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

IN THE MATTER OF:

[redacted]

Reg. No.: 14-006327
Issue No.: 2001
Case No.: [redacted]
Hearing Date: August 21, 2014
County: Wayne (15)

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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, an in-person hearing was held on August 21, 2014, from Detroit, Michigan. Participants included the above-named Claimant. Participants on behalf of the Department of Human Services (DHS) included [redacted], Supervisor, and [redacted], Specialist.

ISSUE

The issue is whether DHS properly applied Claimant's medical expenses toward a Medicaid 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. Claimant was an ongoing Medical Assistance (MA) recipient.

2. On an unspecified date, DHS determined that Claimant was eligible for Medicaid subject to a $1,003/month deductible.

3. On an unspecified date, Claimant submitted various medical bills to DHS.

4. On an unspecified date, DHS failed to apply Claimant's submitted medical bills towards his deductible, in part, due to the age of the bills.

5. On [redacted], Claimant requested a hearing to dispute the DHS failure to apply submitted medical bills towards a deductible.

CONCLUSIONS OF LAW

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

Claimant's hearing request specifically complained of an alleged DHS failure to process Medical bills towards a Medicaid deductible. Claimant's testimony implied that DHS also improperly calculated the amount of his Medicaid deductible. Though Claimant's complaint about his deductible amount was not part of his hearing request, some effort was spent to address the complaint.

Prior to a substantive analysis, it should be noted that during the hearing, Claimant cited DHS policy from 2008. The policy in effect at the time of a DHS action is controlling. The policy cited below reflects the policy in effect as of 6/2014, the benefit month in dispute.

As aged individuals, Claimant and his spouse are potentially eligible for Medicaid through AD-Care. Claimant's two-person group (Claimant and his spouse) are not eligible for Medicaid through AD-Care due to income exceeding the monthly limit of $1331 (see RFT 242).

DHS presented Claimant's budget (Exhibit 1) for Group 2 eligibility. DHS presented Claimant's Medicaid budget (Exhibit 1). Claimant did not dispute the total income budgeted ($1561) or monthly insurance premium budgeted ($14.44). After factoring a $20 income disregard, DHS properly calculated Claimant's deductible to be $1,003.

It should be noted that DHS determines deductibles based on a protected income limit which is significantly smaller than AD-Care income limits. Claimant's protected income level is $500 (see RFT 240). This is why Claimant's deductible is substantially larger than the difference between his income and the AD-Care income limit.

Claimant's primary purpose in requesting a hearing was to dispute an alleged DHS failure to process unpaid medical expenses toward a $1,003/month deductible. Claimant believed that his medical expenses exceeded his deductible amount.

A group with excess income can delay deductible for one or more future months based on allowable old bills. BEM 545 (7/2013), p. 9. Under a section "Determining the number of months to delay deductible", DHS provides as follows:

(1) Do the total old bills equal or exceed the group's excess income?
    a. If **yes**, go to 2.
    b. If **no**, go to 5.

(2) Divide the total old bills by the group's excess income. Drop any fractions. The result equals the number of months the group may delay deductible.
    a. If the result is more than one month, go to 3.
    b. If not, authorize MA for the future month. Go to 5.
(3) Authorize MA for the additional months, but not more than a total of six future months. Go to 4.
(4) Set a follow-up for whichever is **earliest**:
    a. The fifth future month, **or**
    b. The month before the last month of MA coverage. Go to 5.
(5) Transfer the case to active deductible effective the month following the last month the group's old bills exceeded its excess income.

Id., pp. 9-10.

DHS contended that deductible eligibility cannot exist unless a client submits an amount of expenses which meet a deductible (on average) for each of the months since a client incurred the bills. DHS contended that Claimant's bills were too old and that the bills may have exceeded Claimant's deductible, but they did not meet the deductible for enough months when factoring the original date of the bills. DHS framed the issue as Claimant delaying too long to meet MA eligibility.

The DHS contentions completely mischaracterize DHS policy. "Delay the deductible" refers to the number of months that Claimant can receive Medicaid based on the amount of his expenses. The DHS argument is completely rejected. Though DHS may have misstated their policy, it is not clear that Claimant met his deductible. Claimant's submitted medical bills are summarized as follows:

Date of service	Amount	Person	Exhibit	Comments
???	$88.19	Eula	Exhibit A4	
???	$98.34	Eula	Exhibit A14	
[redacted]	$14.12	Eula	Exhibit A10	(duplicated by A12)
	$52.69	Eula	Exhibit A10	(duplicated by A12)
	$14.32	Eula	Exhibit A10	(duplicated by A12)
	$10.54	Eula	Exhibit A10	(duplicated by A12)
	$7.43	Eula	Exhibit A3	
	$8.78	Eula	Exhibit A6	
	$10.54	Eula	Exhibit A10	(duplicated by A12)
	$14.12	Eula	Exhibit A10	(duplicated by A12)
	$58.65	Eula	Exhibit A5	(duplicated by A16)
	$84.55	Eula	Exhibit A8	(duplicated by A9)
	$137.49	Eula	Exhibit A7	(duplicated by A18; A19)
	$81.95	Eula	Exhibit A13	
	$155.64	James	Exhibit A11	
	$82.58	James	Exhibit A1	
	$16.39	Eula	Exhibit A13	
TOTAL	$936.32			

Even factoring two bills without a date of service, Claimant's presented medical expenses did not exceed his deductible. DHS policy states that Claimant is to remain in

deductible status until submitted medical expenses meet or exceed the deductible amount.

It should be noted that Claimant submitted a $2437 expense dated [redacted]. Claimant conceded that his obligation will be reduced after Medicare makes a payment. The bill was not factored in the above expenses because Claimant's obligation is unknown.

Claimant testified that he thought his deductible was in the neighborhood of $300; it was not. Claimant also failed to factor that he submitted duplicate expenses and one expense that he did not incur.

Claimant can still use the incurred expenses to meet his deductible. He will need at least $66.68 more in expenses, as well as updated documentation for bills without a date of service to verify that they are not duplicate bills. Based on the presented evidence, it is found that DHS properly did not process Medicaid coverage for Claimant due to Claimant's failure to submit medical expenses which exceed his deductible.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS properly did not activate Medicaid for Claimant for 6/2014 based on Claimant's failure to submit medical expenses which exceed his deductible amount.

The actions taken by DHS are **AFFIRMED**.

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

Date Signed: 9/23/2014

Date Mailed: 9/23/2014

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: