

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

**IN THE MATTER OF:**

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

Reg. No.: 15-003799  
Issue No.: 2001  
Case No.: ██████████  
Hearing Date: April 30, 2015  
County: WAYNE-DISTRICT 19  
(INKSTER)

**ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris**

**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; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on April 30, 2015, from Detroit, Michigan. Participants on behalf of Claimant included the Claimant and ██████████, her spouse, who appeared as a witness. Participants on behalf of the Department of Health and Human Services (Department) included ██████████, Hearing Facilitator.

**ISSUE**

Did the Department properly process the Claimant's medical bills and apply the bills to the MA spend down?

**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 Claimant and her spouse are RSDI recipients and are currently eligible for medical assistance subject to a monthly spend down of ██████████. At the time of the hearing the monthly spend down was \$ ██████████.
2. The Claimant and her spouse pay Medicare Part B premiums monthly of ██████████ each. The Claimant also pays a Blue Cross monthly premium.
3. The evidence presented did not establish which medical bills were applied to the Claimant's spend down. The Department's evidence only showed which bills were

processed. The Department also took the position that the bills in question had already been submitted in the past. Exhibit 1.

4. The Claimants submitted medical bills in March 2015 but the submission was not a medical bill and was marked as such. The Department had nothing to process based upon this submission. Exhibit 6.
5. The Claimants currently have deductible costs through their Blue Cross insurance; however, the actual bills showing a summary of the actual expenses and items paid were not itemized.
6. The Claimants' bill for services in July 2014 for [REDACTED] was submitted in December 2014, but the evidence did not demonstrate that this bill was ever processed or applied for July 2014. Another bill for monthly prescription drug summary submitted in December 2014 for June 2014 in the amount of [REDACTED] and old accrued prescription out-of-pocket bills for [REDACTED] since January 2014 were also noted; however, it could not be determined if these bills were processed. Exhibit 8 and 9. These December 2014 submissions are referred to as the "old bills."
7. There were no bills submitted by the Claimants for February 2015, and thus there is no issue to be decided for that month.
8. The Claimant was unsure whether any medical bills were submitted to the Department for January 2015; therefore, no evidence was presented which would require the Department to take some action to process the bills.
9. On March 11, 2015 the Claimant requested a hearing regarding the Department's crediting of medical bills to the MA spend down.

### **CONCLUSIONS OF LAW**

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and 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 Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

In this case, the Claimants requested a hearing to determine whether their medical bills were being processed and whether/why they had not met their deductible each month December 2014 through March 2015.

At the hearing the Department submitted copies of bills they had received including “old bills” and some bills that were not bills as they were marked “this is not a bill.” Exhibit 1. The Department can only process items submitted that are medical bills. In general, the bill must show dates of service, the name of the provider and the Claimant’s name. Some of the information submitted in February 2015 were not medical bills and were not required to be processed. Several of the bills including a prescription drug summary showing amounts spent since January 2014 (██████████ and ██████████ for June 2014) were provided by the Department without explanation as to how they were processed and whether they were eligible to count toward a deductible as an old bill. Exhibit 6. Another bill for ██████ was submitted in December 2014 for ██████ with a July 2014 service date. These three items are referred to as “old bills.” It does not appear from the evidence that these bills were processed. The Claimants did not submit bills for January 2015 and thus nothing was required to be processed. The February 2015 submissions were not medical bills. Lastly, the medical bills for March 2015 were not medical bills as on the document submitted it states “This is not a bill.” Exhibit 1, p. 4. Given this notation, the Department was not required to process the item submitted by the Claimants.

Group 2 MA income eligibility exists for the calendar month tested when there is no excess income or the allowable medical expenses (defined in Exhibit 1) equal or exceed the excess income. When old bills or the cost of hospitalization equals or exceeds the group’s excess income for the month tested, income eligibility exists for the entire month. When old bills or the cost of hospitalization does not equal or exceed the group’s excess income for the month being tested, income eligibility begins either: the exact day of the month the allowable expenses exceed the excess income or the day after the day of the month the allowable expenses equal the excess income. BEM 545 (July 2013), p. 1.

During the hearing it was also determined that the Claimants both paid Medicare Part B premiums and other health care insurance premiums. These premiums are not medical expenses that are entitled to be claimed monthly by Claimants as incurred medical expenses to reduce their deductible. However, they must be used by the Department when determining the overall Group 2 monthly deductible amount, as insurance premiums paid are legitimate expenses which must be included when calculating the monthly deductible amount. Insurance premiums are not included as incurred medical services eligible to count toward the monthly spend down excess income amount. BEM 545, p. 15-17.

Based upon the submissions showing the bills reported in December 2014, the Department processed ██████████ in prescription drug costs incurred in November 2014, which amount meets and exceeds the ██████████ deductible in effect at that time. As no

other evidence was presented to demonstrate that the Claimants were notified that their deductible was met in November 2014, the Department should review its file to determine what action if any it took for November 2014 to notify the Claimants that the deductible was met. Exhibit 9, p. 1. Further, based upon the submission of the bills processed for December, it does not appear that any bills included in the December 2014 submission were submitted for medical expenses incurred for December 2014 and thus no deductible was met.

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 demonstrate whether it processed the bills submitted in December 2014 for prescription drug costs incurred for January 2014 ongoing and accrued in the amount of [REDACTED] and June 2014 bill for prescription drugs in the amount of [REDACTED] and July 2014 bill for [REDACTED]

### **DECISION AND ORDER**

Accordingly, the Department's decision is

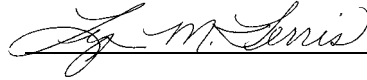
**AFFIRMED IN PART** with respect to its determination that no bills required processing for January, February and March 2015; and

**REVERSED IN PART** with respect to the failure to demonstrate that the bills submitted in December (old bills) were processed and that the Department advised the Claimants of the MA eligibility for November 2014.

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 process the bills (old bills) submitted in December 2014 that did not appear to be processed and advise the Claimants as to what month the bills can be applied and/or whether they were processed.

2. The Department shall determine if the Claimants met their deductible in November 2014 and advise the Claimants by appropriate notice.



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**Lynn M. Ferris**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

Date Signed: **06/01/15**

Date Mailed: **06/01/15**

LMF / cl

**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 copy of the claim or application for appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Hearing Decision from 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]