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 30, 2016
MAHS Docket No.: 16-001011
Agency No.: [redacted]
Petitioner: [redacted]

ADMINISTRATIVE LAW JUDGE: C. Adam Purnell

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 Lansing, Michigan. Petitioner represented herself and provided testimony. [redacted] (Assistance Payments Worker) and [redacted] (Assistance Payments Supervisor) represented the Department of Health and Human Services (Department).

ISSUE

Did the Department properly determine Petitioner's monthly Medical Assistance (MA) or "Medicaid" deductible amount?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Petitioner is disabled with a group size of one and lived in Oakland County during the relevant time period.

2. Petitioner was active for MA-G2S with a monthly income of $[redacted] from Retirement, Survivors and Disability Insurance (RSDI). [Exhibit 1, p. 2].

3. The Department calculated that Petitioner monthly income of $[redacted] minus $[redacted] for an unearned income general exclusion equals $[redacted] net income. The Department subtracted $[redacted] for insurance premiums from the net income ($[redacted] to determine that Petitioner had $[redacted] in countable income. The Department then calculated that $[redacted] countable income amount minus the

$[redacted] protected income limit (PIL) equals the $[redacted] monthly deductible amount. [Exh. 1, p. 2].

4. On or about January 7, 2016, the Department mailed Petitioner a Health Care Coverage Determination Notice, which indicated that effective February 1, 2016, Petitioner was eligible for a $[redacted] MA monthly deductible. [Request for Hearing].

5. On January 19, 2016, the Department received Petitioner's Request for Hearing (DHS-18) form which indicated that she received a health care coverage determination notice which indicated she had a $[redacted] monthly deductible for February 1, 2016 ongoing. In her request, Petitioner contends that the monthly deductible amount is more than half of her gross monthly income ($[redacted] [Req. for Hrg].

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 the instant matter, Petitioner requested a hearing because she disagreed with the Department's determination that she is eligible for a $[redacted] monthly deductible. Petitioner asserts that her request for hearing followed receipt of a January 7, 2016 health care determination notice. The Department, on the other hand, contends that Petitioner's previous MA amount was incorrect. According to the Department representative, Petitioner was incorrectly credited with approximately $[redacted] in regular monthly medical expenses which gave her a $0 monthly deductible amount. The Department representative further testified that once the Department discovered the error and recalculated Petitioner's MA case using the proper ongoing expenses that Petitioner actually provided, it resulted in the $[redacted] monthly MA deductible.

Testimony and other evidence must be weighed and considered according to its reasonableness. *Gardiner v Courtright*, 165 Mich 54, 62; 130 NW 322 (1911); *Dep't of Community Health v Risch*, 274 Mich App 365, 372; 733 NW2d 403 (2007). Moreover, the weight and credibility of this evidence is generally for the fact-finder to determine.

Dep't of Community Health, 274 Mich App at 372; *People v Terry*, 224 Mich App 447, 452; 569 NW2d 641 (1997).

The Department defines as a deductible case as the following, "[a]n active MA case with no ongoing MA eligibility or coverage. The case meets all other eligibility requirements but income exceeds allowable limits. Periods of coverage are added when the client becomes income eligible by incurring medical expenses." Bridges Program Glossary (BPG) (10-1-2015), p. 16.

For a deductible client, the Department does a future month budget at redetermination and when a change occurs that may affect deductible status. BEM 530 (1-1-2014), p. 1. BEM 545 (1-1-2016) sets forth the income eligibility process for Group 2 MA. According to BEM 545, p. 11, the fiscal group's monthly excess income is called a deductible amount.

A **medical expense** must be incurred for a medical service. Except for some transportation, the actual charge(s) minus liable third party resource payments counts as an allowable expense. However, not all sources of payment are considered liable third party resources. BEM 545, p. 15.

This Administrative Law Judge has carefully considered and weighed the testimony and other evidence in the record. The Administrative Law Judge finds that the Department representative provided credible testimony that Petitioner's MA deductible case was not properly processed but was later corrected. The Department incorrectly provided Petitioner with credit for ongoing medical expense that were not, in fact, incurred. The fact that Petitioner's medical expenses were not properly budgeted resulted in an illusion that Petitioner was eligible for MA with a $0 deductible. After the Department corrected the error, Petitioner was properly determined to be eligible for MA with a $[redacted] deductible.

In this case, Petitioner lives in Oakland County, which is Shelter Area VI. RFT 200 (12-1-2013), p. 2. The MA monthly protected income levels are set forth in RFT 240 (12-1-2013). A household with a group size of 1 who lives in Shelter Area VI has a monthly income limit of $[redacted] RFT 240. The Department properly reduced her monthly unearned income of $[redacted] from RSDI by $[redacted] which resulted in $[redacted] for net unearned income. Because Petitioner reportedly paid $[redacted] in monthly insurance premium expenses from the Health Alliance Plan (HAP), she was credited that amount. This resulted in $[redacted] in countable income. [Exh. 1, p. 2] Petitioner's total countable monthly income of $[redacted] less the $[redacted] protective income limit equals a $[redacted] monthly deductible amount. See RFT 240.

The material, competent and substantial evidence on the whole record shows that Petitioner's $[redacted] MA deductible was calculated properly. 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 determined Petitioner's MA deductible amount.

DECISION AND ORDER

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

IT IS SO ORDERED.

CP/las

C. Adam Purnell
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]