

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2013-11366
Issue No.: 2026
Case No.: [REDACTED]
Hearing Date: April 24, 2013
County: Wayne (82-18)

ADMINISTRATIVE LAW JUDGE: Eric Feldman

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 April 24, 2013, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included [REDACTED]

ISSUES

1. Did the Department properly calculate Claimant's Medical Assistance (MA) deductible effective September 1, 2012, ongoing?
2. Did the Department properly process medical bills towards Claimant's MA deductible?
3. Did the Department properly process Claimant's ongoing medical bills as a deduction?

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 recipient of MA benefits.
2. On October 31, 2012, Claimant filed a request for hearing disputing her MA deductible.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM), Department of Human Services Bridges Eligibility Manual (BEM), and Department of Human Services Reference Tables Manual (RFT).

The Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, 42 USC 601, *et seq.* The Department (formerly known as the Family Independence Agency) administers FIP pursuant to MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3101 through R 400.3131. FIP replaced the Aid to Dependent Children (ADC) program effective October 1, 1996.

The Food Assistance Program (FAP) [formerly known as the Food Stamp (FS) program] is established by the Food Stamp Act of 1977, as amended, and is implemented by the federal regulations contained in Title 7 of the Code of Federal Regulations (CFR). The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3001 through R 400.3015.

The Medical Assistance (MA) program is established by the 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.

The Adult Medical Program (AMP) is established by 42 USC 1315, and is administered by the Department pursuant to MCL 400.10, *et seq.*

The State Disability Assistance (SDA) program, which provides financial assistance for disabled persons, is established by 2004 PA 344. The Department of Human Services (formerly known as the Family Independence Agency) administers the SDA program pursuant to MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3151 through R 400.3180.

The Child Development and Care (CDC) program is established by Titles IVA, IVE and XX of the Social Security Act, the Child Care and Development Block Grant of 1990, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The program is implemented by Title 45 of the Code of Federal Regulations, Parts 98 and 99. The Department provides services to adults and children pursuant to MCL 400.14(1) and Mich Admin Code, R 400.5001 through R 400.5015.

On October 31, 2012, Claimant filed a request for hearing disputing the calculation of her MA benefits. Specifically, Claimant is disputing (i) the calculation of her deductible;

(ii) whether the Department processed her medical bills toward her deductible; and (iii) whether the Department processed her ongoing medical bills as a deduction.

It was not disputed that Claimant was a disabled and/or an aged individual. As a disabled person, Claimant received Group 2 Spend-Down (G2S). G2S is an SSI-related category. BEM 166 outlines the proper procedures for determining G2S eligibility. Individuals are eligible for Group 2 MA coverage when net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (PIL), which is based on shelter area and fiscal group size. BEM 105 (October 2010), p. 1; BEM 166 (October 2010), pp. 1-2; BEM 544 (August 2008), p. 1; RFT 240 (July 2007), p. 1. The monthly PIL for an MA group of one (Claimant) living in Wayne County is \$375 per month. RFT 200 (July 2007), p. 1; RFT 240, p. 1. However, Claimant testified that she has a group size of three. Claimant testified that her two adult children (ages 18 to 22) live with her and they both attend college. Based on this information, Claimant's adult children cannot be part of the group size because they are adults, over the age of 18, and attend college. BEM 211 (January 2012), pp. 1-7; BEM 544, pp. 1-3. Moreover, an individual whose monthly income is in excess of \$375 may become eligible for assistance under the deductible program, with the deductible being equal to the amount that the group's monthly income exceeds the PIL. BEM 545 (July 2011), p. 1.

In this case, it was not disputed that Claimant's gross unearned income was \$1,002 per month. The Department properly subtracted the \$20 disregard to establish Claimant's total net income for MA purposes at \$982. BEM 530 (August 2008), p. 1; BEM 541 (January 2011), p. 1. Claimant's net income of \$982 for MA purposes exceeds the monthly protected income level of \$375 by \$607. Thus, the Department determined that Claimant would receive MA coverage once she incurs medical expenses in excess of \$607 during the month.

Based on the above calculation, the Department properly calculated Claimant's MA deductible. However, Claimant also questioned whether the Department processed her submitted medical bills in September and October of 2012 toward her deductible for one or more future months and whether the submitted medical bills qualified as an ongoing medical expense deduction.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. BEM 545, p. 9. The MA group must report expenses by the last day of the third month following the month it wants medical coverage. BEM 545, p. 9; 42 CFR 435.831. Additionally, a group with excess income can delay deductible for one or more future months based on allowable old bills. BEM 545, p. 7. Moreover, the Department applies deductions to the MA group budget as listed in BEM 541 and/or 545. BEM 541, pp. 1-6; BEM 545.

Claimant testified that she submitted the medical bills in the months of September and October of 2012. The Department testified that it did contain several submitted medical bills and/or ongoing medical bills by Claimant. However, the testimony was unclear

whether the submitted medical bills were applied toward her deductible for one or more future months. Also, it was unclear if the submitted medical bills were reviewed to see if they qualified as an ongoing medical expenses deduction.

Based on the foregoing information and evidence, the Department failed to establish it acted in accordance with Department policy when it processed Claimant's submitted medical bills and/or expenses.

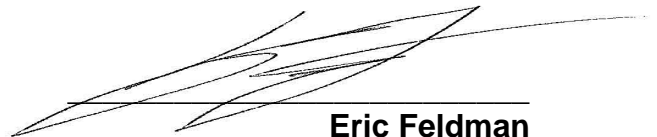
DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated above and on the record, finds that the Department failed to establish it acted in accordance with Department policy when it processed Claimant's submitted medical bills and/or expenses.

Accordingly, the Department's MA decision is REVERSED.

THE DEPARTMENT IS ORDERED TO DO THE FOLLOWING WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Determine Claimant's MA eligibility based on submitted medical bills and/or expenses effective September 2012, ongoing, in accordance with Department policy; and
2. Notify Claimant in writing of its decision in accordance with Department policy.



Eric Feldman
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: April 30, 2013

Date Mailed: April 30, 2013

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

EJF/pf

cc:

