



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]

Date Mailed: May 3, 2016  
MAHS Docket No.: 16-000144  
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 May 2, 2016, from Detroit, Michigan. The Petitioner was represented by herself. [REDACTED] also appeared as the Petitioner's Authorized Hearing Representative. The Department of Health and Human Services (Department) was represented by [REDACTED], Hearing Facilitator.

### **ISSUE**

Did the Department properly impose a Medical Assistance (MA) spenddown (deductible) of \$ [REDACTED]

### **FINDINGS OF FACT**

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

1. At the hearing, the Petitioner indicated that no issues remain to be determined regarding her hearing request for State Emergency Relief (SER) and Food Assistance Program (FAP) benefits dated January 5, 2016.
2. The Petitioner completed a Redetermination on November 30, 2015. Exhibit 4.
3. The Department issued a Health Care Coverage Determination Notice on December 29, 2015, effective January 1, 2016, advising the Petitioner that she was eligible for MA subject to a deductible spenddown of \$ [REDACTED] Exhibits 1 and 6.

4. During the review of the Redetermination, the Department determined that Petitioner, at the time of the Redetermination, was receiving Retirement, Survivors and Disability Insurance (RSDI) not Supplemental Security Income (SSI) as it had previously thought. The Petitioner confirmed at the hearing that she has been receiving RSDI since 2009.
5. The Petitioner receives \$ [REDACTED] in RSDI benefits monthly. Exhibit 5b.
6. The Petitioner requested a Hearing on January 5, 2016, 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 Petitioner requested a hearing when her MA changed from full Medicaid to MA with a spenddown of \$ [REDACTED]. The change occurred when the Department discovered, after a review of the Redetermination, that the Petitioner was not receiving SSI but was receiving RSDI and income of \$ [REDACTED] monthly. Thereafter, the Department issued a Health Care Coverage Determination Notice advising the Petitioner of the change, effective January 1, 2015.

A spenddown budget was reviewed during the hearing and was determined to be correct. The Petitioner's income was correct as \$1,133.00.

Clients who are not eligible for full MA coverage because their net income exceeds the applicable Group 2 MA Protected Income Levels (PIL) based on their shelter area and fiscal group size, are eligible for MA coverage under the deductible program with the deductible equal to the amount their monthly net income exceeds the PIL. BEM 135 (January 2011), p. 2; BEM 544 (August 2008), p. 1; BEM 545 (July 2011), p. 2; RFT 240 (July 2007), p. 1.

The monthly PIL for an MA group of one (Petitioner) living in Macomb County is \$ [REDACTED]. BEM 211 (November 2012), p. 5; RFT 200 (July 2007), p. 1; RFT 240, p. 1.

Therefore, Petitioner's MA coverage is subject to a deductible if Petitioner's monthly net income, based on her gross income, is greater than \$ [REDACTED]

In this case, the Department produced an SSI-Related MA budget showing how the deductible in Petitioner's case was calculated. Exhibit 5. Petitioner confirmed her monthly gross income amount from RSDI. Thus, the Department properly concluded that Petitioner's gross income was \$ [REDACTED]. This amount is reduced by a \$ [REDACTED] disregard, resulting in a net unearned income of \$ [REDACTED]. See BEM 163, p. 2; BEM 530 (October 1, 2012); BEM 541 (January 1, 2011), p. 5. No Other expenses were presented as the Petitioner's Part B Medicare premium is paid by the State of Michigan and no medical bills were submitted in January 2016 resulting in Countable income of \$ [REDACTED]. The final step is to deduct the \$ [REDACTED] PIL from the net income of \$ [REDACTED] which results in a deductible of \$ [REDACTED] ( $\$ [REDACTED] - \$ [REDACTED] = \$ [REDACTED]$ ). In the budget presented, the Petitioner did not present any medical bills, which will also cause a reduction in the deductible spenddown amount but only when bills are presented to the Department.

Meeting a deductible means reporting and verifying allowable medical expenses (defined in "XHIBIT I) that equal or exceed the deductible amount for the calendar month tested. BEM 545, p. 11.

The Petitioner did submit medical bills on December 28, 2015; however, the Petitioner was not on a spenddown in December 2015. The Petitioner can submit medical bills up to 90 days after incurring the medical expenses to be applied to her deductible.

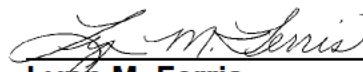
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it determined that the Petitioner was eligible for MA subject to a spenddown of \$ [REDACTED]

The Petitioner's hearing request dated January 5, 2016, regarding FAP and SER are hereby DISMISSED. **It is so ORDERED.**

### **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]