

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

IN THE MATTER OF:



Reg. No.: 2014-13210  
Issue No.: 2026  
Case No.: [REDACTED]  
Hearing Date: January 30, 2014  
County: Oakland (02)

**ADMINISTRATIVE LAW JUDGE:**

Lynn M. Ferris

**HEARING DECISION**

Following Claimant's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, a telephone hearing was conducted from Detroit, Michigan on January 30, 2014. The Claimant appeared and testified. [REDACTED] Assistance Payments Worker, appeared on behalf of the Department.

**ISSUE**

Whether the Department properly determined the Claimant's Medical Assistance ("MA") deductible amount.

**FINDINGS OF FACT**

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

1. Pursuant to a review in October 2013, the Department determined that the Claimant was no longer eligible for Medicaid and imposed a deductible of \$442. The Claimant and his family had been receiving transitional medical assistance (TMA) which expired in December 2013. The Department issued a Notice of Case Action on November 11, 2013 imposing a deductible effective January 1, 2014. Exhibit 6

2. When calculating the medical deductible the Claimant used income verified by Claimant's employer of \$1116 for the Claimant and \$600 for Claimant's spouse.
3. The Claimant's MA fiscal group consisted of 2 persons, Claimant and his spouse, and Claimant also had 2 children. The Claimant had 3 dependents for purposes of his Group 2 FIP related MA calculation.
4. The Claimant filed a hearing request on November 10, 2013 protesting the imposition of a \$442 deductible.

### **CONCLUSIONS OF LAW**

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, formally known as the Family Independence Agency, 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 Program Reference Manual ("PRM").

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, p. 1. Medicaid is also known as Medical Assistance ("MA"). *Id.* The Medicaid program is comprised of several categories; one category is for FIP recipients while another is for SSI recipients. *Id.* Programs for individuals not receiving FIP or SSI are based on eligibility factors in either the FIP or SSI program thus are categorized as either FIP related or SSI related. *Id.* To receive MA under an SSI related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formally blind or disabled. *Id.*

There are various SSI related categories under which one can qualify for MA benefits. BEM 150-174. The MA regulations also divide MA recipients into Group 1 and Group 2 which relate to financial eligibility factors. For Group 2, eligibility is possible even when net income exceeds the income limit which is the case in the instant matter. This is because incurred medical expenses are used when determining eligibility for FIP-related and SSI-related Group 2 categories. *Id.*

To determine whether an individual is eligible for Group 1 or Group 2 FIP related MA, the individual's protected income level (PPI) must be determined. The PPI is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA protected income levels based on shelter area and fiscal group size. BEM 544. If the fiscal group has net income that is the same or less than the PPI, RFT 240, then it will qualify for

MA. If the net income is over the PPI, then the fiscal group may become eligible for assistance under the deductible program.

A deductible is a process which allows a client with excess income to be eligible for MA if sufficient allowable medical expenses are incurred. In this case the Claimant and his spouse live in Oakland County and thus the protected income level for a group of 2 is \$541, not \$547 as determined by the Department's budget. Exhibit 6. For some reason not clarified by the record, the fiscal group was counted as 3 not 2 persons. Thus based upon the budget presented, the Department used the incorrect protected income level. RFT 240 and RFT 295. BEM 211 defines the fiscal group as the claimant adult and his spouse. BEM 211, pp. 6 (1/1/14). The budget must be recalculated with regards to using the correct income level.

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 MA group must report expenses by the last day of the third month following the month it wants medical coverage to continue. BEM 545.

The November 1, 2013 Notice of Case Action informed Claimant that he was entitled to MA coverage with a deductible of \$442. Exhibit 1. To receive MA under a Group 2 Fip related MA category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. BEM 105 or be eligible as a Group 2 caretaker relative under BEM 135. 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 (based on shelter area and fiscal group size). BEM 105; BEM 166; BEM 544; RFT 240. While individuals eligible for Group 2 MA have income equal to, or less than, the protected income level, an individual whose income is in excess of the monthly protected income level 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 protected income levels. BEM 545.

Even though it is determined that the Department used the incorrect protected income level as it used the income level for a group of 3 rather than 2 persons, the rest of the budget will be reviewed to determine if the remainder of the budget is correct.

At the hearing, the Department provided the MA group 2 budget. During the hearing the budget was not explained as the actual calculations were done by the Bridges system. The formula for calculating the deductible is a multi-step formula and was not reviewed.

The countable income for Medical Assistance used by the Department was provided and was determined to be \$1716 based upon employer's verification and confirmed by the employment budget summary. The Claimant's income used for determining the deductible was \$1116 and his spouse's income was \$600. Exhibits, 4,5, and 6. It is noted that the income used by the Department was \$1116 for the Claimant. Using the income of \$1116 and following the formula provided in BEM 536, \$90 is deducted from the income and then it is divided by the sum of 2.9 plus the number of dependents which in this case are 3.  $\$1116 - \$90 = \$1026$  divided by the number of dependents plus 2.9 or by 5.9) = \$173.) The \$173 is the Adult's pro rated income and is correct as calculated by the Department. Exhibit 6 (MA Gp 2 FIP related MA Adult).

The same step is also applied for the Claimant's wife's income of \$600 monthly.  $(\$600 - \$90 = \$510 \div 5.9 = \$86$ . This is the spouse's share of her income.

The next step requires the net income be determined as follows  
The adult's pro rated share of \$173 plus  $2.9 \times \$173 = \$501$   
The spouse share is determined by taking the spouse share of her income  $\$86 \times 3.9 = \$335$ .  
The Total of these two shares is \$864.  
The formula also requires a final addition of one share of the adult's pro rated share be added to this amount for a total net income of \$1009.

The protected income level which is \$541 (Oakland County) is then deducted from the \$1009 to get the deductible amount of \$468.

Based upon the budget presented at the hearing it is determined that the deductible of \$442 as calculated by the Department is incorrect only as to the wrong protected income level was applied.

The purpose of the hearing is to determine whether based upon the evidence presented the Department correctly calculated the deductible.

The entire formula as set forth in BEM 536 was followed.


### **DECISION AND ORDER**

The Administrative Law Judge based upon the above findings of fact and conclusions of law, finds the Department did not demonstrate that it correctly calculated the medical assistance deductible and therefore its action is REVERSED

THE DEPARTMENT IS ORDERED TO INITIATE THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. The Department shall recalculate the Claimant's deductible in accordance with this decision as regards the protected income level for the fiscal group in Wayne County, and shall provide notice to the Claimant of its determination.

Administrative  
for  
Department

  
Lynn M. Ferris  
Law Judge  
Maura Corrigan, Director  
of Human Services

Date Signed: February 21, 2014

Date Mailed: February 21, 2014

**NOTICE OF APPEAL:** 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 or Reconsideration was made, within 30 days of the receipt date of the Decision and Order of Reconsideration or Rehearing Decision.

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).

A Request for Rehearing or Reconsideration may be granted when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;
- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;
- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

The Department, AHR or the claimant must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date the hearing decision is mailed.

The written request must be faxed to (517) 335-6088 and be labeled as follows:

Attention: MAHS Rehearing/Reconsideration Request

If submitted by mail, the written request must be addressed as follows:

2013-14216/LMF

Michigan Administrative Hearings  
Reconsideration/Rehearing Request  
P.O. Box 30639  
Lansing, Michigan 48909-07322

LMF/cl

cc:

