

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.: 2011-3221
Issue No.: 2026
Case No.: [REDACTED]
Hearing Date: January 24, 2011
Wayne County DHS (19)

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 January 24, 2011. The claimant appeared and testified; [REDACTED] appeared as Claimant's authorized hearing representative (AHR). On behalf of Department of Human Services (DHS), [REDACTED], Specialist, appeared and testified.

ISSUE

Whether DHS properly determined Claimant's eligibility for Medical Assistance (MA) benefits as Medicaid subject to an \$1107/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 MA benefit recipient.
2. Claimant received \$375/month (see Exhibit 3) in gross Retirement, Survivors, Disability Insurance (RSDI).
3. Claimant received \$774/month in veteran's benefits.
4. Claimant received \$450/month from an annuity.
5. Claimant was responsible for a \$96.50/month Medicare Part B premium.
6. Claimant is not a disabled adult child (see Exhibit 4).

7. On an unspecified date, DHS determined that Claimant was eligible for Medicaid subject to an \$1107/month deductible (see Exhibit 1).
8. On an unspecified date, DHS determined that Claimant had excess income for Medicare Savings Program (see Exhibit 2).
9. On 9/10/10, Claimant requested a hearing disputing the determination of his MA benefits.

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.*

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 a disabled person, Claimant may qualify for MA benefits through Aged-Disabled Care (AD-Care) or Group 2 Spend-Down (G2S).

Claimant contended that he should be considered a Disabled Adult Child (DAC) for purposes of MA eligibility. MA is available to a person receiving disabled adult children's (DAC) (also called Childhood Disability Beneficiaries' or CDBs') RSDI benefits under section 202(d) of the Social Security Act if he or she:

- Is age 18 or older; and
- Received SSI; and
- Ceased to be eligible for SSI on or after July 1, 1987, because he became entitled to DAC RSDI benefits under section 202(d) of the Act or an increase in such RSDI benefits; and
- Is currently receiving DAC RSDI benefits under section 202(d) of the Act; and
- To receive DAC RSDI a person must have a disability or blindness that began before age 22.
- Would be eligible for SSI without such RSDI benefits. BEM 158 at 1.

A letter (Exhibit 4) from Social Security Administration was submitted by Claimant as proof of Claimant's DAC status. The corner of the letter indicated a Social Security claim number ending with the code of "C1". A Social Security claim number ending with the suffix of "C" is one of the identifiers of a person with DAC status. *Id.* at 3. The claim number tends to show that Claimant is a DAC.

The SSA letter also states that Claimant, "filed for disabled adult child benefits on 2/15/2000. His claim was denied." This statement is unequivocal evidence that SSA does not consider Claimant to be a DAC despite a claim number which indicates otherwise. The undersigned is inclined to rely on the clear statement within the letter rather than a claim number which is not conclusive proof of Claimant's DAC status. It is found that Claimant is not a DAC for purposes of MA benefits.

It was not disputed that Claimant received the following monthly gross income amounts: \$375 from RSDI, \$774 in veteran benefits and a \$450 annuity. DHS is to count the gross RSDI benefit amount as unearned income. BEM 503 at 20. Payments an individual receives from an annuity are unearned income. *Id.* at 3. DHS is to count the gross amount of the veteran compensation as unearned income. *Id.* at 26. Claimant's total countable gross income is calculated by adding all three of Claimant's monthly incomes; it is found that Claimant's income is \$1599/month.

Claimant's net income 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 \$1579/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 one person MA group is \$903/month. RFT 242. Claimant's net income 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 \$375. RFT 240 at 1. Claimant's insurance premiums are also deducted for the G2S calculation. Subtracting Claimant's PIL (\$375) and insurance premium (\$97 after rounding cents up) from Claimant's net income (\$1579) results in a monthly deductible of \$1107, the same as calculated by DHS. It is found that DHS properly determined Claimant's eligibility for MA benefits as Medicaid subject to an \$1107/month deductible.

The Medicare Savings Program (MSP) is part of the MA benefit program. MSP programs offer three different degrees of assistance with payment toward a client's Medicare premium and deductibles. Qualified Medicare Beneficiaries (QMB) coverage pays for a client's Medicare premiums, deductibles and coinsurances. Specified Low Income Beneficiaries (SLMB) coverage pays for a client's Medicare Part B premium. Additional Low Income Beneficiaries (ALMB) coverage pays for a client's Medicare Part B premium if funding is available.

The type of coverage a client receives depends on the client's income. BEM 165 at 2. Countable income for MSP is calculated according to the SSI-related MA policies in BEM 500 and 530. BEM 165 at 6. DHS is to apply the deductions in BEM 541 (for adults) to countable income to determine net income. In the present case, Claimant's net income is for purposes of MSP eligibility is \$1579 and is calculated based on the same calculations used to calculate AD-Care eligibility.

Income eligibility for MSP exists when a client's net income is within the limits as found in RFT 242. The net income limit for MSP eligibility is \$1219/month. RFT 242. Claimant's net income exceeds the net income limits for MSP eligibility. It is found that DHS properly determined Claimant to have excess income for MSP benefits.

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 an \$1107/month deductible.

20113221/CG

The actions taken by DHS are AFFIRMED.

Christian Gardocki

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

Date Signed: 2/7/2011

Date Mailed: 2/7/2011

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:

