

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

**IN THE MATTER OF:**

██████████  
████████████████████  
██████████  
████████████████████

Reg. No.: 2014-22872  
Issue No.: 2001  
Case No.: ██████████  
Hearing Date: March 26, 2014  
County: Wayne (35)

**ADMINISTRATIVE LAW JUDGE:** Colleen M. Mamelka

**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 conducted from Detroit, Michigan on Wednesday, March 26, 2014. Claimant appeared and testified. Participating on behalf of the Department of Human Services (Department) was ██████████.

**ISSUE**

Whether the Department properly calculated Claimant's 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. The Department received Claimant's application for MA benefits on October 7, 2013.
2. On October 10, 2013, the Department sent a Notice of Case Action (NOCA) to Claimant informing her that MA was approved with a ██████████ monthly deductible.
3. Claimant appealed that determination.
4. On January 16, 2014, a hearing was held resulting in a reversal of the Department's determination requiring the Department to recalculate Claimant's MA deductible.

5. The Department determined Claimant was eligible for MA benefits with a [REDACTED] deductible.
6. The Department notified Claimant of the MA determination which Claimant timely appealed.

### **CONCLUSIONS OF LAW**

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

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.

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. BEM 105 (October 2010), p. 1. The Medicaid program is comprised of several categories; one category is for FIP recipients while another is for SSI recipients. BEM 105, p. 1. To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formally blind or disabled. BEM 105, p. 1. Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant women, receive MA under FIP-related categories. BEM 105, p. 1.

In general, the terms Group 1 and Group 2 relate to financial eligibility factors. BEM 105, p. 1. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105, p. 1. The income limit, which varies by category, is for non-medical needs such as food and shelter. BEM 105. Medical expenses are not used when determining eligibility for FIP-related and SSI-related Group 1 categories. BEM 105, p. 1. Low Income Family ("LIF") and Transitional Medicaid (TMA) are FIP-related Group 1 MA categories. BEM 105, p. 3; BEM 110 (June 2013), p.1; BEM 111 (October 2012), p. 1. TMA eligibility is considered only after LIF coverage ends. BEM 111, p. 1. TMA is available for up to 12 months when ineligibility for LIF relates to income from employment of a caretaker. BEM 111, p. 1.

Countable income from self-employment equals the total proceeds minus allowable expenses. BEM 502 (July 2013), p. 3. Allowable expenses are the higher of 25 percent of the total proceeds, or actual expenses if the client chooses to claim and verify the expense. BEM 502, p. 3. Depreciation is not an allowable expense. BEM 502, p. 4.

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA coverage if sufficient allowable medical expenses are incurred. BEM 545 (July 2013), p. 10. Each calendar month is a separate deductible period. BEM 545, p. 10. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible for the calendar month tested. BEM 545, p. 11. The fiscal group's monthly excess income is called the deductible amount. BEM 545, p. 11. The group must report expenses by the last day of the third calendar month following the month in which the group wants MA coverage. BEM 545, p. 11. If the group has not met its deductible in at least one of the three calendar months, MA coverage will automatically close. BEM 545, p. 11.

In this case, the Department was ordered to recalculate Claimant's MA eligibility. Claimant's spouse is self-employed so the Department used the Schedule C tax return along with verified receipts. Based on the tax return, Claimant's gross income was [REDACTED] (Exhibit 1) Claimant verified expenses totaling [REDACTED] (Exhibit 2) for a net yearly income of [REDACTED]. The Schedule C also shows a \$[REDACTED] expense for depreciation; however, pursuant to BEM 502, depreciation is not an allowable expense for MA purposes. The Department determined Claimant's month gross income was [REDACTED] (\$[REDACTED] months). (Exhibit 3) From this monthly amount, the Department subtracted [REDACTED] for the standard work expense deduction for a total of [REDACTED]. Exhibits 3 and 4. The income limit for MA purposes for a group size of 3 is \$[REDACTED]. See - RFT 240 (July 2007), p. 1. The income limit is subtracted from the [REDACTED] to arrive at the deductible of [REDACTED]. (Exhibit 4)

In light of the foregoing, the Department established it acted in accordance with department policy when it calculated Claimant's MA deductible. Accordingly, the Department's determination is AFFIRMED.

### **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 policy when it found the Claimant eligible for MA benefits under a deductible program.

Accordingly, the Department's determination is AFFIRMED.



**Colleen M. Mamelka**

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

Date Signed: April 3, 2014

Date Mailed: April 4, 2014

**NOTICE OF APPEAL:** 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 or Reconsideration was made, within 30 days of the receipt date of the Decision and Order of Reconsideration or Rehearing Decision.

A Request for Rehearing or Reconsideration may be granted 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 Department, AHR or the claimant 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 the hearing decision is mailed.

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

CMM/tm

cc:

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