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

IN THE MATTER OF:

Reg. No: 201344521
Issue No: 2026
Case No:
Hearing Date: June 27, 2013
County: Muskegon

ADMINISTRATIVE LAW JUDGE: C. Adam Purnell

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 received on April 25, 2013. After due notice, a telephone hearing was held on June 27, 2013. Claimant personally appeared and provided testimony. Participants on behalf of the Department included (Eligibility Specialist) and (Assistance Payments Supervisor).

ISSUE

Whether the Department properly processed Claimant's Medical Assistance (MA) bills to meet her deductible amount?

FINDINGS OF FACT

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

1. Claimant had an MA deductible (spend down) amount of $261.00 per month.

2. Claimant met her $261.00 deductible using medical bills dated March 6, 2013.

3. On March 25, 2013, the Department mailed Claimant a Notice of Case Action (DHS-1605) which notified her that she had met her deductible effective March 6, 2013.

4. On or about April 12, 2013, Claimant submitted a hospital bill in the amount of $613.75 for medical treatment rendered on March 6, 2013.

5. The Department processed Claimant's $613.75 March 6, 2013 medical bill toward her April and May deductible as she had already met her deductible for March 2013.

6. On April 18, 2013, the Department mailed Claimant a Notice of Case Action (DHS-1605) which indicated that Claimant's deductible had been met for April 2013 and for May 2013.

7. Claimant requested a hearing on April 25, 2013 to challenge the Department's failure to use her hospital bill toward her March 6, 2013 deductible.

CONCLUSIONS OF LAW

The client has the right to request a hearing for any action, failure to act or undue delay by the department. BAM 105. The department provides an administrative hearing to review the decision and determine its appropriateness. BAM 600.

The regulations that govern the hearing and appeal process for applicants and recipients of public assistance in Michigan are contained in the Michigan Administrative Code (Mich Admin Code) Rules 400.901 through 400.951. An opportunity for a hearing shall be granted to a recipient who is aggrieved by an agency action resulting in suspension, reduction, discontinuance, or termination of assistance. Mich Admin Code 400.903(1).

The Medical Assistance (MA) program was established by Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The department administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105. Department policies for the MA programs are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), the Bridges Reference Manual (BRM), and the Reference Tables Manual (RFT).

The MA program is also referred to as "Medicaid." BEM 105. The goal of the Medicaid program is to ensure that essential health care services are made available to those who otherwise could not afford them. BEM 105. The Medicaid program is comprised of several sub-programs or categories. One category is FIP recipients. BEM 105. Another category is SSI recipients. BEM 105. There are several other categories for persons not receiving FIP or SSI. BEM 105. However, the eligibility factors for these categories are based on (related to) the eligibility factors in either the FIP or SSI program. BEM 105. Therefore, these categories are referred to as either FIP-related or SSI-related. BEM 105.

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. BEM 545. Periods of MA coverage are added each time the group meets its deductible. BEM 545. **Each calendar month is a separate deductible period. BEM 545.** The first deductible period cannot be earlier than the processing month for applicants and is the month following the month for which MA coverage is authorized for recipients. BEM 545.

According to policy, the fiscal group's monthly excess income is called a deductible amount. BEM 545. **Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545. The group must report expenses by the last day of the third month following the month in which the group wants MA coverage. BEM**

545. Department policy BAM 130 explains verification and timeliness standards. BEM 545.

The department is authorized to close an active deductible case when any of the following occur: (1) no one in the group meets all nonfinancial eligibility factors; (2) countable assets exceed the asset limit or (3) the group fails to provide needed information or verification. BEM 545.

The department is instructed to add periods of MA coverage each time the group meets its deductible. BEM 545. The department will redetermine MA eligibility for active deductible cases at least every 12 (twelve) months unless the group has not met its deductible within the past three months. BEM 545. 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. BEM 545.

The group must report changes in circumstances within 10 days. BEM 545. The Department is instructed to review the group's eligibility when a change that may affect eligibility is reported. BEM 545. Then, the Department may apply changes for the corresponding period as follows if MA coverage has been authorized. BEM 545. But the **Department may never reduce MA coverage already authorized on Bridges for the processing month or any past month. BEM 545.**

BEM 545 does not permit the Department to alter the MA eligibility begin date if he or she has already authorized coverage on Bridges. BEM 545. However, any expenses the group reports that were incurred from the first of such a month through the day before the MA eligibility begin date might be countable as old bills. BEM 545.

BEM 545 provides several examples to instruct Department workers how to proceed when a client reports medical expenses for purpose of an MA deductible. The instant matter is similar to BEM 545 Example 7 which illustrates when expenses are reported after MA coverage is added, listed on pages 23 and 24. This example provides as follows: “Mr. C. has a $55.00 deductible amount. 10/7/01 - Mr. C. reports the following allowable medical expenses: 10/1/01 Dentist for filling - $37.50; and 10/6/01 Outpatient blood test - $52.00; 10/14/01 - Authorize full MA coverage effective 10/6/01 with Mr. C's liability= $17.50. 10/28/01 - Mr. C. verifies the following additional allowable medical expenses: 10/2/01 Specialist exam - $75.00; 10/2/01 Prescription - $18.75. Determine that the specialist exam is unpaid. However, Mr. C. paid for the prescription. Coverage cannot be backdated to an earlier date in 10/01. Therefore, you complete a budget on Bridges for 11/01, counting the $75.00 expense as an old bill. The paid prescription cost cannot be counted. Mr. C. meets his deductible for 11/01, based on the $75.00 old bill. $20.00 remains as an unused old bill. Authorize MA coverage for 11/1/01 through 11/30/01 and send Mr. C. a DHS-4598, DHS-114 and DHS-114A.”

Testimony and other evidence must be weighed and considered according to its reasonableness. *Gardiner v Courtright*, 165 Mich 54, 62; 130 NW 322 (1911); *Dep't of Community Health v Risch*, 274 Mich App 365, 372; 733 NW2d 403 (2007). The weight and credibility of this evidence is generally for the fact-finder to determine. *Dep't of Community Health*, 274 Mich App at 372; *People v Terry*, 224 Mich App 447, 452; 569

NW2d 641 (1997). Moreover, it is for the fact-finder to gauge the demeanor and veracity of the witnesses who appear before him, as best he is able. See, e.g., *Caldwell v Fox*, 394 Mich 401, 407; 231 NW2d 46 (1975); *Zeeland Farm Services, Inc v JBL Enterprises, Inc*, 219 Mich App 190, 195; 555 NW2d 733 (1996).

Here, Claimant was active in the MA program with a $261.00 monthly deductible amount. On March 11, 2013, Claimant forwarded the Department the following medical bills: March 2, 2013 ($3.00), March 2, 2013 ($13.60), March 6, 2013 ($12.66), March 6, 2013 ($39.91) and March 7, 2013 ($45.00). On March 21, 2013, Claimant submitted the following medical bills: March 6, 2013 ($115.00) and March 6, 2013 ($205.00). On March 25, 2013, the Department processed Claimant's MA deductible amount using the above reported medical expenses. Once Claimant's MA deductible was met, the Department mailed her a notice of case action dated March 25, 2013. The notice of case action indicated that Claimant's deductible had been met using the March 6, 2013 bills that were previously submitted. Later, on April 12, 2013, Claimant received a $613.75 bill for a March 6, 2013 emergency room visit. Claimant forwarded this bill to the Department for processing toward her March 2013 deductible, but the Department refused to process it for March 2013. On April 18, 2013, the Department mailed Claimant a notice of case action notifying her that the $613.75 bill was used to meet her deductible for April and May 2013. Claimant contends, however, that the Department should apply the $613.75 bill toward March 2013.

During the hearing Claimant testified that she provided the Department with additional medical bills but the Department failed to process them. This Administrative Law Judge had reviewed the evidence and does not find that the Department failed to properly process any bills that were timely provided toward her deductible.

This Administrative Law Judge has carefully considered and weighed the testimony and other evidence in the record. The Department and Claimant do not disagree with the underlying facts. The issue in the instant matter, however, concerns the application of BEM 545. Claimant disagrees with the manner in which the Department executed BEM 545 with regard to her medical bills. But, as cited above in BEM 545, "the department may never reduce MA coverage already authorized on Bridges for the processing month or any past month." In addition, BEM 545 does not permit the Department to alter the MA eligibility beginning date if Claimant has previously authorized coverage on Bridges. Here, the Department on March 25, 2013 processed Claimant's March 6, 2013 bills that she provided toward the $261.00 deductible. Although Claimant did not receive the March 6, 2013 $613.75 hospital bill until a month later in April, the Department had already used the bills previously provided to meet her March 2013 deductible. BEM 545 prohibits the Department from going back and altering her MA eligibility beginning date as Claimant has already authorized coverage on Bridges.

Therefore, based on the material, competent and substantial evidence, this Administrative Law Judge finds that the Department properly determined Claimant's MA eligibility because Claimant's MA deductible had been met and certified using March 6, 2012 bills. The Department may not use the March 6, 2013 hospital bill ($613.75) received on April 18, 2013 and go back to alter the previously determined MA eligibility date.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department acted in accordance with policy in determining Claimant's MA eligibility.

The Department's MA eligibility determination is **AFFIRMED**.

IT IS SO ORDERED.

/s/
C. Adam Purnell
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: July 2, 2013

Date Mailed: July 3, 2013

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 60 days of the filing of the original request.

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.

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