

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

IN THE MATTER OF:



Reg. No.: 201234229
Issue No.: 2026
Case No.:
Hearing Date: June 13, 2012
County: Wayne DHS (31)

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 following Claimant's request for a hearing. After due notice, a telephone hearing was held on June 13, 2012 from Detroit, Michigan. Participants included the above named claimant. Participants on behalf of Department of Human Services (DHS) included , Specialist.

ISSUE

The issue is whether DHS properly determined Claimant's eligibility for Medical Assistance (MA) effective 1/2012 as Medicaid subject to a \$956/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 Retirement, Survivors, Disability Insurance (RSDI) of \$573.90/month.
3. Claimant's spouse received \$1222.90/month in RSDI.
4. On 1/4/12, DHS determined that Claimant was eligible for Medicaid subject to a \$956/month deductible.
5. On 1/13/12, Claimant requested a hearing to dispute the MA benefit determination.

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).

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.

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. It was not disputed that Claimant and her spouse were over the age of 65 years (see Exhibits 2 and 3). As aged persons, Claimant and her spouse may qualify for MA benefits through Aged-Disabled Care (AD-Care) or Group 2 Spend-Down (G2S). AD-Care and G2S are both SSI-related categories. BEM 163 outlines the proper procedures for determining AD-Care eligibility. BEM 166 outlines the proper procedures for determining G2S eligibility.

For both types of MA coverage, DHS is to count the gross RSDI benefit amount as unearned income. BEM 503 at 20. Claimant testified that she and her spouse received approximately \$1500/month in RSDI income. Claimant was not sure of her or her spouse's gross RSDI benefit. DHS verified Claimant's and her spouse's RSDI gross benefits with reports from the Social Security Administration (see Exhibits 2 and 3). It was verified that Claimant received \$573.90/month in gross RSDI benefits and that her spouse received \$1222.90 in gross RSDI benefits. The total gross income is \$1797 (rounding to nearest dollar).

For purposes of AD-Care eligibility, DHS allows a \$20 income disregard. It is found that Claimant's and her spouse's net income for purposes of MA benefit eligibility is \$1777.

For purposes of AD-Care eligibility, DHS gives budget credits for employment income, guardianship/conservator expenses and cost of living adjustments (for January through March only). As the present case involves a 1/2012 MA benefit budget, the 2011 RSDI benefit amounts must be considered. The presented documents verify a combined income of \$1735 (rounding to nearest dollar).

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 two person MA group (as of 1/2012) was \$1226/month. RFT 242. It is found that DHS properly determined Claimant and her spouse to be ineligible for AD-Care based on excess income.

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.*

Claimant and her spouse 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. The PIL for Claimant's shelter area is \$500. RFT 240 at 1.

The G2S budget also factors insurance premiums, remedial services and ongoing medical expenses. It was not disputed that Claimant paid \$256.17/month in insurance premiums. Subtracting the PIL (\$500) and insurance premiums (\$256- rounding to nearest dollar) from the MA group's net income (\$1777) results in a monthly deductible of \$1021 (rounding to nearest dollar).

DHS inexplicably calculated a Medicaid deductible of \$956 (see Exhibit 1). The DHS budget included an apparently incorrect calculation:

Net income (\$1777) – Insurance premiums (\$256.17) = Countable income (\$1456.83).

Despite the apparent incorrectness of the presented budget, DHS gave Claimant a more favorable MA benefit determination than what was calculated in this decision. Accepting the more favorable DHS decision as correct results in an affirmation of the DHS decision.

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 a \$956/month deductible. The actions taken by DHS are AFFIRMED.



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

Date Signed: June 21, 2012

Date Mailed: June 21, 2012

NOTICE: Michigan Administrative Hearing System (MAHS) 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. MAHS 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. (60 days for FAP cases).

The Claimant may appeal the Decision and Order to Circuit Court within 30 days of the receipt 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.

Claimant may request a rehearing or reconsideration for the following reasons:

- A rehearing **MAY** be granted if there is newly discovered evidence that could affect the outcome of the original hearing decision.
- A reconsideration **MAY** be granted for any of the following reasons:
 - misapplication of manual policy or law in the hearing decision,
 - typographical errors, mathematical error, or other obvious errors in the hearing decision that effect the substantial rights of the claimant:
 - the failure of the ALJ to address other relevant issues in the hearing decision.

Request must be submitted through the local DHS office or directly to MAHS by mail at
Michigan Administrative Hearings
Reconsideration/Rehearing Request
P. O. Box 30639
Lansing, Michigan 48909-07322

CG/hw

cc:



