


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

IN THE MATTER OF:



Registration. No: 2011-22828  
Issue Nos: 2026  
Case No:   
Hearing Date: July 20, 2011  
Washtenaw County DHS

**Administrative Law Judge:** Mark A. Meyer

**HEARING DECISION**

This matter is before the undersigned Administrative Law Judge in accordance with MCL 400.9, MCL 400.37 and 1999 AC, R 400.903. Claimant requested a hearing on December 17, 2010 and, after due notice, one was held on July 20, 2011.<sup>1</sup> Claimant appeared at hearing and provided testimony. The Department of Human Services (the Department) was represented by agency personnel.

**ISSUE**

In dispute was whether the Department properly determined that Claimant was eligible for Medical Assistance (MA), but with a deductible.

**FINDINGS OF FACT**

Based on the competent, material, and substantial evidence on the whole record, the Administrative Law Judge finds as relevant fact:

1. On December 1, 2010, Claimant provided the Department with redetermination and verification paperwork pertaining to her MA benefits case.
2. Included within this documentation were pay stubs indicating that Claimant received the following amounts of employment income in November 2010:

November 5, 2010:  
November 12, 2010:  
November 19, 2010:  
November 26, 2010:



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<sup>1</sup> It is noted that Claimant's request for hearing was not received by the Michigan Administrative Hearings System until March 11, 2011.

(Department's Exhibits D-1; D-2; D-3; D-4; Department's hearing summary, dated March 4, 2011.)

3. Using this information, the Department completed an MA budget for Claimant. According to the budget computation, she was eligible for MA, but only after satisfying a [REDACTED] deductible, effective February 1, 2011. (Department's Exhibit D-5; Department's hearing summary.)
4. Claimant was subsequently informed of this determination in a notice of case action. (Department representative's hearing testimony, July 20, 2011.)
5. Claimant then submitted a request for hearing to contest the agency's MA deductible determination. (Claimant's hearing request, dated December 17, 2010.)

### **CONCLUSIONS OF LAW**

The hearing and appeals process for applicants and recipients of public assistance in Michigan is governed by 1999 AC, R 400.901 through 400.951, in accordance with federal law. An opportunity for hearing must be granted to an applicant who requests a hearing because his claim for assistance is denied or not acted on with reasonable promptness, and to any recipient who is aggrieved by Department action resulting in suspension, reduction, discontinuance, or termination of assistance. Rule 400.903(1).

An applicant or recipient holds the right to contest an agency decision affecting eligibility or benefit levels whenever it is believed that the decision is incorrect. The Department must provide an administrative hearing to review the decision and determine its appropriateness. Bridges Administrative Manual (BAM) 600, p. 1.

Here, the Department determined that due to the amount of Claimant's employment income, she remained eligible for MA, but only after satisfying a [REDACTED] monthly deductible. From this determination, Claimant filed a request for hearing asserting that she was entitled to MA with no deductible.

The MA program was established by Title XIX of the Social Security Act, 42 USC 1396, *et seq.*, and is implemented through federal regulations found in the Code of Federal Regulations, 42 CFR 430, *et seq.* The Department administers the MA program under MCL 400.10, *et seq.*, and MCL 400.105. Department policies developed from this authority are found in the BAM, the Bridges Eligibility Manual (BEM) and the Reference Tables Manual (RFT).

The MA program provides medical assistance to individuals and families who meet the programs financial and nonfinancial eligibility factors. BEM 100, p. 2. The goal of MA is to ensure that essential health care services are made available to those who otherwise would not have the financial resources to purchase them. BEM 100, p. 2;

BEM 105, p. 1. The program is comprised of several sub-programs or categories. One category is Family Independence Program (FIP) recipients. Another category is Supplemental Security Income (SSI) recipients. There are several other categories for persons not receiving FIP or SSI. However, the eligibility factors for those categories are based on the eligibility factors in either the FIP or SSI program. Therefore, those categories are referred to as either FIP-related or SSI-related. BEM 105, p. 1.

MA is available to parents and other caretaker relatives who meet certain nonfinancial and financial eligibility factors (Group 2). BEM 135, pp. 1-2. The State of Michigan established guidelines for income, which in turn determine whether an MA group is eligible for benefits. BEM 545, p. 1. Income eligibility exists when:

- net income does not exceed the Group 2 needs set forth in BEM 544<sup>2</sup>, or
- allowable medical expenses equal or exceed excess income – (this pertains to the MA deductible program discussed below.)

BEM 135, p. 2; BEM 545, p. 1.

It appeared from testimony provided at hearing that the Department determined that Claimant met all the requirements for MA under the Group 2 category, except for the financial factor of income eligibility – her group's net income exceeded its Group 2 needs under BEM 544.<sup>3</sup> See BEM 135, pp. 1-2. Claimant provided no evidence to rebut this determination.

To be eligible for Group 2 MA, the group must have net income that is the same or less than the applicable protected income level as established under RFT 200 and RFT 240.<sup>4</sup> See BEM 544, p 1; BEM 545, pp 1-2. Conversely, the group is ineligible for MA when its monthly net income exceeds the protected income level. Here, the Department determined that Claimant had net income that exceeded the protected income level. Again, she provided no evidence to rebut this determination.

An MA Group 2 having determined excess income may, however, become eligible for assistance under the deductible program. See BEM 545. The deductible program is a process that allows a person or group with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. BEM 545, p. 8. The fiscal group's monthly excess income is called a deductible amount. BEM 545, p. 9. Each calendar month is a separate deductible period. BEM 545, p. 8.

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<sup>2</sup> Net income is countable income minus allowable income deductions. Bridges Eligibility Manual (BEM) 105, p. 1.

<sup>3</sup> Claimant's group size, for purposes of determining her Medical Assistance (MA) eligibility, was one. BEM 211, pp 4, 5.

<sup>4</sup> Reference Tables Manual (RFT) 240 lists the protected income levels for Group 2 MA based on shelter area and fiscal group size. RFT 200 lists the Michigan counties in each shelter area. BEM 544, p. 1.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month in issue. The group must report expenses by the last day of the third month following the month in which the group wants MA coverage. BEM 545, p. 9. See also 42 CFR 435.831.

Here, under the MA deductible program, Claimant was determined eligible for assistance, but only after satisfying a monthly [REDACTED] deductible – calculated using her net income, the Group 2 MA needs under BEM 544, and the tables in RFT 200 and RFT 240.

Claimant provided, however, no specific objection to, or evidence contradicting, the Department's determination of income eligibility or the actual deductible amount. Rather, Claimant merely objected to being forced to satisfy the [REDACTED] monthly deductible before receiving MA benefits. This Administrative Law Judge is bound by the laws and regulations governing a person's eligibility for MA, on which the Department's policies are based. See Delegation of Hearing Authority, dated February 22, 2011. Moreover, in the absence of an express legislative conferral of authority, an administrative agency generally lacks powers grounded in equity. *Delke v Scheuren*, 185 Mich App 326, 332; 460 NW2d 324 (1990), citing *Auto-Owners Ins Co v Elchuk*, 103 Mich App 542; 303 NW2d 35 (1981). No such equitable powers exist here.

While Claimant's objection to the payment of a monthly deductible before receipt of MA benefits is certainly understandable, she provided no evidence establishing that the agency's excess income and deductible calculations were in error, incorrect, or otherwise improper.

### **DECISION AND ORDER**

Based on the above findings of fact and conclusions of law, the Administrative Law Judge concludes that the Department properly determined Claimant's MA income eligibility and monthly deductible amount.

The Department's action is UPHELD.

It is SO ORDERED.

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Mark A. Meyer  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: \_\_\_\_\_

Date Mailed: \_\_\_\_\_

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.

Claimant may appeal this Decision and Order to the Circuit Court for the county in which he/she resides within 30 days of the mailing of this Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt date of the rehearing decision.

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