

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 2013-6190  
Issue No.: 2017  
Case No.: [REDACTED]  
Hearing Date: October 10, 2012  
County: Wayne (49)

**ADMINISTRATIVE LAW JUDGE:** Colleen M. Mamelka

**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 conducted from Detroit, Michigan on Thursday, January 10, 2013. The Claimant appeared, along with Aurelia Manolescu, and testified. Participating on behalf of the Department of Human Services ("Department") was [REDACTED].

**ISSUE**

Whether the Department properly denied the Claimant's September 21, 2012 application for Medicare Savings Program ("MSP") benefits due to excess income?

**FINDINGS OF FACT**

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

1. The Claimant and his spouse receive Retirement, Survivors, Disability Insurance ("RSDI") income from the Social Security Administration in the gross monthly amount of \$1,210.00.
2. On September 21, 2012, the Department received the Claimant's request for MSP benefits.
3. In October 2012, the Department denied MSP benefits.
4. The Department determined that the Claimant failed the income test for MSP benefits. (Exhibit 1)

5. The Department notified the Claimant of the MSP denial.
6. On October 10, 2012, the Department received the Claimant's timely written request for hearing.

### **CONCLUSIONS OF LAW**

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

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. 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. Medicaid coverage includes Medicare cost-sharing benefits, meaning it will pay for Medicare Part B premiums or Part A and B premiums, coinsurances, and deductibles for certain Medicaid recipients. BEM 810 (2010), p. 1. Medicaid Savings Programs ("MSP") are SSI-related MA categories. BEM 165 (2010), p. 1.

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 (2010), p. 1. Medicaid is also known as Medical Assistance ("MA"). BEM 105, p. 1. The Medicaid program is comprised of several categories; one category is for FIP recipients while another is for SSI recipients. BEM 105, p. 1. The Medicare Savings Programs are SSI-related MA Categories. BEM 165 (2010), p. 1. The three Medicare Savings Programs are Qualified Medicare Beneficiaries (also known as full-coverage QMB); Specified Low-Income Medicare Beneficiaries (also referred to as limited coverage QMB and SLMB); and Additional Low-Income Medicare Beneficiaries (also known as ALMB or Q1). BEM 165, p. 1.

Income is the major determiner of which category an individual falls under. BEM 165, p. 1. Effective April 1, 2012, to be eligible for full coverage AD-Care/QMB, income cannot exceed \$931.00 for a fiscal group of one or \$1,261.00 for a fiscal group of two; for limited coverage QMB/SLMB, \$932.00 to \$1,117.00 (fiscal group of one), and \$1,262.00 to \$1,513.00 (fiscal group of two); and for ALMB \$1,118.00 to \$1,257.00 (fiscal group of one), and \$1,514.00 to \$1,703.00 (fiscal group of 2). RFT 242 (May 2012), p. 1.

Eligibility under the ALMB program exists when the net income is over 120% of poverty but not over 135% of poverty. BEM 165, p. 1. The annual Federal Poverty Guidelines for 2012 for a household of one is \$11,170.00 and \$15,130.00 for a household of two.

A person who is eligible for one of these categories cannot choose to receive a different Medicare Savings Program category. BEM 165, p. 1. All eligibility factors must be met in the calendar month being tested. BEM 165, p. 1. Full coverage QMB pays for Medicare premiums, co-insurances, and deductibles; limited QMB/SLMB pays Medicare

Part B premiums; and ALMB pays Medicare Part B premiums provided funding is available. BEM 165, pp. 2, 3. The Department of Community Health determines whether funding is available. BEM 165, 2.

In general, SSI-related MA group composition consists of an adult and his spouse. BEM 211 (November 2011), pp. 5, 6).

In the present case, the Department found the Claimant ineligible for MSP benefits due to excess income. The Claimant's gross earnings (RSDI) were \$670.00 and his wife's were \$540.00 for a total unearned income figure of \$1,210.00. In reviewing RFT 242, based on the gross earnings with a group size of 2, the Claimant is eligible for MSP benefits. As such, the particular MSP program is considered.

During the hearing, the Department asserted that the Claimant was ineligible for MSP benefits because the net income exceeded 120% of the Federal Poverty Guidelines for 2012. Pursuant to these guidelines, 120% of poverty considered on a monthly basis is \$1,117.00 for a household of one ( $\$11,170.00 \times 120\% / 12$  months). For a household of two, 120% of poverty is \$1,513.00 ( $\$15,130.00 \times 120\% / 12$  months). Based on these figures, the Claimant's net income of \$1,190.00 ( $\$1,210.00$  less the \$20.00 unearned income general exclusion) exceeds 120% for a household of one; however, the Claimant's earnings do not exceed 120% for a household of two. Continuing, to be eligible for ALMB, net income must exceed 120% of poverty **but not exceed 135%** of poverty. Here, 135% of poverty for a household of one is \$1,256.63 ( $\$11,170.00 \times 135\% / 12$ ) and \$1,702.13 ( $\$15,130 \times 135\% / 12$ ). The Claimant's net income is less than 135% for a household of one **and** a household of two.

The Department presented a SSI-related income budget. The Claimant's net income was \$1,190.00. The Income Limit was \$1,703.00 (which is 135% of poverty based on a household of 2); however, the result was that the Claimant failed the income test. This on its face is wrong; the Claimant's income is over \$500.00 less than the applicable limit. Pursuant to BEM 211, the Claimant's group size is two (SSI-related MA). In reviewing the figures, the Claimant's countable income does not exceed the applicable income limit. In fact, as detailed above, the Claimant's income, based on a household of one **or** two, actually fall within the limits of the MSP program to include Ad-Care using a household of 2. In light of the foregoing, the Department's actions are not upheld.

### **DECISION AND ORDER**

The Administrative Law Judge finds the Department failed to establish it acted in accordance with Department policy when it found the Claimant ineligible for MSP benefits.

THE DEPARTMENT IS ORDERED TO DO THE FOLLOWING:

1. Re-register and initiate processing of the Claimant's September 21, 2012 application for MSP benefits.

2. The Department shall notify the Claimant of the determination in accordance with Department policy.
3. The Department shall supplement the Claimant for lost benefits that he was otherwise entitled to receive if otherwise eligible and qualified for.

*Colleen M. Mamelka*

Colleen M. Mamelka  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: January 14, 2013

Date Mailed: January 15, 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.

2012-53513/CMM

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

CMM/tm

cc:

