

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 2013-36514  
Issue No.: 2026  
Case No.: [REDACTED]  
Hearing Date: August 15, 2013  
County: Macomb 36

**ADMINISTRATIVE LAW JUDGE:** Susanne E. Harris

**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 August 15, 2013, from Lansing, Michigan. Participants on behalf of Claimant included [REDACTED], the Claimant's [REDACTED] and [REDACTED]. Participants on behalf of Department of Human Services (Department) included Eligibility Specialist (ES) [REDACTED].

**ISSUE**

Did the Department properly close the Claimant's full Medical Assistance (MA) case and impose a deductible on his ongoing MA?

**FINDINGS OF FACT**

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

1. On December 22, 2012, the Claimant left a nursing home.
2. The Department computed an MA budget without the ongoing nursing home expense of \$ [REDACTED].
3. On February 15, 2013, the Claimant and his wife were sent a DHS-1605, Notice of Case Action informing them that the Claimant's MA case was subject to a \$ [REDACTED] deductible effective March 1, 2013.
4. On March 11, 2013, the Claimant filed a request for a hearing to protest the amount of his MA deductible.

## CONCLUSIONS OF LAW

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

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).

Once the Claimant left the nursing home, his ongoing expense of \$ [REDACTED] could no longer be counted in his MA budget. Per BEM 105 (2010) p. 1, Michigan provides MA to eligible Claimants under two general classifications: group 1 and group 2 MA. Claimant qualified under the group 2 MA classification which consists of clients whose eligibility results from the state designating certain types of individuals as medically needy. Per BEM 545 (2011), in order to qualify for group 2 MA, a medically needy client must have income as equal to or less than the basic protected monthly income level.

Department policy sets forth a method for determining the basic maintenance level by considering:

1. Protected income level.
2. The amount deferred to dependent.
3. Health insurance premiums
4. Remedial services if determining the eligibility for claimant s in Adult Care Homes.

If the Claimant's income exceeds the protect income level, the excess income must be used to pay medical expenses before group 2 MA coverage can begin. The policy requires the Department to count and budget all income received that is not specifically excluded. There are 3 main types of income: countable earned, countable unearned, and excluded. Earned income means income received from another person or organization or from self-employment for duties that were performed for remuneration or profit. Unearned income is any income that is not earned. The amount of income counted maybe more than the amount a person actually receives, because it is the amount before deductions are taken including the deductions for taxes and garnishments. The amount before any deductions are taken is called a gross amount. BEM 500, p. 1.

In the instant case, the Department calculated the Claimant's unearned income in the amount of \$ [REDACTED] per month. The Claimant's [REDACTED] did not contest this amount of unearned income. After giving the Claimant the appropriate unearned income general exclusion of \$ [REDACTED] the Claimant was left with net earned income of \$ [REDACTED]. The Claimant did provide the department with insurance premium deductions totaling \$ [REDACTED] resulting in countable income of \$ [REDACTED]. This Administrative Law Judge has reviewed the record and the exhibits and finds that the Claimant's fiscal group's net income after being provided the most beneficial unearned income deductions was \$ [REDACTED] in countable unearned net monthly income. Federal regulations at

42 CFR 435.831 provides standards for the determination of the MA monthly protected income level. The Department is in compliance with RFT 240, which indicates that the Claimant's monthly protected income level for the Claimant's fiscal group of two persons is \$ [REDACTED] \$ [REDACTED] per month in net income minus the total needs of \$ [REDACTED] in protected income level equals \$ [REDACTED] in excess income. The Department's determination that the Claimant has excess income/deductible in the amount of \$2210.00, for purposes of MA eligibility is therefore correct and found to be in accordance with departmental policy.

When a Claimant has a deductible, there is a process which allows the Claimant to be eligible for group 2 MA if sufficient allowable medical expenses are incurred. Meeting the deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. The group must report expenses on the last day of the third month following the month it wants MA coverage for. BEM, 545, p. 1, 9.

The Administrative Law Judge finds the Department has established by the necessary competent, material and substantial evidence on the record that it acted in compliance with departmental policy when it determined that the Claimant's MA case was subject to a deductible in the amount of \$2210.00.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law finds that the Department  did act properly when imposing a deductible on the Claimant's MA case.  did not act properly when.

Accordingly, the Department's  AMP  FIP  FAP  MA  SDA  CDC decision is  **AFFIRMED**  REVERSED.

/s/  
Susanne E. Harris  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: 8/20/13

Date Mailed: 8/21/13

**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

SEH/tb

cc:

