

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

IN THE MATTER OF:

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████████████████████

Reg. No.: 15-004259
Issue No.: 2001
Case No.: ██████████
Hearing Date: May 07, 2015
County: Wayne-District 17

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; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on May 7, 2015, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Health and Human Services (Department) included ██████████, 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 under the G2C program.
2. Claimant was subject to a monthly deductible of \$287 for the months of December 2014 and January 2015.
3. On December 15, 2014, Claimant submitted medical expenses to verify that she had incurred sufficient expenses to meet her deductible for December 2014.
4. On January 28, 2015, Claimant submitted medical bills to verify that she had incurred sufficient expenses to meet her deductible for the month of January 2015.
5. On or around January 29, 2015, Claimant submitted a new application for MA benefits and indicated on her application that she incurred medical expenses for the prior month of December 2014.

6. On March 13, 2015, Claimant requested a hearing disputing the Department's actions.

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.

Claimant submitted a hearing request disputing the Department's actions with respect to her MA benefits. At the hearing, Claimant raised two concerns: (i) the Department's failure to process medical expenses incurred and apply them towards her monthly deductible and (ii) the Department's failure to process her January 29, 2015, MA application.

Failure to Process Medical Expenses

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, personal care services, the cost of hospitalization, or long term care equals or exceeds the group's excess income for the month tested, income eligibility exists for the entire month. When old bills, personal care services, the cost of hospitalization, or long term care 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.

If the client still has excess income, BEM 545 provides that a client may still be eligible for Group 2 MA if sufficient allowable medical expenses are incurred through a deductible process. BEM 545, p. 10. The Department will open an MA case without ongoing Group 2 MA coverage as long as the fiscal group has excess income and at least one fiscal group member meets all other Group 2 MA eligibility factors. These cases are called active deductible cases and each calendar month is a separate deductible period, with MA coverage added each time the group meets its deductible.

BEM 545, p. 10. For recipients of MA, the first deductible period is the month following the month for which MA coverage is authorized. BEM 545, pp. 10-11.

The fiscal group's monthly excess income is called a deductible amount. To meet a deductible, a MA client must report and verify allowable medical expenses (defined in Exhibit 1) that equal or exceed the deductible amount for the calendar month being tested. The group must report expenses 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. A group may report additional expenses that were incurred prior to the MA eligibility begin date referenced above. The Department is not to alter the MA eligibility begin date if coverage has already been authorized on Bridges, however, any expenses the group reports that were incurred from the first of such month through the day before the MA eligibility begin date might be countable as old bills and applied to future months deductible. See Exhibit 1B and Example 7 in Exhibit IV of BEM 545. BEM 545, p. 13.

In this case, Claimant and her husband were recipients of MA under the G2C program with a monthly deductible of \$287. The Department testified that on December 15, 2014, Claimant submitted medical bills, the amount of which were sufficient to establish that she had met her \$287 deductible for the month of December 2014. The Department testified and Claimant confirmed that she provided four bills in total to the Department on December 15, 2014, and that the bills covered dates of service December 11, 2014, December 12, 2014, and December 15, 2014. The Department stated that it determined Claimant had met her deductible effective December 15, 2014, and activated Claimant's MA coverage for December 15, 2014, through December 31, 2014.

At the hearing, Claimant confirmed that she only submitted the four bills referenced above to the Department on December 15, 2014. Claimant stated that she requested a hearing concerning bills that were incurred prior to December 15, 2014, however, the evidence presented established that although Claimant provided the bills to for review at the hearing, she did not provide the Department with any bills incurred in December 2014 other than the four bills referenced above that were used to activate Claimant's MA coverage from December 15, 2014, to December 31, 2014. (Exhibit 2). Therefore, because Claimant did not submit the bills to the Department prior to the hearing, the Department did not fail to process them and apply them towards her deductible for the applicable months. Had Claimant submitted the expenses, the Department could have processed them in accordance with BEM 545.

With respect to the month of January 2015, the Department stated that it did not receive any verification of Claimant's medical expenses, so the deductible was not met and MA coverage was not activated for the month of January 2015. At the hearing, Claimant presented sufficient evidence to show that on January 28, 2015, she faxed a copy of medical bills incurred to the Department. (Exhibit 1). The Department acknowledged that the medical bills submitted on January 28, 2015, were not processed or applied towards Claimant's deductible for the month of January 2015.

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 acted in accordance with Department policy with respect to Claimant's medical expenses for December 2014 but did not act in accordance with Department policy with respect to Claimant's medical expenses for January 2015.

Failure to Process January 29, 2015, MA Application

In this case, Claimant testified that on January 29, 2015, she submitted an application for MA benefits and indicated on her application that she had medical bills/expenses for the month of December 2014. Claimant stated that she applied for MA benefits because she wanted to know if there was any other MA program that she would qualify for, as her husband was recently diagnosed with [REDACTED] and would be unable to work. Claimant testified that she knew it could take up to 45 days for the Department to make a decision with respect to the application but that she contacted the Department on March 10, 2015, to inquire about the status of the application and requested a hearing on March 13, 2015.

At the hearing, the Department confirmed that it received Claimant's January 29, 2015, MA application and stated that because Claimant already had an active MA case under a deductible program, the application was not registered or processed as a new application would be. The Department testified that on March 18, 2015, it processed the application and reran Claimant's MAGI income eligibility using the information available and determined that effective April 1, 2015, Claimant was approved for MA under the Healthy Michigan Plan (HMP). The Department stated that a Health Care Coverage Determination Notice was sent to Claimant on March 18, 2015, however, the notice was not provided for review at the hearing, so the Department's testimony was unsupported by any documentary evidence in the record.

While the Department is correct that registration of the application was not required because Claimant was already active for MA, the Department should have treated the application as a reported change and processed the changes reported, if any, in accordance with the policies in BAM 105 and BAM 220. BAM 110 (July 2014), p. 7; BAM 105 (January 2015), pp. 10-13. It remained unclear at the hearing why or how Claimant was determined income eligible for HMP effective April 1, 2015, but not for any month prior to April 2015, as the application was received on January 29, 2015. Furthermore, BEM 105 provides that persons may qualify under more than one MA category and federal law gives persons the right to the most beneficial category which is considered the category that results in eligibility or the least amount of excess income. BEM 105 (October January 2014), p.2. Therefore, the Department should have processed the application as a reported change and determined Claimant's eligibility for the most beneficial MA category as of the date the application was received.

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 timely process Claimant's January 29, 2015, MA application.

DECISION AND ORDER

Accordingly, the Department's decision is **AFFIRMED IN PART** with respect to Claimant's medical expenses for the month of December 2014 and **REVERSED IN PART** with respect to Claimant's medical expenses for the month of January 2015 and **REVERSED** with respect to the failure to process Claimant's January 29, 2015, MA application .

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 for January 2015, ongoing;
2. Process Claimant's January 29, 2015, MA application/reported change in accordance with Department policy to determine Claimant's eligibility for MA under the most beneficial category from the application date, ongoing;
3. Provide Claimant with any MA coverage that she was eligible to receive but did not from January 2015, ongoing; and
4. Notify Claimant in writing of its decision.



Zainab Baydoun
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

Date Signed: **5/18/2015**

Date Mailed: **5/18/2015**

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