

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

**IN THE MATTER OF:**



Reg. No.: 14-002135  
Issue No.: 2001  
Case No.: [REDACTED]  
Hearing Date: August 4, 2014  
County: Macomb-District 36

**ADMINISTRATIVE LAW JUDGE: Alice C. Elkin**

**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 held on August 4, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included [REDACTED], Hearing Facilitator, and [REDACTED], Eligibility Specialist.

**ISSUE**

Did the Department properly calculate Claimant's deductible for her Medical Assistance (MA) case?

**FINDINGS OF FACT**

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

1. Claimant applied for MA on March 18, 2014.
2. In an April 1, 2014 Health Care Coverage Determination Notice (HCC Notice), the Department notified Claimant that she was approved for MA for March 1, 2014 ongoing.
3. On April 4, 2014, Claimant submitted an application for retroactive MA coverage for January 2014 and February 2014.
4. In an April 25, 2014 HCC Notice, the Department notified Claimant that she was approved for MA coverage for January 2014 subject to a \$4347 deductible and for February 2014 subject to a \$2342 deductible.

5. On an unknown date, the Department notified Claimant that her MA coverage for June 2014 ongoing was subject to a monthly \$2677 deductible.
6. On May 5, 2014, Claimant filed a request for hearing 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), Department of Human Services Reference Tables Manual (RFT), and Department of Human Services Emergency Relief Manual (ERM).

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

Additionally, Claimant requested a hearing disputing the Department's calculation of her monthly deductible. The evidence at the hearing established that Claimant was approved for MA coverage under the Group 2 Pregnant Women (G2P) program. The Department testified that, because the federal government certified her March 18, 2014 application and did not seek verification of income, she was found eligible for full-coverage MA for March 2014 through May 2014. The Department processed Claimant's April 4, 2014 application for retroactive MA coverage for January 2014 and February 2014 and her ongoing eligibility and, based on the household's earned and unearned income, concluded that Claimant's remaining MA coverage under the G2P program was subject to the following deductibles: \$4347 for January 2014, \$2342 for February 2014, and \$2677 for June 2014 ongoing.

Clients are eligible for Group 2 MA coverage with a deductible when their net income (countable income minus allowable income deductions) exceeds the applicable Group 2 MA protected income level (PIL). The PIL is based on the client's shelter area (county in which the client resides) and fiscal group size. BEM 126 (July 2013), p. 2; BEM 544 (July 2013), p. 1; RFT 240 (December 2013), p. 1. The monthly PIL for an MA fiscal group size of three (Claimant, her husband and their unborn child) living in Macomb County is \$567. BEM 211 (January 2014), p. 1; RFT 200 (December 2013), p. 1; RFT 240, p. 1. Thus, if Claimant's net income is in excess of \$567, she is eligible for MA assistance under the deductible program, with the deductible equal to the amount that her monthly income exceeds \$567.

In determining the deductible, the Department was required to consider actual income received by Claimant's household in January 2014 and February 2014, which were past months, and to prospect her income for June 2014 ongoing based on past income. BEM 530 (January 2014), p. 2-3. Based on Claimant's January 2014 paystubs, the Department properly concluded that Claimant had gross monthly income of \$3336.33 that month. The evidence also showed that Respondent's husband received unemployment compensation benefits totaling \$940.92, resulting in total income to Claimant's household of \$4277.25 for January 2014. Based on Claimant's February 2014 paystubs, the Department properly concluded that Claimant had gross monthly income of \$3002 that month. Using March 2014 and April 2014 paystubs that Claimant provided to the Department, the Department properly concluded that Claimant's gross earned income for June 2014 ongoing was \$3336.

The Department presented a G2 FIP-related MA budget for January 2014, February 2014 and June 2014 ongoing showing the calculation of Claimant's net income and deductible. Net income must be calculated in accordance with BEM 536 (January 2014), pp. 1-7. See BEM 126, p. 2. For purposes of determining the parties' pro-rated income, the Department properly considered that Claimant had one dependent: her spouse. See BEM 536, p. 4. Based on one dependent in the home and Claimant's gross monthly earned income of \$3336 and her husband's gross monthly unearned income of \$940 for January 2014, a review of the G2-GIP related budget for January 2014 does not support the Department's calculation of Claimant's total net income of \$4914 for that month. Therefore, the Department did not calculate the deductible of \$4347 for that month in accordance with Department policy.

Based on one dependent in the home and Claimant's gross monthly earned income of \$3002 for February 2014, a review of the G2-GIP related budget for February 2014 does support the Department's calculation of Claimant's net income of \$2909. Claimant is eligible for a deduction to the calculation of net income only for need items listed in BEM 544 (July 2013), p. 1. The only need items provided under policy are the cost of any health insurance premiums and the cost of remedial services for individuals in adult foster care homes or home for the aged. BEM 544, pp. 1-2. For January 2014 and February 2014, Claimant was not eligible for a need deduction in calculating her net income. Because Claimant's net income of \$2909 for February 2014 exceeds the \$567 PIL by \$2342, the Department acted in accordance with Department policy when it concluded that Claimant was eligible for MA coverage subject to a \$2342 monthly deductible for February 2014.

However, beginning with the March 2014 paycheck, Claimant began paying for a premium for employer-sponsored medical insurance. The Department did not subtract the cost for this health insurance premium from her net income as a need deduction in calculating the June 2014 ongoing MA deductible. BEM 544, p. 1. Therefore, the Department did not act in accordance with Department policy in calculating Claimant's MA deductible for June 2014 ongoing.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it calculated Claimant's MA deductible for February 2014 but did not act in accordance with Department policy when it calculated her MA deductible for January 2014 and June 2014 ongoing.

**DECISION AND ORDER**

Accordingly, the Department's decision is AFFIRMED IN PART with respect to the calculation of Claimant's February 2014 MA deductible and REVERSED IN PART with respect to calculation of her January 2014 and June 2014 ongoing MA deductibles.

THE DEPARTMENT IS ORDERED TO BEGIN DOING 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. Recalculate Claimant's MA deductible for January 2014 and June 2014 ongoing;
2. Provide Claimant with MA coverage she is eligible to receive for January 2014 and June 2014 ongoing; and
3. Notify Claimant in writing of its decision.



**Alice C. Elkin**

Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: **8/13/2014**

Date Mailed: **8/18/2014**

ACE / tlf

**NOTICE OF APPEAL:** A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, or the circuit court in Ingham County, within 30 days of the receipt date.

A party may request a rehearing or reconsideration of this Hearing Decision from the Michigan Administrative Hearing System (MAHS) within 30 days of the mailing date of

this Hearing Decision, or MAHS may order a rehearing or reconsideration on its own motion.

MAHS may grant a party's Request for Rehearing or Reconsideration 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 party requesting a rehearing or reconsideration 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 this Hearing Decision is mailed.

A written request may be faxed or mailed to MAHS. If submitted by fax, 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:

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

cc:

