

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

IN THE MATTER OF:

[REDACTED]

Reg. No: 201130837

Issue No: 2026

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

June 8, 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 8, 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 each month retroactive to May, 2010.
- (3) The MA budgets showed eligibility for the claimant; however the budgets included variable deductibles.

- (4) Claimant requested a hearing on April 11, 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. The Administrative Law Judge has reviewed the budgets and found no errors in most. Claimant herself was unable to point out specifically what parts of the budget she felt were in error. Therefore, claimant only becomes eligible for Group 2 MA when the excess income, which varied from month to month based upon claimant’s fluctuating income, is spent. This amount was calculated after considering claimant’s allowed protected needs level. The undersigned cannot point to any errors in most of the budgets, and must conclude that the Department’s calculations were correct.

However, not all of the budgets submitted appear to be correct. The deductible for the month of June, 2010, is unable to be reconciled with the numbers used.

In that budget, the Department started with claimant’s actual income for that month of \$1560. Claimant received a \$90 work expense, for a total net income of

\$1470. Claimant's total prorated income is then taken by dividing the net income by a prorate divisor of 4.9, after including claimant's dependents. Claimant's prorated income is thus calculated to be \$300. Instead, a prorated income of \$432 was used in this deductible budget; the undersigned is unable to find a rational basis for that number. A \$432 prorated income cannot be finessed in anyway, including using incorrect prorate divisors, to arrive at an income amount that matches claimant's income for that month. Therefore, the undersigned can only conclude that the wrong income amount was used for that month, regardless of what income amount Bridges said it used. Thus, the MA deductible budget for the month of June, 2010 must be recalculated.

As a final note, the Department should be aware that for the months of February and March, 2011, Bridges stated that it was using an income amount of \$1800. However, when reviewing the MA budgets for those months, Bridges appeared to use an income of \$1400. While the \$1400 income amount was the correct number to use in this budget (and thus, no harm was actually done to the claimant with regards to the incorrect income amount in the income summary), the Department may wish to investigate why Bridges is not using the income amounts in its deductible calculations that it says it is using.

#### 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 May, July, August, September, October, November and December, 2010 were correct. The deductible calculations for January, February and March, 2011 were

also correct. The deductible calculation for June, 2010 was incorrect, for the reasons stated in the conclusion of law.

Accordingly, the Department's decision is AFFIRMED IN PART and REVERSED IN PART.

The Department is ordered to recalculate claimant's MA deductible for the month of June, 2010.



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:

