

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 2011-14209  
Issue No.: 2026  
Case No.: [REDACTED]  
Hearing Date: June 16, 2011  
DHS County: Tuscola

**ADMINISTRATIVE LAW JUDGE:** Jonathan W. Owens

**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 hearing was held on June 16, 2011. Claimant appeared and testified.

**ISSUE**

Whether the Department of Human Services (DHS or Department) properly determined that Claimant was only eligible for a Medicaid (MA) deductible case?

**FINDINGS OF FACT**

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

1. On December 6, 2010, Claimant's application for MA was submitted.
2. On December 6, 2010, a budget was completed and it was determined that Claimant was eligible for MA based upon a deductible amount of \$1,717. Claimant's income was figured to be \$2,430. After disregards and allowable deductions, Claimant's countable income was found to be \$2,217.10.
3. On December 15, 2010, Claimant requested a hearing.

**CONCLUSIONS OF LAW**

The 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 administers MA 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 Reference Manual (BRM).

Michigan provides MA for eligible clients under two general classifications: Group 1 and Group 2 MA. Claimant falls under the Group 2 MA classification which consists of client's whose eligibility results from the State designating types of individuals as "medically needy." MCL 400.106; MSA 16.490 (16), MCL 400.107; MSA 16.490(17), and BEM, Item 105.

In order to qualify for Group 2 MA, a medically needy client must have income which is equal to or less than the protected basic maintenance level. Department policy sets forth the method for determining the protected basic maintenance level by considering: (1) the protected income level; (2) the amount diverted to dependents; (3) health insurance premiums; and (4) remedial services if determining eligibility for clients in adult-care homes. The protected income level is a set amount for non-medical needs such as shelter, food and incidental expenses. In all other cases other than those involving long-term care, the appropriate protected income level must be taken from PRT 240. BEM Item 545, and 42 CFR 435.811 through 435.814. If the individual'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 "spend-down." Policy requires the Department to count and budget all income received that is not specifically excluded. There are three main types of income: countable earned, countable unearned and excluded.

In the present case, Claimant's total income is \$2,430. The Claimant's countable income is figured at \$2,217. After subtracting the total needs of \$500, Claimant would be left with \$1,717 spend-down amount. The Department properly completed a budget reflected all countable sources of income and determined correctly that the Claimant would only qualify for MA under a spend-down case.

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides the Department properly determined Claimant's benefits.

Accordingly, the Department's decision is hereby UPHeld.



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**Jonathan W. Owens**  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: June 23, 2011

2011-14209/JWO

Date Mailed: June 23, 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.

JWO/pf

cc:

