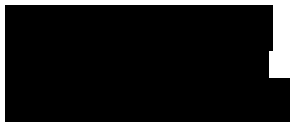


STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

**IN THE MATTER OF:**



Reg. No.: 201144449  
Issue No.: 2026  
Case No.: [REDACTED]  
Hearing Date: September 26, 2011  
Wayne County DHS (49)

**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 September 26, 2011 from Detroit, Michigan. The claimant appeared and testified. On behalf of Department of Human Services (DHS), [REDACTED], Manager, and [REDACTED], Specialist, appeared and testified.

**ISSUE**

The issue is whether DHS properly processed Claimant's submitted medical expenses for 4/2011 toward a \$480/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. In 4/2011, Claimant was eligible for Medicaid subject to a \$480/month deductible.
2. Prior to the end of 5/2011, Claimant submitted the following medical bills to DHS for the following dates of service (DOS): \$55 and \$165 for DOS 4/4/11 and \$565.39 and \$270 for DOS 4/17/11.
3. Claimant's DHS specialist processed the bills but was unable to process any medical coverage for Claimant for 4/2011.
4. On 7/1/11, Claimant requested a hearing to dispute the failure by DHS to process Medicaid coverage for 4/2011.

## 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). DHS 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).

The undersigned will refer to the DHS regulations in effect as of 4/2011, the estimated month of the DHS decision which Claimant is disputing. Current DHS manuals may be found online at the following URL: <http://www.mfia.state.mi.us/olmweb/ex/html/>.

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.*

In the present case, Claimant disputed the failure by DHS to process medical expenses which met her deductible amount for 4/2011. BEM 545 is the DHS regulation section which covers whether medical expenses are covered.

For all medical expenses, DHS is to determine the medical group's allowable medical expenses for the month.

- If less than the remaining excess income, income eligibility does not exist for this month.
  - If this is a past month, stop.
  - If this is the processing month, the group has or continues to have a deductible. Go to "deductible."
- If equal to or more than the remaining excess income, income eligibility exists starting on:
  - The day after the day the expenses equaled the excess income.
  - The exact day the expenses exceeded the excess income. However, MA may only be billed for the amount that exceeds the group's liability; go to IDENTIFYING A GROUP'S LIABILITY in this item.

Claimant's medical expenses for 4/2011 do not exceed the deductible amount until 4/17/11. Thus, Claimant should have MA coverage beginning 4/17/11 and any bills from prior to 4/17/11 are not covered. It is found Claimant is responsible for the medical bills with a 4/4/11 DOS.

DHS is to use these instructions to determine a fiscal group's liability for all or part of a medical expense incurred on the first day of MA coverage. A fiscal group is not responsible for liabilities of less than \$1.00.

1. Identify a group's liability on the date allowable medical expenses exceeded its excess income as follows:
  - a. The group's excess income for the month tested.
  - b. MINUS allowable medical expenses for the month tested through the day before the date MA coverage begins.
  - c. EQUALS the group's liability.  
If the group's liability is less than \$1.00, stop. If it is \$1.00 or more, go to 2.
2. Total the group's non-qualified expenses (defined below) incurred on the date expenses exceeded the excess income. A non-qualified expense is an allowable expense used to meet a deductible but not billable to MA. Such expenses include those incurred:
  - a. For services not covered by MA.
  - b. By fiscal or medical group members who are not eligible for MA coverage for this date.Go to 3.
3. Subtract the group's total non-qualified expenses from the group's liability. Is the remainder less than \$1.00?
  - a. If yes, stop.
  - b. If no, the remainder is the group's liability balance. Go to 4.
4. Arrange the rest of the expenses incurred on the date expenses exceeded excess income as follows:
  - a. Largest to smallest paid expenses.
  - b. Largest to smallest unpaid expenses.Go to 5.
5. Subtract the first (next) expense in the order arranged in step 4 above from the group's liability balance. Is there a remainder?
  - a. If no, enter the group's liability balance on the DHS-114 as the client payment for this expense. Stop.

- b. If yes, enter the entire amount of this expense on the DHS-114 as the client payment. The remainder becomes the group's liability balance. Go to 6.
- c. Is the group's liability balance less than \$1.00?
  - i. If yes, stop.
  - ii. If no, repeat step 5.

Starting with step one, \$480 is the amount of excess income (i.e. the deductible). Claimant had \$220 in medical expenses prior to the day MA coverage starts. The difference between \$480 and \$220 is \$260. As \$260 exceeds \$1, this is Claimant's liability and the process moves forward. Steps two and three do not apply, as Claimant had no apparent non-qualified medical expenses.

At step four, the medical expenses from 4/17/11 should be arranged from largest to smallest. Note that Claimant had no paid medical expenses for 4/2011.

At step five, the largest expense (\$565.39) from the date MA coverage started (4/17/11) is subtracted from the client liability amount calculated from step one (\$260). Since there is no remainder, \$260 is the amount of Claimant liability for the expense.

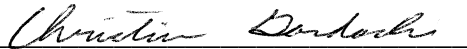
Thus, Claimant is entitled to MA beginning 4/17/11, the date her expenses exceeded her deductible. Claimant's \$220 in medical expenses from 4/4/11 is not covered by MA at all. Claimant is also responsible for \$260 of the \$565.39 bill incurred on 4/17/11. Any other medical expenses would be covered. The end result is that Claimant is liable for \$480 in medical expenses for 4/2011 and DHS is responsible for the expenses exceeding that amount.

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS improperly failed to process Claimant's medical expenses toward her deductible for 4/2011. It is ordered that DHS:

- process Claimant's expenses from 4/17/11 for \$270 and \$565.39 (subject to a \$260 Claimant liability)

The actions taken by DHS are REVERSED.

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

201144449/CG

Date Signed: September 27, 2011

Date Mailed: September 27, 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/hw

cc:

