

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

IN THE MATTER OF:



Reg. No.: 2014-19032
2015-5 Recon
Issue No.: 2007
Case No.: [REDACTED]
Hearing Date: October 13, 2014
County: Wayne (82-31)

ADMINISTRATIVE LAW JUDGE: Kevin Scully

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to a timely Request for Rehearing/Reconsideration of the Hearing Decision generated by the assigned Administrative Law Judge (ALJ) at the conclusion of the hearing conducted on March 5, 2013, and mailed to Claimant on March 26, 2014, in the above-captioned matter.

The Rehearing and Reconsideration process is governed by the Michigan Administrative Code, Rule 400.919, and applicable policy provisions articulated in the Bridges Administrative Manual (BAM), specifically BAM 600, which provide that a rehearing or reconsideration must be filed in a timely manner consistent with the statutory requirements of the particular program or programs at issue, and may be granted so long as the reasons for which the request is made comply with the policy and statutory requirements.

This matter having been reviewed, an Order Granting Reconsideration was generated on September 22, 2014.

ISSUE

Did the Administrative Law Judge (ALJ) err when upholding a determination by the Department of Human Services (Department) of the Claimant's eligibility for Medical Assistance (MA) with a deductible?

FINDINGS OF FACT

Upon a review of the entire hearing record, including the recorded testimony and evidence admitted, in addition to a review of the applicable law and policy governing the issues in this matter, this Administrative Law Judge incorporates the findings of fact of the Administrative Law Judge who conducted the hearing on March 5, 2013.

CONCLUSIONS OF LAW

Department policies are found 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.

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. Medicaid is also known as Medical Assistance (MA). BEM 105.

The State of Michigan has set guidelines for income, which determine if an MA group is eligible. Income eligibility exists for the calendar month tested when:

- There is no excess income, or
- Allowable medical expenses equal or exceed the excess income. BEM 545.

Net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105. Income eligibility exists when net income does not exceed the group's needs in BEM 544. BEM 166. The protected income level is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the group protected income levels based on shelter area and fiscal group size. BEM 544. An eligible Medical Assistance group has income the same as or less than the "protected income level" as set forth in the policy contained in the Program Reference Table (RFT). An individual or MA group whose income is in excess of the monthly protected income level is ineligible to receive MA. However, a MA group may become eligible for assistance under the deductible program. The deductible program is a process, which allows a client with excess income to be eligible for MA, if sufficient allowable medical expenses are incurred. 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. BEM 545; 42 CFR 435.831.

After conducting a routine review of the Claimant's eligibility to receive continuing Medical Assistance (MA) benefits, the Department discovered that her income had previously been misapplied towards her Medical Assistance (MA) benefits. The Department referred this error in its hearing summary. The Administrative Law Judge referred to this error in this Decision and Order.

However, the relevant issue to be settled is whether the Department properly applied the Claimant's income towards its determination of Medical Assistance (MA) eligibility on December 3, 2013, and effective January 1, 2014. A thorough review of previous mistakes by the Department is not necessary here.

The Claimant receives total monthly unearned income in the gross monthly amount of \$ [REDACTED] consisting of Retirement, Survivors, and Disability Insurance (RSDI) and pension income. This total monthly gross income was reduced by the standard \$ [REDACTED] unearned income general exclusion to determine a net income of \$ [REDACTED]. Claimant's "protected income level" effective January 1, 2014, was \$ [REDACTED] and this amount cannot be changed either by the Department or by this Administrative Law Judge. The Department's determination that the Claimant has a \$ [REDACTED] deductible, per month, that she must meet in order to qualify for MA, for any medical expenses above, is therefore correct.

The Claimant argued that the Department failed to address ongoing medical expenses and the Administrative Law Judge considered these ongoing expenses during the hearing.

Department policy allows for ongoing medical expenses to be applied towards the determination a patient deductible for Medical Assistance (MA) eligibility. In this case, the evidence supports a finding that ongoing medical expenses were not applied towards the determination of her deductible.

However, the evidence on the record as a whole does not support a finding that the Claimant's verified medical expenses were not applied towards the Claimant's deductible. The evidence does not support a finding that the Department refused to acknowledge the Claimant's expenses. Whether the Claimant's expenses were used to reduce the deductible amount she needed to reach during that month, or applied to her deductible after it has been determined did not alter the burden on the Claimant before she could receive Medical Assistance (MA) benefits.

Whether allowable medical expenses were verified was not an issue raised during the original hearing as an issue. Considering that this was a change from one category of Medical Assistance (MA) to another, and the application of a new deductible towards her benefits, this Administrative Law Judge finds that the Department's failure to apply ongoing medical expenses towards the determination of her deductible to be a harmless error.

Accordingly, this Administrative Law Judge finds that the evidence supports a finding that the Department was acting in accordance with policy when it determined the Claimant's Medical Assistance (MA) eligibility imposing a \$ [REDACTED] deductible effective January 1, 2014, and the Administrative Law Judge correctly upheld the Department's determination.

DECISION AND ORDER

This Administrative Law Judge, based on the above findings of fact and conclusions of law, finds that the Administrative Law Judge correctly upheld the Department's determination of the Claimant's eligibility for Medical Assistance (MA) effective January 1, 2014.

Accordingly, it is ordered that the decision of the Administrative Law Judge generated at the conclusion of the March 6, 2013, hearing that was mailed on March 26, 2014, is **AFFIRMED** and the action taken by the Department is **UPHELD**.



Kevin Scully
Administrative Law Judge
for Maura D. Corrigan, Director
Department of Human Services

Date Signed: October 22, 2014

Date Mailed: October 22, 2014

NOTICE: The law provides that within 30 days of receipt of the above Reconsideration Decision and Order, the claimant may appeal it to the circuit court for the county in which he/she lives.

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