

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

IN THE MATTER OF:

[REDACTED]

Reg. No: 201123413

Issue No: 2026

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

June 1, 2011

Macomb County DHS

ADMINISTRATIVE LAW JUDGE: Robert J. Chavez

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 1, 2011.

ISSUE

Was the claimant's Medicaid budget deductible computed correctly?

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 is a MA recipient in Macomb County.
- (2) Claimant's MA deductible budget was calculated for the months of November and December, 2010, and January, 2011.
- (3) The MA budgets showed eligibility for the claimant; however the budgets included variable deductibles.

- (4) Claimant requested a hearing on February 10, 2011, stating that she believed the deductibles she had been given were incorrect.

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 Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Bridges Reference Manual (BRM) and Reference Tables (RFT).

With regard to the MA eligibility determination, the State of Michigan has set guidelines for income, which determine if an MA group is eligible. Claimant is not eligible for Group 1 Medicaid. Net income (countable income minus allowable income deductions) must be at or below a certain income limit for Group 1 eligibility to exist. BEM 105. For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for FIP-related and SSI-related Group 2 categories. BEM 105. Income eligibility exists for the calendar month tested when:

- . There is no excess income, **or**
- . Allowable medical expenses equal or exceed the excess income (under the Deductible Guidelines).
BEM 545.

Income eligibility exists when net income does **not** exceed the Group 2 needs in BEM 544. BEM 166. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. BEM 544. An

eligible Medical Assistance group (Group 2 MA) has income the same as or less than the “protected income level” as set forth in RFT 240. An individual or MA group whose income is in excess of the monthly protected income level is ineligible to receive MA. However, a MA group may become eligible for assistance under the deductible program. The deductible program is a process, which allows a client with excess income to be eligible for MA, 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. The MA group must report expenses by the last day of the third month following the month it wants medical coverage. PEM 545; 42 CFR 435.831.

The MA budgets included claimant’s employment income; unfortunately, after reviewing claimant’s pay checks, the undersigned is unable to determine how the Department arrived at the income totals used to determine claimant’s MA deductible.

The Department testified that claimant’s actual income was used for budgets run for the months of November and December, 2010. For December, 2010, claimant’s actual income from her first job was \$417.73, when considering her federal taxable wages of \$222.07 and \$195.66. The Department used a budget amount of \$824.54; the undersigned is unable to determine how that number was arrived at. Claimant’s pay for December, 2010 for her second job is illegible on the evidence provided; however, for the purposes of argument, the undersigned will accept the \$361.28 number as accurate. Claimant’s total income for the month of December, 2010 is therefore \$779.01, far below the number actually used.

That being said, the undersigned is unable to make the supplied MA deductible budget work for *any* of the supplied numbers, including those numbers for which the Department allegedly used. Claimant was given a prorated income of \$245. Multiplying that number by claimant's prorate divisor does not give a number that matches either the undersigned calculated income or the Department's calculated income. The undersigned can find no rational basis for the budget Bridges used to determine claimant's deductible for December, 2010.

With regards to the month of January, 2011, it appears that the income was prospected using erroneous numbers from previous months; therefore, that income should be recalculated.

While November, 2010's income numbers appear closer to claimant's actual income, the undersigned is still unable to reconcile the actual income with the income budgeted. Claimant's actual income from her first job was \$589.56; the Department budgeted \$783.34. Furthermore, the prorated income used in the Bridges MA deductible budget suffers from the same problems as the December, 2010 budget—there is no way to arrive at any of the numbers used for actual income using the numbers in that budget.

Therefore, as the undersigned is unable to reconcile any of the numbers in the budget, with any of the actual numbers, the undersigned holds that the budgets as stated are incorrect, and must be recalculated.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department's MA deductible calculations for the

months of November and December, 2010, and January, 2011, are incorrect, for the reasons stated in the conclusion of law.

Accordingly, the Department's decision is REVERSED.

The Department is ordered to recalculate claimant's MA deductible for the month of November and December, 2010, and January, 2011.



Robert J. Chavez
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: 06/22/11

Date Mailed: 06/24/11

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.

RJC/dj

cc:

