

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

IN THE MATTER OF:

████████████████████
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Reg. No.: 14-000447
Issue No.: 2004
Case No.: ██████████
Hearing Date: May 1, 2014
County: WAYNE-DISTRICT 35

ADMINISTRATIVE LAW JUDGE: Eric Feldman

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 three-way telephone hearing was held on May 1, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant's Authorized Hearing Representative (AHR), ██████████. Participants on behalf of the Department of Human Services (Department or DHS) included ██████████ Hearings Facilitator.

ISSUE

Did the Department properly process Claimant's submitted medical expenses towards his October 2013 Medical Assistance (MA) 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. On August 20, 2013, the Department sent Claimant and/or the authorized representative (AR) (who is also the AHR) a Notice of Case Action, which notified him that his MA – Group 2 under 21 (G2U) coverage was approved effective August 1, 2013, ongoing, with a \$297 monthly deductible. See Exhibit 1.
2. For October 2013, Claimant's MA – G2U monthly deductible was also \$297.
3. On October 7, 2013, the AR sent the Department copies of medical bills to show that the Claimant had incurred sufficient expenses to meet the deductible for the month of August 2013. See Exhibit 1.

4. On December 19, 2013, the AR also sent the Department copies of medical bills to show that the Claimant had incurred sufficient expenses to meet the deductible for the month of October 2013. See Exhibit 1.
5. The Department failed to process Claimant's submitted medical expenses for October 2013 towards his October 2013 MA deductible.
6. On March 31, 2014, Claimant's AHR submitted an amended hearing request, which protested the Department's failure to process medical expenses incurred in October 2013 towards Claimant's October 2013 MA deductible. See Exhibit 1.

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 the Title XIX of the Social Security Act, 42 USC 1396-1396w-5, and is implemented by 42 CFR 400.200 to 1008.59. The Department of Human Services (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10 and MCL 400.105.

G2U is a FIP-related Group 2 MA category. BEM 132 (July 2013), p. 1. MA is available to a person who is under age 21 and meets the eligibility factors in BEM 132. BEM 132, p. 1. Income eligibility exists when net income does not exceed the Group 2 needs. BEM 132, p. 2. If the net income exceeds Group 2 needs, MA eligibility is still possible. BEM 132, p. 2.

On August 20, 2013, the Department sent Claimant and/or the AR (who is also the AHR) a Notice of Case Action, which notified him that his MA – G2U coverage was approved effective August 1, 2013, ongoing, with a \$297 monthly deductible. See Exhibit 1. It was not disputed that Claimant's MA – G2U deductible for October 2013 was \$297. On October 7, 2013, the AR sent the Department copies of medical bills to show that the Claimant had incurred sufficient expenses to meet the deductible for the month of August 2013. See Exhibit 1. It should be noted that the August 2013 submitted medical bills are not at issue in this case.

Additionally, on December 19, 2013, the AR also sent the Department copies of medical bills to show that the Claimant had incurred sufficient expenses to meet the deductible for the month of October 2013. See Exhibit 1. At the hearing, the Department's hearing summary stated that it is not in receipt of medical expenses for the month of October 2013. As stated, medical expenses for October 2013 were submitted by the AR on December 19, 2013. See Hearing Summary, Exhibit 1. It appears that the Department

received the fax cover page on December 19, 2013, but did not receive verification of the medical expenses incurred in October 2013. The Department testified that the medical expenses have not been processed as of today's hearing. On March 31, 2014, Claimant's AHR submitted an amended hearing request, which protested the Department's failure to process medical expenses incurred in October 2013 towards Claimant's October 2013 MA deductible. See Exhibit 1. Claimant's AHR testified that it properly submitted the medical expenses incurred in October 2013 and that the Department should process it toward Claimant's October 2013 deductible.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545 (July 2013), p. 11. The group must report expenses by the last day of the third month following the month in which the group wants MA coverage. BEM 545, p. 11. BAM 130 explains verification and timeliness standards. BEM 545, p. 11.

For all programs, the Department uses the DHS-3503, Verification Checklist, to request verification. BAM 130 (July 2013), p. 3. The Department must tell the client what verification is required, how to obtain it, and the due date. BAM 130, p. 3. Also, the Department allows the client 10 calendar days (or other time limit specified in policy) to provide the verifications it requests. BAM 130, pp. 6-7.

Based on the foregoing information and evidence, the Department did not act in accordance with Department policy when it failed to process Claimant's reported medical expenses incurred in October 2013 towards the October 2013 MA deductible.

First, Claimant's AHR reported the medical expenses by the last day of the third month following the month in which the group wants MA coverage. BEM 545, p. 11. The evidence presented that the medical expenses were incurred in October 2013 and that Claimant's AHR reported it to the Department on December 19, 2013. See Exhibit 1. Thus, Claimant's AHR properly reported the medical expenses within the timeliness standards. See BEM 545, p. 11.

Second, BAM 130 policy dictates that after Claimant or the AHR reports the medical expenses, the Department has an obligation to verify the expenses. See BAM 130, pp. 3 and 6-7. However, a verification request of the medical expense is not necessary in this case. As part of the hearing packet, Claimant's AHR provided as evidence the submitted medical expenses that were incurred in October 2013. See Exhibit 1. As stated previously, Claimant's AHR properly reported the medical expenses on December 19, 2013, which was within the timeliness standards for the incurred month of October 2013. See BEM 545, p. 11. Accordingly, the AHR timely reported and verified the medical expenses that Claimant incurred for October 2013. See BEM 545, p. 11. The Department will apply Claimant's already submitted medical expenses incurred in October 2013 towards the October 2013 MA deductible, in accordance with Department policy. See BEM 545, p. 11.

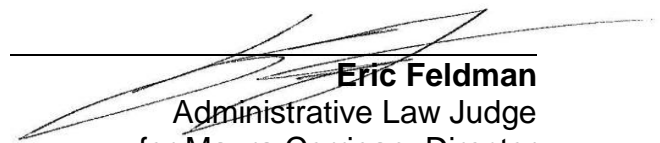
DECISION AND ORDER

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 did not act in accordance with Department policy when it failed to process Claimant's reported medical expenses incurred in October 2013 towards the October 2013 MA deductible.

Accordingly, the Department's MA decision is REVERSED.

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. The Department shall apply Claimant's already submitted medical expenses incurred in October 2013 towards the October 2013 MA deductible, in accordance with Department policy; and
2. Notify Claimant/AHR in writing of its decision in accordance with Department policy.


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

Date Signed: **5/1/2014**

Date Mailed: **5/1/2014**

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