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

IN THE MATTER OF:

[redacted]

Reg. No: 201258942
Issue No: 2026
Case No: [redacted]
Hearing Date: August 22, 2012
Eaton County DHS

ADMINISTRATIVE LAW JUDGE: Gary F. Heisler

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 August 22, 2012. Claimant appeared and testified.

ISSUE

Did the Department of Human Services properly process the medical bills Claimant submitted on February 29, 2012?

FINDINGS OF FACT

The Administrative Law Judge, based upon the competent, material and substantial evidence on the whole record, finds as material fact:

1. On January 31, 2012, Claimant was sent a Notice of Case Action (DHS-1605) which stated she was approved for Medical Assistance (MA) as a [redacted] deductible from February 1, 2012 ongoing.

2. On February 21, 2012, Claimant submitted income information with her Food Assistance Program (FAP) re-determination paperwork. The income information consisted of [redacted] [redacted] dated January 27 and February 3, 10, & 17, 2012.

3. On February 29, 2012, Claimant submitted medical bills from February 2012 which exceeded her deductible for the month. The Department case worker entered the medical bills and BRIDGES determined that Claimant was eligible beginning March 1, 2012. The Department case worker submitted a [redacted] because the bills should have been applied to February 2012. Claimant was verbally notified that the determination was wrong due to a computer error and that steps had been taken to correct her Medical Assistance (MA) eligibility for February 2012. For that reason, Claimant did not submit a request for hearing.

4. On June 6, 2012, Claimant finally received verbally notice of the result from the [redacted]. The Department had subsequently updated Claimant's Medical Assistance (MA) financial eligibility budget and retroactively determined that her deductible amount for February 2012 had been raised to [redacted]. The February 2012 bills which Claimant had submitted did not exceed the retroactively determined deductible amount.

5. On June 11, 2012, Claimant submitted a request for hearing.

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 Program Reference Manual (PRM).

JURISDICTION

The first question to address is whether Claimant's request for hearing was made within the required time limit designated in Bridges Administration Manual (BAM) 600. BAM 600 states that a client must receive a written notice of all case actions affecting eligibility or amount of benefits. BAM 600 also states a client or authorized hearing representative has 90 calendar days from the date of the written notice of case action to request a hearing. The evidence in this record does not show that any written notice was ever issued regarding Claimant's Medical Assistance (MA) eligibility for February 2012. Because BRIDGES never applied ay medical bill to February 2012, BRDIGES would not have issued any notice regarding Claimant's Medical Assistance (MA) eligibility for February 2012.

In the absence of the required written notice, verbal notice must be used or Claimant's right to request a hearing will be violated. Claimant was first given verbal notice that her Medical Assistance (MA) eligibility for February 2012 had been incorrectly determined by the BRIDGES computer program. Claimant was also verbally informed that the Department was taking steps to correct the error. Claimant did not submit a request for hearing because she relied on the Department's information that an error had occurred and was being corrected. June 6, 2012, was the date Claimant received verbal notice of the change in her deductible amount for February 2012 and that because the amount had gone up, she was not eligible for Medical Assistance (MA) during February 2012. Therefore, June 6, 2012 is used as the date of notice of the case action regarding her Medical Assistance (MA) eligibility for February 2012. Claimant requested this hearing well within the allowed 90 calendar days so there is jurisdiction to hear the request.

MEDICAL BILLS SUBMITTED

The next issue to be resolved is whether the medical bills Claimant submitted on February 29, 2012 were properly processed. There is no dispute that the February 2012

bills were entered in the BRIDGES program or that the February 2012 bills should have been applied to February 2012. Due to a BRIDGES programming error the bills were incorrectly applied as old bills and resulted in an incorrect determined that Claimant was not eligible for Medical Assistance (MA) during February 2012 but instead was eligible for March 2012.

The Department did attempt to correct the error. The February 2012 medical bills submitted in February 2012 exceeded Claimant's deductible amount that was in effect at the end of February 2012 when she submitted the bills. Before the Department was able to correct the error, they recalculated Claimant's February deductible amount using income information submitted in March and April 2012. The recalculation increased Claimant's February 2012 deductible amount and the higher amount was applied retroactively. The higher recalculated amount exceeded the total of the February 2012 medical bills Claimant had submitted in February 2012. The result is that Claimant is not considered eligible for Medical Assistance (MA) during February 2012. Department policy provides the following guidance for case workers. The Department's policies are available on the internet through the Department's website.

BEM 545 MA GROUP 2 INCOME ELIGIBILITY
DEPARTMENT POLICY
MA Only

This item completes the Group 2 MA income eligibility process. Income eligibility exists for the calendar month tested when:

- There is no excess income.
- Allowable medical expenses (defined in **EXHIBIT I**) equal or exceed the excess income.

When **one** of the following equals or exceeds the group's excess income for the month tested, income eligibility exists **for the entire month**:

- Old bills (defined in EXHIBIT IB).
- Personal care services in clients home, (defined in Exhibit II), Adult Foster Care (AFC), or Home for the Aged (HA) (defined in EXHIBIT ID).
- Hospitalization (defined in EXHIBIT IC).
- Long-term care (defined in EXHIBIT IC).

When **one** of the above does **not** equal or exceed the group's excess income for the month tested, income eligibility begins either:

- **The exact day of the month** the allowable expenses **exceed** the excess income.
- **The day after the day of the month** the allowable expenses **equal** the excess income.

DEDUCTIBLE

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred.

Active Deductible

Open an MA case **without ongoing Group 2 MA coverage** on Bridges as long as:

- The fiscal group has excess income, **and**
- At least one fiscal group member meets all other Group 2 MA eligibility factors.

Such cases are called active deductible cases. Periods of MA coverage are added each time the group meets its deductible.

Deductible Period

Each calendar month is a separate deductible period.

Starting the First Deductible Period

The first deductible period:

- Cannot be earlier than the processing month for applicants.
- Is the month following the month for which MA coverage is authorized for recipients.

Deductible Amount

The fiscal group's monthly excess income is called a deductible amount.

Meeting a Deductible

Meeting a deductible means reporting and verifying allowable medical expenses (defined in “XHIBIT I) that equal or exceed the deductible amount for the calendar month tested.

The group must report expenses by the last day of the third month following the month in which the group wants MA coverage. BAM 130 explains verification and timeliness standards.

Use the NON-L/H PAST AND PROCESSING MONTHS section for non-L/H months and the “L/H PAST AND PROCESSING MONTHS” section for L/H months to determine both:

- The order in which to deduct expenses.
- When to identify a group's liability.

"IDENTIFYING A GROUP'S LIABILITY explains how to determine the group's share of its expense(s) on the first day of MA coverage.

Adding MA Coverage

Add periods of MA coverage each time the group meets its deductible; see INSTRUCTIONS for details.

Redetermination

Re-determine eligibility for active deductible cases at least every 12 months unless the group has not met its deductible within the past three months.

If a group has not met its deductible in at least one of the three calendar months before that month **and** none of the members are QMB, SLM or ALM eligible, Bridges will automatically notify the group of closure.

Processing Changes

The group must report changes in circumstances within 10 days. Review the group's eligibility when a change that may affect eligibility is reported.

Apply changes for the corresponding period as follows if MA coverage has been authorized:

Reductions in MA Coverage

A **reduction** in MA coverage means:

- Higher hospital or LTC patient-pay amount.
- Transfer from MA coverage to active deductible.
- Later MA eligibility begin date.

NEVER reduce MA coverage already authorized on Bridges for the processing month or any past month.

In this case the BRIDGES programming error occurred on February 29, 2012. The programming error prevented BRIDGES from correctly determining that Claimant was eligible for Medical Assistance (MA) during February 2012. That same programming error delayed a determination by BRIDGES of Claimant's eligibility for Medical Assistance (MA) during February 2012. The programming error did not prevent the Department case worker from determining that Claimant was eligible for Medical Assistance (MA) during February 2012. The [redacted] was submitted to correct BRIDGES in compliance with the case worker's determination of eligibility.

The policy cited immediately above directs that already authorized MA coverage is never reduced. The policy specifies that the authorization be on BRIDGES. The policy assumes that BRIDGES contains a correct authorization. In this case there was no authorization on BRIDGES for Claimant's Medical Assistance (MA) eligibility for February 2012. There was no authorization because the programming error had prevented BRIDGES from correctly determining and authorizing Medical Assistance (MA) for Claimant during February 2012. But for the programming error, there would have been authorized coverage for February 2012.

If there had not been already authorized MA because Claimant had not turned in the February 2012 medical bills until May 2012, then it would be correct to apply the higher, retroactively applied deductible amount. That is not the case here.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides the Department of Human Services DID NOT properly process the medical bills Claimant submitted on February 29, 2012.

It is ORDERED that the actions of the Department of Human Services, in this matter, are REVERSED.

It is further ORDERED that Claimant's February 2012 medical bills, turned in on February 29, 2012, be processed using the deductible amount in effect on February 29, 2012.

/s/

Gary F. Heisler
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: September 4, 2012

Date Mailed: September 5, 2012

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.

GFH/tb

cc: [redacted]