



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
Christopher Seppanen  
Executive Director

MIKE ZIMMER  
DIRECTOR

[REDACTED]

Date Mailed: March 24, 2016  
MAHS Docket No.: 15-022968  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

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

### **HEARING DECISION**

Following Petitioner'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 March 22, 2016, from Sterling Heights, Michigan. The Petitioner was represented by herself, [REDACTED]. The Department of Health and Human Services (Department) was represented by [REDACTED], Hearing Facilitator.

### **ISSUE**

1. Did the Department properly close the Petitioner's Medicaid (MA) and impose a deductible of 1519?
2. Did the Department properly close the Petitioners' Medicare Savings Program (MSP) due to excess income?

### **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 Petitioner and her husband were ongoing recipients of MA. The Department conducted a review and determined that the Petitioner's income exceeded the limit for MA eligibility and imposed a \$ [REDACTED] deductible. Exhibit 2.
2. The Department issued a Health Care Coverage Determination Notice on November 23, 2015, imposing a deductible and closed the Petitioner's MSP benefits. Exhibit 2.

3. At the hearing, the following income was confirmed by the Petitioner: her husband receives \$ [REDACTED] in Retirement, Survivors and Disability Insurance (RSDI) and she receives a spousal benefit of \$ [REDACTED] from Social Security Administration (SSA). The Petitioner's husband also receives a \$ [REDACTED] pension for a total gross unearned income of \$ [REDACTED] Exhibit 3 and Exhibit 7, 8.
4. The MA monthly income limit for a group of two individuals is \$ [REDACTED] RFT 242.
5. The Additional Low-Income Medicare Beneficiaries (ALMB) monthly income limit for MA cost savings for a group of two persons is \$ [REDACTED] – \$ [REDACTED] RFT 242, p. 2.
6. The Petitioner requested a timely hearing on November 30, 2015, protesting 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.

In this case, the Department when reviewing the Petitioner's income determined that she and her husband were no longer eligible for full MA due to excess income. Based on the income the Petitioner and her husband received, the Department imposed a monthly medical spenddown of \$ [REDACTED] Exhibit 4. The Department issued a Health Care Coverage Determination Notice on November 23, 2015, placing the Petitioner and her husband on a monthly deductible of \$ [REDACTED] and closing the Medicare savings program due to excess income. Exhibits 2 and 3. The budget was reviewed at the hearing and was determined to be correct.

During the hearing, the Department verified Petitioner's gross unearned income and pension to be \$ [REDACTED] for a total gross monthly unearned income of \$ [REDACTED] Exhibit 8, Exhibit 5 and Exhibit 6. The Petitioner did not dispute the total unearned income. The Department testified that, although Petitioner was not eligible for full-

coverage MA, she was eligible for MA with a monthly \$ [REDACTED] deductible for November 2015.

Clients are eligible for Group 2 MA coverage when their net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (PIL), which is based on the client's shelter area and fiscal group size. BEM 105 (October 1, 2010), p. 1; BEM 166 (October 1, 2010), pp. 1-2; BEM 544 (August 1, 2008), p. 1; RFT 240 (July 1, 2007), p. 1. The monthly PIL for an MA group size of one living in [REDACTED] County is \$ [REDACTED] per month. RFT 200 (July 1, 2007), p. 1; RFT 240, p. 1. Thus, if Petitioner's net income is in excess of \$ [REDACTED] she may become eligible for MA assistance under the deductible program, with the deductible equal to the amount that his monthly income exceeds \$ [REDACTED] BEM 545 (July 1, 2011), p. 2.

Policy also provides that when completing an Supplemental Security Income (SSI)-related MA budget for adults, the following items be considered and applied:

Department policy requires that the cost of any health insurance premiums be included when budgeting a spenddown.

Count as a need item the cost of any health insurance premiums (including vision and dental insurance) and Medicare premiums paid by the **medical group** (defined in "EXHIBIT I") regardless of who the coverage is for. BEM 544 (July 1, 2013) p.1.

In this case, the Department produced an SSI-Related MA budget showing how the deductible in Petitioner's case was calculated. Exhibit 4. As discussed above, Petitioner's unearned income totaled \$ [REDACTED] and after deducting a \$ [REDACTED] general exclusion was \$ [REDACTED] BEM 530 (October 1, 2012), p. 1; BEM 541 (January 1, 2011), p. 3. The evidence at the hearing showed that Petitioner had not presented the Department with any medical expenses at the time the budget was prepared. A Medicaid Part B insurance premium of \$ [REDACTED] (\$ [REDACTED] for the Petitioner and her husband) was then deducted leaving \$ [REDACTED] in countable income. The deductible is then determined by subtracting \$ [REDACTED] from \$ [REDACTED] leaving a deductible spend down amount of \$ [REDACTED]. The budget as presented was correct as is the spenddown of \$ [REDACTED]. At the hearing, the Petitioner was encouraged to submit any unpaid medical bills each month and was advised that bills may be submitted so long as they are no older than 90 days prior to their submission. In addition, any further medical premiums incurred by the Petitioner can also be submitted for inclusion in the spenddown budgeting.

The Petitioner also requested a hearing regarding why her Medicare cost-sharing ALMB was closed November 1, 2016. These benefits are based upon the amount of monthly income a client receives. The income limit for ALMB group of two persons in November 2015 was \$ [REDACTED] - \$ [REDACTED]. Thus, as can be seen, the Petitioner's

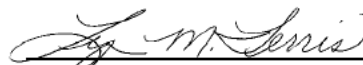
income of \$ [REDACTED] exceeded the income limit for that program. RFT 242, (May 1, 2015) p. 2. The monthly income limit for a Qualified Medicare Beneficiary (QMB) limited coverage group of two is \$ [REDACTED] - \$ [REDACTED]. Thus, as can be seen based upon monthly income of \$ [REDACTED] the Petitioner is not eligible for either ALMB or limited-Coverage QMB Specified Low-Income Medicare (SLM). Thus, the Department was correct in its determination that the Petitioners were no longer eligible for the MA savings program. RFT 242.

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 when it imposed a medical deductible of \$ [REDACTED] due to the Petitioner's income and further properly closed the ALMB Medicare Savings Program.

### **DECISION AND ORDER**

Accordingly, the Department's decision is **AFFIRMED**.

LMF/jaf



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**Lynn M. Ferris**

Administrative Law Judge

for Nick Lyon, Director

Department of Health and Human Services

**NOTICE OF APPEAL:** A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; 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

**DHHS**

[REDACTED]

**Petitioner**

[REDACTED]

**cc:**

[REDACTED]