

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.: 2011-16104  
Issue No.: 2013  
Case No.: [REDACTED]  
Hearing Date: February 28, 2011  
Wayne County DHS (17)

**ADMINISTRATIVE LAW JUDGE:** Christian Gardocki

**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 February 28, 2011. The claimant appeared and testified; [REDACTED] appeared and testified as Claimant's translator and Authorized Hearing Representative (AHR). On behalf of Department of Human Services (DHS), [REDACTED], Manager, and [REDACTED], Manager, appeared and testified.

**ISSUE**

Whether DHS properly determined Claimant eligible for Medicaid subject to a \$1040/month deductible.

**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 Medical Assistance (MA) benefit recipient receiving ongoing Medicaid benefits.
2. Claimant lived with his spouse.
3. Claimant received \$920/month in Retirement, Survivors, Disability Insurance (RSDI) and \$181/month in retirement benefits.
4. Claimant's spouse received \$460/month in retirement benefits.
5. On 2/20/10, DHS reduced Claimant's ongoing Medicaid to Medicaid subject to an \$860/month deductible (see Exhibit 2).

6. On a subsequent date, DHS increased Claimant's deductible to \$1040/month.
7. On 12/09/10, Claimant requested a hearing disputing the termination of ongoing Medicaid and the amount of the 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 (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 Reference Tables Manual (RFT).

MA provides medical assistance to individuals and families who meet financial and nonfinancial eligibility factors. The goal of the MA program is to ensure that essential health care services are made available to those who otherwise would not have financial resources to purchase them.

A recipient with excess income for ongoing Medicaid may still be eligible for Medicaid under the deductible program. Clients with a Medicaid deductible may receive Medicaid 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. BEM 545 at 9. The client must report medical expenses by the last day of the third month following the month in which the group wants MA coverage. *Id.*

The Medicaid program is comprised of several sub-programs which fall under one of two categories; one category is FIP-related and the second category is SSI-related. BEM 105 at 1. To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant, women receive MA under FIP-related categories. *Id.* It was not disputed that Claimant's basis for MA was for being an aged (or disabled) individual.

Clients may qualify under more than one MA category. Federal law gives them the right to the most beneficial category. The most beneficial category is the one that results in eligibility or the least amount of excess income. BEM 105 at 2. As an aged person, Claimant may qualify for MA benefits through Aged-Disabled Care (AD-Care) or Group 2 Spend-Down (G2S).

In the present case, Claimant disputed the DHS determination finding Claimant ineligible for AD-Care and the amount of Claimant's deductible. The undersigned will examine the correctness of each DHS determination.

It was not disputed that Claimant received \$920/month in gross RSDI and \$181 in gross retirement benefits. It was also not disputed that Claimant's spouse received \$460/month in gross retirement benefits. DHS is to count the gross RSDI benefit amount as unearned income. BEM 503 at 20. DHS is to count the gross amount of retirement benefits as unearned income. *Id.* Claimant's total countable gross income is calculated by adding all three incomes; it is found that Claimant's income is \$1561/month.

DHS determined that Claimant's countable income was \$1560/month. As DHS determined a slightly more favorable amount for Claimant, the undersigned will adopt the DHS amount as the correct amount.

Claimant's net income for purposes of AD-Care eligibility is calculated after applying any applicable income disregards. The only relevant disregard is a \$20 disregard given to all groups. Claimant's net income for purposes of AD-Care is found to be \$1540/month, the same as calculated by DHS.

Income eligibility for AD-Care exists when net income does not exceed the income limit for the program. BEM 163. The net income limit for AD-Care for a two person MA group (Claimant and his spouse) is \$1215/month. RFT 242 at 1. Claimant's net income (\$1540) exceeds the AD-Care income limit. It is found that DHS properly determined Claimant to be ineligible for AD-Care based on excess income.

Claimant may still receive MA benefits subject to a monthly deductible through the G2S program. The deductible is calculated by subtracting Claimant's Protected Income Level (PIL) from Claimant's MA net income. The protected income level (PIL) is a set allowance for non-medical need items such as shelter, food and incidental expenses. Claimant's PIL is \$500. RFT 240 at 1. Claimant's insurance premiums are also deducted for the G2S calculation though Claimant testified not paying for any premiums. Subtracting Claimant's PIL (\$500) from Claimant's net income (\$1540) results in a monthly deductible of \$1040, the same as calculated by DHS (see Exhibit 3). It is found that DHS properly determined Claimant's eligibility for MA benefits as Medicaid subject to an \$1040/month deductible.

Claimant's primary argument was that based on Claimant's household income and medical needs, it is unreasonable for Claimant to be responsible for a \$1040 deductible before being eligible for medical benefits. As stated during the hearing, the undersigned has no authority to determine the fairness of DHS regulations. The undersigned may

201116104/CG

only examine whether DHS properly applied their regulations to determine Claimant's eligibility. In the present case, DHS properly determined Claimant's MA benefit eligibility.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS properly determined Claimant's eligibility for MA benefits as Medicaid subject to a \$1040/month deductible. The actions taken by DHS are AFFIRMED.

*Christian Gardocki*

---

Christian Gardocki  
Administrative Law Judge  
For Maura Corrigan, Director  
Department of Human Services

Date Signed: 3/3/2011

Date Mailed: 3/3/2011

**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.

CG/jlg

cc:

A large black rectangular redaction box covering several lines of text in the cc field.