department notified her in writing on October 5, 2010 that MA deductible status would be reactivated, effective November 1, 2010 (Department Exhibit #7).
7. Claimant filed a timely hearing request to protest the department's action, held on January 6, 2011 by conference telephone.
8. Claimant stated at hearing her monthly deductible amount is too high and she and her husband will not be able to afford their other basic living expenses (e.g., rent, food, gas, etc.) if they are required to incur [REDACTED] in medical expenses per month before full-coverage MA can begin.

#### **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 Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

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 the household group'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. When the department subtracted claimant's household's Protected Income Level ([REDACTED] per RFT 240, pg 1, from the household's countable net income, a [REDACTED] monthly deductible amount resulted.

Specifically, the department's policies relating to deductible cases are as follows:

## **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. PEM 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. PEM, 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. PAM 130 explains verification and timeliness standards. PEM, Item 545. p. 9.

## **PROCESSING CHANGES**

The group must report changes in circumstances within 10 days. Review the group's eligibility when a change that may affect eligibility is reported. PEM, Item 545, p. 10.

## Expenses Reported After Coverage Authorized

Do not alter the MA eligibility begin date if you have already authorized coverage on CIMS. However, any expenses the group reports that were incurred from the first of such a month, through the day before the MA eligibility begin date might be countable as old bills. PEM, Item 545, p. 10.

## EXHIBIT I - MEDICAL EXPENSES

A **medical expense** must be incurred for a medical service listed below. Except for some transportation, the actual charge(s) minus liable third party resource payments counts as an allowable expense. However, not all sources of payment are considered liable third party resources. See "**THIRD PARTY RESOURCES, EXHIBIT 1A.**"

**Note:** A charge cannot be incurred until the service is provided. PEM, Item 545, p. 12.

Count allowable expenses incurred during the month you are determining eligibility for, whether paid or unpaid. You may also count certain **unpaid** expenses from prior months that have not been used to establish MA eligibility. See "**OLD BILLS, EXHIBIT 1B**". PEM, Item 545, p. 13.

### Medical Services

Medical services include the following:

- . Cost of a Diabetes Patient Education program
- . Service animal (e.g., guide dog) or service animal maintenance
- . Personal care services in home, AFC, or HA (See "**EXHIBIT 1D**")
- . Transportation \*for any medical reason

PEM, Item 545, p. 13.

- . Medical service(s) provided by any of the following:
  - .. Anesthetist. PEM, Item 545, p. 13.
  - .. Clubhouse psychosocial rehabilitation programs
  - .. Chiropractor. PEM, Item 545, p. 13.
  - .. Christian Science practitioner nurse or sanatorium. PEM, Item 545, p. 13.

- .. Certified nurse-midwife. PEM, Item 545, p. 13.
- .. Dentist. PEM, Item 545, p. 13.
- .. Family planning clinic. PEM, Item 545, p. 13.
- .. Hearing aid dealer. PEM, Item 545, p. 13.
- . Hearing and speech center. PEM, Item 545, p. 13.
- . Home health agency. PEM, Item 545, p. 13.
- . Hospice. (See "EXHIBIT III"). PEM, Item 545, p. 13.
- .. Hospital. (See "EXHIBIT IC"). PEM, Item 545, p. 13.
- .. Laboratory. PEM, Item 545, p. 13.
- .. Long-term care facility. (See "EXHIBIT IC"). PEM, Item 545, p. 13.
- .. Maternal support services provider. PEM, Item 545, p. 13.
- .. Medical clinic. PEM, Item 545, p. 13.
- .. Medical supplier\*\*. PEM, Item 545, p. 13.
- .. Mental health clinic. PEM, Item 545, p. 13.
- .. Nurse. PEM, Item 545, p. 13.
- .. Occupational therapist. PEM, Item 545, p. 13.
- .. Ophthalmologist. PEM, Item 545, p. 13.
- .. Optometrist. PEM, Item 545, p. 13.
- .. Oral surgeon. PEM, Item 545, p. 13.
- .. Orthodontist. PEM, Item 545, p. 13.
- .. Pharmacist\*\*\*. PEM, Item 545, p. 13.
- .. Physical therapist. PEM, Item 545, p. 13.
- .. Physician (M.D. or D.O.). PEM, Item 545, p. 13.
- .. Podiatrist. PEM, Item 545, p. 13.
- .. Psychiatric hospital. PEM, Item 545, p. 13.
- .. Psychiatrist. PEM, Item 545, p. 13.
- .. Psychologist. PEM, Item 545, p. 13.
- .. Radiologist. PEM, Item 545, p. 13.
- .. Speech therapist. PEM, Item 545, p. 13.

- .. Substance abuse treatment services provider. PEM, Item 545, p. 13.
- .. Visiting nurse. PEM, Item 545, p. 14.
  
- \* Includes ambulance at actual cost and other transportation for medical services at the rates in PAM 825. Includes clients driving themselves for episodic and pharmacy trips at the rate they are paid in PAM 825 for chronic ongoing trips. PEM, Item 545, p. 14.
  
- \*\* Includes purchase, repair and rental of supplies, such as:
  - . Prosthetic devices
  - . Orthopedic shoes
  - . Wheelchairs
  - . Walkers
  - . Crutches
  - . Equipment to administer oxygen
  - . Personal response system (e.g., Lifeline Emergency Services)

PEM, Item 545, p. 14.

- \*\*\* Includes:
  - . Legend drugs (i.e., only obtained by prescription)
    - . Aspirin, ibuprofen and acetaminophen drug products
      - .. prescribed by a doctor, and
      - .. dispensed by a pharmacy
  
  - . Non-legend drugs and supplies, such as:
    - .. Insulin
    - .. Needles
    - .. Syringes
    - .. Drugs for the treatment of renal (kidney) diseases
    - .. Family planning drugs and supplies
    - .. Ostomy supplies

- .. Oxygen
- .. Surgical supplies
- .. Nicotine patches and gum
- .. Incontinence supplies

PEM, Item 545, p. 14.

It does not include medicine chest and first aid supplies, such as:

- . Band-Aids
- . Alcohol
- . Cotton swabs
- . Nonprescription cold remedies
- . Ointments
- . Thermometers

PEM, Item 545, p. 14.

The inclusion of claimant's household's [REDACTED] benefits is required to be considered in her MA budget, pursuant to BEM Item 500. Unfortunately for claimant, the imposition of a deductible restriction is inevitable in her case. Additionally, this Administrative Law Judge has reviewed the department's budgeting process and she finds all calculations were properly made. Consequently, the department's MA deductible must be upheld, because it is in complete compliance with the department's policies, and with the governing laws and regulations on which those policies are based.

Claimant's grievance centers on dissatisfaction with the department's current policy. Claimant's request is not within the scope of authority delegated to this Administrative Law Judge pursuant to a written directive signed by the Department of Human Services Director, which states:

Administrative Law Judges have no authority to make decisions on constitutional grounds, overrule statutes, overrule promulgated regulations or overrule or make exceptions to the department policy set out in the program manuals.

Furthermore, administrative adjudication is an exercise of executive power rather than judicial power, and restricts the granting of equitable remedies. *Michigan Mutual Liability Co. v Baker*, 295 Mich 237; 294 NW 168 (1940).

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides the department correctly placed claimant's MA in deductible status with a [REDACTED] monthly deductible amount.

