

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No: 201330991  
Issue No: 2026  
Case No: [REDACTED]  
Hearing Date: August 22, 2013  
Muskegon County DHS

**ADMINISTRATIVE LAW JUDGE:** Suzanne D. Sonneborn

**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 by the Department of Human Services (department) on February 13, 2013. After due notice, a telephone hearing was held on August 22, 2013, at which Claimant appeared and provided testimony. The department was represented by [REDACTED], a family independence manager, with the department's Muskegon County office.

**ISSUE**

Whether the department properly determined Claimant's Medical Assistance (MA) deductible for the benefit period effective March 1, 2013?

**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 was a recipient of MA benefits at all times pertinent to this hearing.
2. On February 1, 2013, the department mailed Claimant a Notice of Case Action (DHS 1605) advising her in relevant part that, effective March 1, 2013, her MA benefits would be subject to a deductible in the amount of \$ [REDACTED]. Specifically, Claimant was advised that she would become eligible for MA when her allowable expenses exceeded her deductible amount. (Department Exhibits 2-8)
3. On February 7, 2013, Claimant requested a hearing contesting the department's determination of her MA deductible. (Department Exhibit 1)

**CONCLUSIONS OF LAW**

Clients have the right to contest a department decision affecting eligibility or benefit levels whenever it is believed that the decision is incorrect. The department will provide

an administrative hearing to review the decision and determine the appropriateness of that decision. Department of Human Services Bridges Administrative Manual (BAM) 600 (2011), p. 1. The regulations governing the hearing and appeal process for applicants and recipients of public assistance in Michigan are found in sections 400.901 to 400.951 of the Michigan Administrative Code (Mich Admin Code). An opportunity for a hearing shall be granted to an applicant who requests a hearing because his claim for assistance is denied. Mich Admin Code R 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 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 Bridges Reference Manual (BRM).

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. Medicaid is also known as Medical Assistance (MA).

The Medicaid program is comprised of several sub-programs or categories. One category is FIP recipients. Another category is SSI recipients. There are several other categories for persons not receiving FIP or SSI. However, the eligibility factors for these categories are based on (related to) the eligibility factors in either the FIP or SSI program. Therefore, these categories are referred to as either FIP-related or SSI-related.

To receive Medicaid under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant women, receive Medicaid under FIP-related categories.

Clients may qualify under more than one Medicaid 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.

The State of Michigan has set guidelines for income, which determine if a Medicaid group is eligible. Income eligibility exists for the calendar month tested when there is no excess income, or allowable medical expenses equal or exceed the excess income (under the Deductible Guidelines). BEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105. Income eligibility exists when net income does not exceed the Group 2 needs in BEM 544. BEM 166. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 Medicaid protected income levels

based on shelter area and fiscal group size. BEM 544. An eligible Medicaid group (Group 2 MA) has income the same as or less than the "protected income level" as set forth in the policy contained in the Reference Table (RFT). An individual or Medicaid group whose income is in excess of the monthly protected income level is ineligible to receive Medicaid.

However, a Medicaid group may become eligible for assistance under the deductible program. The deductible program is a process which allows a client with excess income to be eligible for 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. The Medicaid group must report expenses by the last day of the third month following the month it wants medical coverage. BEM 545; 42 CFR 435.831.

BEM 536 describes the calculations for determining eligibility for all Group 2 MA categories. The first step is to calculate the group's total monthly income. In this case, Claimant receives weekly gross employment earnings in the amount of \$ [REDACTED] and therefore her total monthly employment income for purposes of Group 2 MA eligibility is \$ [REDACTED] (\$ [REDACTED] x 4). Thereafter, BEM 536 requires that \$ [REDACTED] be deducted from each member with earnings. Thus, the total income for purposes of Group 2 MA eligibility is found to be \$ [REDACTED]

Claimant would be entitled to an additional \$ [REDACTED] + 1/3 deduction if she received LIF or FIP in the prior four months – however, no evidence was presented to indicate that Claimant is entitled to such a deduction.

The prorate divisor is determined by adding 2.9 to the number of dependents. A spouse and minor children are considered dependents for G2C eligibility. Thus, because Claimant has two minor children, Claimant's prorate divisor is 4.9. Claimant's countable income (\$ [REDACTED]) is then divided by the prorate divisor (4.9) to determine Claimant's prorated share of income; that amount is found to be \$ [REDACTED]

Claimant's total net income is then determined by multiplying Claimant's prorated share of income by [REDACTED] (\$ [REDACTED] x [REDACTED] = \$ [REDACTED]). That total amount is found to be \$ [REDACTED]

The income limit for G2C eligibility is \$ [REDACTED] RFT 24.0. As Claimant's net income exceeds the income limit, Claimant is not eligible for Medicaid through G2C.

The amount that Claimant's total net income (\$ [REDACTED]) exceeds the income limit (\$ [REDACTED]) is the amount of Claimant's deductible. Subtracting the protected income level of \$ [REDACTED] from Claimant's countable net income of \$ [REDACTED] results in Claimant's monthly deductible being \$ [REDACTED]

Accordingly, the Administrative Law Judge finds that, based on the competent, material, and substantial evidence presented during the August 22, 2013 hearing, the department properly determined Claimant's Medicaid deductible for the benefit period effective March 1, 2013.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department properly determined Claimant's Medicaid deductible for the benefit period effective March 1, 2013. The department's actions are therefore **UPHELD**.

It is **SO ORDERED**.

/s/ \_\_\_\_\_

\_\_\_\_\_  
Suzanne D. Sonneborn  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: August 26, 2013

Date Mailed: August 26, 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.

The Claimant may appeal this 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 errors, or other obvious errors in the hearing decision that effect the substantial rights of Claimant;
  - The failure of the ALJ to address other relevant issues in the hearing decision.

201330991/SDS

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

SDS/hj

cc:

