

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 201433717
Issue No.: 2001
Case No.: [REDACTED]
Hearing Date: April 30, 2014
County: Wayne (19)

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 April 30, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included [REDACTED], Eligibility Specialist.

ISSUE

Did the Department properly determine Claimant's eligibility for Medical Assistance (MA) benefits?

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 February 9, 2014, Claimant applied for medical insurance on the federal marketplace website.
2. On March 14, 2014, the Michigan Department of Community Health (DCH) sent Claimant a letter notifying her that based on information she submitted in her federal marketplace application, she may be eligible for Medicaid and asked her to complete an MA application.
3. Claimant's federal marketplace application was transferred to the Department's Bridges system, and the Department processed Claimant's MA eligibility.

4. On February 10, 2014, the Department sent Claimant a verification checklist (VCL) requesting income verification by February 20, 2014.
5. Claimant timely submitted the requested income verification.
6. The Department approved Claimant for MA coverage under the Group 2 Caretaker (G2C) program effective April 1, 2014 ongoing subject to a monthly \$229 deductible.
7. On March 31, 2014, Claimant filed a request for hearing concerning her MA eligibility.

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.

Additionally, the evidence at the hearing established that Claimant filed an application for medical insurance on February 9, 2014 under the federal marketplace site, that she was found ineligible for insurance on the marketplace, and that her application was forwarded to the Department for a determination of her MA eligibility.

At the hearing, the Department testified that Claimant had been approved for coverage under the G2C program effective April 1, 2014. However, the Department assessed Claimant's eligibility based on the February 9, 2014 application the federal marketplace transferred to the State. The February 10, 2014 VCL the Department sent Claimant in connection with her MA eligibility confirms that the Department was processing the February 9, 2014 application. The Department was unable to explain why Claimant's eligibility for February 1, 2014 to March 31, 2014 was not considered in light of the fact that Claimant's application was dated February 9, 2014. Therefore, the Department did not act properly when it did not assess Claimant's MA eligibility for February 2014 and March 2014.

The Department testified that Claimant was eligible for MA under the G2C program with a monthly \$229 deductible effective April 1, 2014 ongoing. Claimant credibly testified that she was not notified of her MA approval and expressed concerns regarding the amount of her deductible.

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), which is based on the client's shelter area and fiscal group size. BEM 105 (July 2013), p. 1; BEM 135 (July 2013), p. 3; BEM 544 (July 2013), p. 1; RFT 240 (December 2013), p. 1. The monthly PIL for an MA fiscal group size of two (Claimant and her husband) living in Wayne County is \$500. RFT 200 (July 2007), p. 1; RFT 240, p. 1. Thus, if Claimant's net income is in excess of \$500, she is eligible for MA assistance under the deductible program, with the deductible equal to the amount that her monthly income exceeds \$500.

The Department provided a budget showing the calculation of the MA deductible and the information used was reviewed at the hearing. Claimant confirmed that she was married, had two minor children, and lived in Wayne County. The Department testified that it relied on the following biweekly paystubs provided by Claimant in determining her deductible amount: (i) paystub dated January 31, 2014 showing gross pay of \$680 and (ii) paystub dated February 14, 2014 showing gross pay of \$518.50. Claimant's monthly gross income based on these paystubs was \$1198.50. BEM 530 (January 2014), p. 3.

In calculating Claimant's total net income for MA purposes, the Department must deduct \$90 from the countable earnings of each fiscal group member with earnings. BEM 536 (January 2014), p. 1. Claimant's gross income reduced by the \$90 earned income deduction brings Claimant's total net income to \$1108. A review of the net income budget in this case shows that the Department used net income of \$1108 in calculating Claimant's net income for MA eligibility purposes. However, in calculating net income for purposes of determining a client's MA net income, and consequently any applicable monthly MA deductible, a client is also eligible for a deduction from her remaining earnings for if she pays dependent care expenses arising from employment. BEM 536, p. 2. The deduction is \$200 per month for each child receiving care. BEM 536, p. 2. The evidence in this case shows that Claimant was responsible for day care expenses for the care of her children while she was working; even after she was approved for CDC assistance, she did not receive 100% assistance was required to pay a portion of her day care expenses. Because none of the exceptions to the deduction apply, Claimant was eligible for the dependent care deduction in the calculation of her net income for MA purposes. BEM 536, p. 2. Thus, the Department did not act in accordance with Department policy in calculating the deductible for Claimant's MA case when it did not reduce Claimant's income by the dependent care deduction.


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 consider Claimant's MA eligibility for February 1, 2014 to March 31, 2014 and when it calculated her monthly MA deductible for April 1, 2014, ongoing.

DECISION AND ORDER

Accordingly, the Department's 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. Reprocess Claimant's February 9, 2014 MA application to determine her MA eligibility for February 1, 2014 to March 31, 2014;
2. Recalculate Claimant's deductible for April 1, 2014 ongoing;
3. Provide Claimant with MA coverage she is eligible to receive from February 1, 2014 ongoing; and
4. Notify Claimant in writing of its decision.


Alice C. Elkin
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: May 16, 2014

Date Mailed: May 16, 2014

NOTICE OF APPEAL: 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.

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).

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.

2014-33717/ACE

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

ACE/tlf

cc:

