

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 201247695  
Issue No.: 2026  
Case No.: [REDACTED]  
Hearing Date: June 7, 2012  
County: Wayne DHS (18)

**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, an in-person hearing was held on June 7, 2012 from Taylor, Michigan. Participants included the above named Claimant and [REDACTED]. Participants on behalf of Department of Human Services (DHS) included [REDACTED], Manager, and [REDACTED], Specialist.

**ISSUES**

The issue is whether DHS properly determined Claimant's eligibility for Medical Assistance (MA) effective 5/2012 as Medicaid subject to a \$733/month deductible.

The second issue is whether DHS properly did not apply medical expenses that are covered by Medicaid toward Claimant's monthly Medicaid 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 Medicaid recipient.
2. Claimant received Retirement, Survivors, Disability Insurance (RSDI) of \$1128/month.
3. On 2/23/12, DHS mailed Claimant a Notice of Case Action informing Claimant of a reduction of Claimant's MA benefit eligibility from ongoing Medicaid to Medicaid subject to a \$733/month deductible effective 4/2012.

4. On 4/17/12, Claimant requested a hearing to dispute the MA benefit reduction.

### **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 for MA benefits 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). 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. It was not disputed that Claimant's gross monthly income was \$1128. DHS allows a \$20 income disregard. Claimant's net income for purposes of MA benefit eligibility is \$1108.

For purposes of AD-care, DHS gives budget credits for employment income, guardianship/conservator expenses and cost of living adjustments (for January through March only). It was established that Claimant did not have any such expenses.

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 \$931/month. RFT 242. It is found that DHS properly determined Claimant 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 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 \$375. RFT 240 at 1.

The G2S budget also factors insurance premiums, remedial services and ongoing medical expenses. Claimant did not claim to pay insurance premiums or remedial services. Claimant's AHR testified that Claimant had ongoing medical expenses but they were not yet presented to DHS; thus, DHS properly did not factor ongoing medical expenses into the MA benefit decision.

Subtracting the PIL (\$375) from the MA group's net income results in a monthly deductible of \$733, the same amount calculated by DHS. It is found that DHS properly calculated Claimant's MA benefit eligibility as Medicaid subject to a \$733/month deductible.

Though the budget was verified as correct, Claimant raised an unusual issue about using medical expenses to meet a deductible. Claimant testified that he submitted several medical bills to DHS. Claimant contended that he should have the right to use some of the medical bills toward his deductible in future months even though the bills would be covered by Medicaid coverage.

DHS policy (BEM 545 at 15) states that old bills qualify as medical expenses (and therefore, can be applied toward a deductible) if they meet all of the following criteria:

- The expense was incurred in a month prior to the month being tested.
- During the month being tested: the expense is/was still unpaid, and liability for the expense still exists (existed).
- A third party resource is not expected to pay the expense.
- The expense was not previously used to establish MA income eligibility.
- The expense was one of the following: incurred on a date the person had no MA coverage, not an MA covered service or provided by a non-MA enrolled provider.
- A member of the medical group incurred the expense.

Though Claimant may wish to meet his deductible using already incurred medical expenses, Claimant may not do so if the expense can be covered by Medicaid. Medicaid is a third party resource, which is expected to pay the bill. Also, Claimant really has no liability as long as Medicaid coverage was or will be active for the month that the bill was incurred. Thus, the medical expenses are not "old bills" and not usable to meet a Medicaid deductible.

### **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 \$537/month deductible. It is also found that DHS properly did not use medical expenses expected to be covered by Medicaid to meet Claimant's deductible in future months. The actions taken by DHS are AFFIRMED.



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

Date Signed: June 18, 2012

Date Mailed: June 18, 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:

