

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

**IN THE MATTER OF:**

██████████  
██████████  
██████████

Reg. No.: 2014 25315  
Issue No.: 2001  
Case No.: ██████████  
Hearing Date: April 2, 2014  
County: Wayne County DHS (19)

**ADMINISTRATIVE LAW JUDGE:** Lynn M. Ferris

**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 April 2, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included ██████████, Assistance Payment Supervisor.

**ISSUE**

Did the Department properly close Claimant's Medical Assistance (MA) coverage under the Ad-Care program and the Medicare Savings Plan (MSP)

Did the Department properly provide Claimant with MA coverage subject to a monthly \$██████ deductible?

**FINDINGS OF FACT**

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

1. In a November 19, 2013, Notice of Case Action, the Department notified Claimant that, effective January 1, 2014 (i) her MA coverage under the Ad-Care program would close and she would receive MA coverage subject to a ████████ monthly deductible.
2. The Department conceded that the correct deductible amount should have been ████████ but could not explain why the notice of case action was for ████████. The Department did not produce a budget for ████████.

3. At the hearing, the claimant withdrew her request for hearing regarding the closure of her SDA (cash assistance) case.
4. On January 30, 2014, Claimant filed a hearing request, disputing the Department's actions.

### **CONCLUSIONS OF LAW**

Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM), Department of Human Services Bridges Eligibility Manual (BEM), and Department of Human Services Reference Tables Manual (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 (CFR). 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.

In a May 16, 2013, Notice of Case Action, the Department notified Claimant that effective June 1, 2013, her MSP case and her Ad-Care cases would close and she would be eligible for MA coverage subject to a █████ monthly deductible. Claimant requested a hearing disputing the Department's action.

#### **Closure of Ad-Care**

The Ad-Care program provides full MA coverage to disabled clients who meet the net income limit. BEM 163 (October 1, 2010), p 1. At the hearing, the Department explained that Claimant was no longer eligible for full-coverage MA under the Ad-Care program because her income exceeded the income limit applicable under those programs.

The Department provided a SSI-related MA budget showing the calculation of Claimant's net income for MA purposes. The budget shows Claimant had unearned income of █████. Claimant confirmed that she received gross monthly Retirement, Survivors and Disability Insurance (RSDI) benefits of █████. The Department properly applied a █████ unearned income disregard, resulting in Claimant's net unearned income of \$████. See BEM 541 (January 2011), p 3.

Claimant's net unearned income of █████ results in total net income of █████. The Department also deducted a COLA exclusion amount of █████ which further reduced the countable income to \$████. The income limit under the Ad-Care program where there is one member in the MA fiscal group is █████. BEM 163, p 2; BEM 211 (November 2012), pp 6-7; RFT 242 (April 2013), p 1. Because Claimant's net countable income of █████0 exceeded the income limit under both the Ad-Care program, the Department acted in accordance with Department policy when it closed Claimant's MA coverage under Ad-Care. Exhibit 3, RFT 242 (4/1/14)

MA Deductible

The Department testified that, although Claimant was not eligible for full-coverage MA, she was eligible for MA with a monthly of [REDACTED]. The Department conceded that \$600 was not the correct deductible amount and that [REDACTED] was the correct deductible. Clients are eligible for Group 2 MA coverage when their net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (PIL), which is based on the client's shelter area and fiscal group size. BEM 105 (October 2010), p 1; BEM 166 (October 2010), pp 1-2; BEM 544, p 1; RFT 240 (July 2007), p 1. The monthly PIL for an MA fiscal group size of one living in Wayne County is [REDACTED] month. RFT 200 (July 2007), p 1; RFT 240, p 1. Thus, if Claimant's net income is in excess of [REDACTED], she may become eligible for MA assistance under the deductible program, with the deductible equal to the amount that her monthly income exceeds [REDACTED]. BEM 545 (July 2011), p 2.

In this case, the Department produced a SSI-Related MA budget showing how the deductible in Claimant's case was calculated. As discussed above, Claimant's net income totaled [REDACTED] with countable income of [REDACTED]. BEM 530 (October 1, 2012), p 1; BEM 541 (January 2011), p 3. The difference between the countable income and the protected income limit of [REDACTED] is [REDACTED] which is the correct deductible amount for January 1, 2014. The Department's Notice of Case Action was issued in error. Exhibit 4.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, finds that the Department acted in accordance with Department policy when it closed Claimant's Ad-Care case and MSP cases but did not act in accordance with Department policy when it calculated her MA deductible.

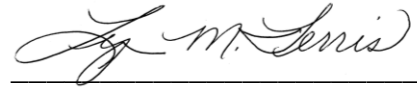
Accordingly, the Department's decision is with respect to the closure of Claimant's Ad-Care case and with respect to the Department's calculation of Claimant's MA deductible are Affirmed, however a new notice of case action correcting the previous notice dated November 19, 2013 must be corrected.

The Claimant withdrew her hearing request regarding the Closure of her State Disability Assistance due to excess income.

THE DEPARTMENT IS ORDERED TO DO THE FOLLOWING WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. The Department shall issue a Notice of Case Action correcting the amount of the MA deductible for January 1, 2014 in the amount of [REDACTED]

2. Notify Claimant in writing of its decision in accordance with Department policy.



**Lynn M. Ferris**  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: April 22, 2014

Date Mailed: April 22, 2014

**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

LMF/tm

cc:

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]