



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 18, 2016  
MAHS Docket No.: 16-004335  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE:** Christian Gardocki

### **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 9, 2016, from Detroit, Michigan. Petitioner appeared and was unrepresented. [REDACTED] appeared as Petitioner's translator. The Michigan Department of Health and Human Services (MDHHS) was represented by [REDACTED], hearing facilitator.

### **ISSUE**

The issue is whether MDHHS properly determined Petitioner's Medical Assistance (MA) eligibility.

### **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 was an ongoing MA benefit recipient.
2. Petitioner was a member of a 2-person household.
3. Petitioner's and his spouse's combined monthly unearned gross income was \$1,730.
4. On [REDACTED], MDHHS determined Petitioner was eligible for Medicaid, subject to a \$901 monthly deductible, effective February 2016.

5. On [REDACTED], Petitioner requested a hearing to dispute the MA determination.

### CONCLUSIONS OF LAW

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. MDHHS (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a determination of Medicaid. MDHHS presented a Health Care Coverage Determination Notice (Exhibit 1, p. 1-4) dated [REDACTED], verifying MDHHS determined Petitioner to be eligible for Medicaid subject to a \$901 monthly deductible. A full budget analysis is required to determine if Petitioner's MA eligibility was properly determined.

It was not disputed that Petitioner was disabled and/or aged. As a disabled and/or aged individual, Petitioner is potentially eligible to receive Medicaid through AD-Care. BEM 163 outlines the procedures for determining AD-Care eligibility.

[For all programs,] Bridges counts the gross benefit amount as unearned income. BEM 503 (July 2015), p. 28. Some exceptions to counting the gross benefit amount exist (e.g. Medicare premium refunds, returned benefits (see BEM 500), fees paid to qualified organizations acting as a payee...), though none are applicable in the present case. Gross amount means the amount of RSDI before any deduction, such as Medicare. BEM 163 (July 2013), p. 2.

It was not disputed that Petitioner and his spouse respectively received \$549/month and \$903 in gross RSDI benefits (dropping cents). It was not disputed Petitioner's spouse also received \$277/month in a gross pension payment. [MDHHS is to] count the gross [retirement-other] benefit as unearned income. *Id.*, p. 27. Petitioner's MA group income is determined to be \$1,729.

MDHHS gives budget credits for employment income, guardianship/conservator expenses and cost of living adjustments (COLA) (for January through March only). Petitioner testimony conceded he had no relevant expenses.

Income eligibility for AD-Care exists when countable income does not exceed the income limit for the program. BEM 163 (October 2010), p. 1. The net income limit for

AD-Care for a two-person MA group is \$1,347.50. RFT 242 (May 2015), p. 1. It is found that MDHHS properly determined Petitioner to be ineligible for AD-Care.

Petitioner may still receive MA benefits subject to a monthly deductible through the G2S program. Clients with a deductible may receive Medicaid if sufficient allowable medical expenses are incurred. Each calendar month is a separate deductible period. The fiscal group's monthly excess income is called the deductible amount.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. BEM 545 (October 2014), p. 11. The client must report medical expenses by the last day of the third month following the month in which the group wants MA coverage. *Id.*

The G2S budget allows a \$20 disregard for unearned income and various earned income disregards. The G2S budget also factors ongoing medical expenses (which are applied toward a deductible), insurance premiums, and remedial services.

It was not disputed Petitioner and his spouse were each responsible for Medicare premiums totaling \$209.80. Petitioner also alleged he paid for private insurance. Petitioner testimony conceded he did not report the expense to MDHHS until [REDACTED]. MDHHS has 15 days to process the reporting (see BAM 220 (January 2016), p. 7). As of [REDACTED] (the date of the determination in dispute), MDHHS was not obligated to factor Petitioner's private insurance expense (MDHHS appeared to credit Petitioner with the expense (for a later month of eligibility, thereby reducing Petitioner's deductible).

For the determination in dispute, MDHHS credited Petitioner with a \$308 insurance premium expense (rounding up to nearest dollar). This amount will be accepted as accurate in the absence of evidence justifying a different expense amount.

The deductible is calculated by subtracting the protected income level (PIL) from the MA net income. A PIL is a standard allowance for non-medical need items such as shelter, food and incidental expenses. The PIL for Petitioner's shelter area and group size is \$500. RFT 240 (December 2013), p. 1.

Subtracting the PIL, insurance expense, and \$20 disregard from Petitioner's group's income results in a monthly deductible of \$901, the same amount calculated by MDHHS. It is found that MDHHS properly determined Petitioner's MA eligibility.

### **DECISION AND ORDER**

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner's MA eligibility, effective February 2016. The actions taken by MDHHS are **AFFIRMED**.



CG/hw

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**Christian Gardocki**  
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]

[REDACTED]

**Petitioner**

[REDACTED]