

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

**IN THE MATTER OF:**

██████████  
██████████  
██████████

Reg. No.: 14-019226  
Issue No.: 2001  
Case No.: ██████████  
Hearing Date: March 11, 2015  
County: Wayne-District 35 (Redford)

**ADMINISTRATIVE LAW JUDGE: Zainab Baydoun**

**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 March 11, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included ██████████ ██████████, Hearings Facilitator and ██████████, Eligibility Specialist.

**ISSUE**

Did the Department properly process Claimant's 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. Claimant was an ongoing recipient of MA benefits.
2. On November 6, 2014, the Department sent Claimant a Health Care Coverage Determination Notice informing him that effective October 1, 2014, he was approved for MA with a monthly deductible of \$643. (Exhibit A, p.4)
3. On December 30, 2014, Claimant submitted a hearing request disputing the Department's actions.

## **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 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.

Claimant submitted a hearing request disputing the Department's actions with respect to his MA benefits. At the hearing, Claimant raised two concerns: (i) the calculation of his monthly deductible of \$643; and (ii) the Department's failure to process medical expenses submitted and apply them towards his monthly deductible.

With respect to the deductible calculation, the Department testified that it sent Claimant a Health Care Coverage Determination Notice informing him that effective October 1, 2014, he was eligible for MA under the G2S program, but subject to a deductible of \$643 based on his unearned income amount. (Exhibit A, p. 4).

Additionally, deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. BEM 545 (July 2013), p 10. Individuals are eligible for Group 2 MA coverage when net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (PIL), which is based on shelter area and fiscal group size. BEM 105 (October 2014), pp. 1-2; BEM 166 (July 2013), pp 1-2; BEM 544 (July 2013), p 1; RFT 240 (December 2013), p 1. The PIL is a set allowance for non-medical need items such as shelter, food and incidental expenses. BEM 544, p. 1. The monthly PIL for an MA group of one (Claimant) living in Wayne County is \$375 per month. RFT 200 (December 2013), p 1; RFT 240, p 1. Thus, if Claimant's net monthly income is in excess of the \$375, he may become eligible for assistance under the deductible program, with the deductible being equal to the amount that his monthly income exceeds \$375. BEM 545, p 1.

At the hearing, the Department produced a SSI-Related MA budget showing how the deductible in Claimant's case was calculated. (Exhibit A, p. 6). The Department testified that in calculating Claimant's unearned income, it considered his monthly Retirement, Survivors, and Disability Insurance (RSDI) benefits in the amount of \$1142. Claimant verified the amounts used by the Department and the Department presented a SOLQ in support of its testimony. (Exhibit A, p. 5). The Department properly subtracted the \$20

unearned income general exclusion and determined Claimant's total net income for MA purposes. The Department properly deducted \$104.90 for an insurance premium, as Claimant was responsible for his own medicare premium until December 1, 2014, according to the SOLQ provided, and determined that Claimant had countable income of \$1018.10. (Exhibit A, pp. 5-6). There was no evidence presented that Claimant was entitled to any other deductions to income. BEM 530 (January 2014), pp 1-4; BEM 541 (January 2014), p 3.

Because Claimant's countable income of \$1018.10 for MA purposes exceeds the monthly protected income level of \$375 by \$643, the Department properly calculated Claimant's monthly \$643 MA deductible in accordance with Department policy.

With respect to the medical expenses, Claimant testified that he has active and ongoing medical expenses that he is responsible for monthly. Claimant testified that he provided the Department with proof of his medical expenses including a \$300 monthly payment that he pays out of pocket for an adult home health provider.

To meet a deductible, a MA client must report and verify allowable medical expenses that equal or exceed the deductible amount for the calendar month being tested by the last day of the third month following the month in which client wants MA coverage. BEM 545, p. 11. The Department is to add periods of MA coverage each time the group meets its deductible. BEM 545, p.11.

At the hearing, the Department stated that it did not receive proof of Claimant's medical expenses until December 2014, which is why the ongoing expenses were not reflected on the budget provided. The Department failed however, to provide sufficient evidence that it properly took into consideration the expense when it was submitted, as the Department did not provide a budget for December 2014 to verify that the ongoing expense was processed and applied towards Claimant's deductible.

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it failed to process Claimant's medical expenses and apply towards his monthly deductible. Claimant was informed that in order for the Department to process his medical expenses, he must submit verification that the expenses were incurred.

### **DECISION AND ORDER**

Accordingly, the Department's decision is AFFIRMED IN PART with respect to the calculation of Claimant's deductible and REVERSED IN PART with respect to the processing of Claimant's medical expenses.

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. Process any medical expenses incurred and apply them towards Claimant's MA deductible in accordance with Department policy;
2. Provide Claimant with MA benefits that he was entitled to receive but did not, provided his deductible is met, in accordance with Department policy, and
3. Notify Claimant of its decision in writing.



**Zainab Baydoun**  
Administrative Law Judge  
for Nick Lyon, Interim Director  
Department of Human Services

Date Signed: **3/27/2015**

Date Mailed: **3/27/2015**

ZB / tlf

**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 48909-8139

CC: [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
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