



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: June 9, 2016
MAHS Docket No.: 16-004744
Agency No.: [REDACTED]
[REDACTED]

ADMINISTRATIVE LAW JUDGE: Zainab A. Baydoun

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 16, 2016, from Detroit, Michigan. The Petitioner appeared for the hearing and represented himself. The Department of Health and Human Services (Department) was represented by [REDACTED], Hearings Facilitator.

ISSUE

Did the Department properly process Petitioner's Medical Assistance (MA) benefits and determine that he was eligible for MA with a monthly deductible?

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 recipient of MA benefits under the full coverage Ad-Care category.
2. Petitioner's wife's earnings increased, causing a review of Petitioner's MA eligibility.
3. The Department sent Petitioner a Health Care Coverage Determination Notice advising him that effective May 1, 2016, he was eligible for MA with a monthly deductible of \$1000. (Exhibit B)

4. On April 4, 2016, Petitioner requested a hearing disputing the Department's actions with respect to his MA benefits. (Exhibit 1)

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.

Petitioner, who receives RSDI, is eligible for SSI-related MA, which is MA for individuals who are blind, disabled or over age 65. BEM 105 (January 2016), p. 1. Individuals are eligible for Group 1 coverage, with no deductible, if their income falls below the income limit, and eligible for Group 2 coverage, with a deductible that must be satisfied before MA is activated, when their income exceeds the income limit. BEM 105, p. 1. Ad-Care coverage is a SSI-related Group 1 MA category which must be considered before determining Group 2 MA eligibility. BEM 163 (July 2013), p. 1. Eligibility for Ad-Care is based on the client meeting nonfinancial and financial eligibility criteria. BEM 163, pp. 1-2. The eligibility requirements for Group 2 MA and Group 1 MA Ad-Care are the same, other than income. BEM 166 (July 2013), pp. 1-2.

At the hearing, the Department testified that because there was an increase in earnings for Petitioner's wife, his eligibility to receive MA under the Ad-Care program was reviewed. The Department testified that after processing the income changes, it determined that he had excess income for Ad-Care but that he was eligible for MA under a Group 2 program, subject to a deductible based on his group's income. Income eligibility for the Ad-Care program is dependent on MA fiscal group size and net income which cannot exceed the income limit in RFT 242. BEM 163, p.2. Petitioner has a MA fiscal group of two. BEM 211 (January 2016), p. 5. Effective April 2016, a MA fiscal group with two members is income-eligible for full-coverage MA under the Ad-Care program if the group's net income is at or below \$1335, which is 100 percent of the Federal Poverty Level, plus the \$20 disregard. RFT 242 (April 2016), p. 1.

The Department is to determine countable income according to SSI-related MA policies in BEM 500 and 530 *except* as explained in the countable RSDI section of BEM 163.

The Department will also apply the deductions in BEM 540 (for children) or 541 (for adults) to countable income to determine net income. BEM 163, p.2. The Department testified that Petitioner had gross unearned income from RSDI in the amount of \$935. A SOLQ was provided in support of the Department's testimony and Petitioner confirmed that the amount was correct. (Exhibit C).

The budget also shows that the Department determined that Petitioner's group had earned income in the amount of \$1539 which it testified consisted of Petitioner's wife's biweekly earnings. The Department stated that it relied on information obtained from the Work Number and that it specifically considered (i) \$561.69 paid on March 10, 2016; and (ii) \$978.06 paid on March 24, 2016. After further review, the Department properly determined Petitioner's wife's earned income based on the applicable budgeting policy in BEM 530. BEM 530 (January 2014), pp. 1-4. The Department also properly applied the $\$65 + \frac{1}{2}$ of the fiscal group's remaining earnings to determine that Petitioner's group had net earned income of \$737. BEM 541 (January 2016), p. 3; RFT 295 (December 2013, p. 45. There was no evidence presented that Petitioner was entitled to any other deductions to income. BEM 530 (January 2014), pp 1-4; BEM 541 (January 2015), pp.2-3. Therefore, the Department properly determined that Petitioner's net and countable income was \$1652.

After further review of Department policy, because Petitioner's countable income exceeds the \$1335 income limit for the Ad-Care program, the Department acted in accordance with Department policy when it terminated Petitioner's MA benefits under the Ad Care program.

Additionally, deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. BEM 545 (January 2016), p 10. Individuals are eligible for Group 2 MA coverage when net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (PIL), which is based on shelter area and fiscal group size. BEM 105, pp. 1-2; BEM 166, pp 1-2; BEM 544 (July 2013), p 1; RFT 240 (December 2013), p 1. The PIL is a set allowance for non-medical need items such as shelter, food and incidental expenses. BEM 544, p. 1. The monthly PIL for an MA group of two (Petitioner and his wife) living in Macomb County is \$541 per month. RFT 200 (December 2013), pp. 1-2; RFT 240, p 1. Thus, if Petitioner's net monthly income is in excess of the \$541, he may become eligible for assistance under the deductible program, with the deductible being equal to the amount that his monthly income exceeds \$541. BEM 545, p 1.

At the hearing, the Department produced a SSI-Related MA budget showing how the deductible, in Petitioner's case was calculated. (Exhibit D). As discussed above, the Department properly calculated Petitioner's net income to be \$1652. The Department testified that \$110.50 was excluded from Petitioner's net income for insurance premiums. There was no evidence presented that Petitioner was entitled to any other

deductions to income. BEM 530, pp 1-4; BEM 541, pp.2-3. The Department properly determined that Petitioner had countable income of \$1541.50.

Because Petitioner's countable income of \$1541.50 for MA purposes exceeds the monthly protected income level of \$541 by \$1000, the Department properly calculated Petitioner's monthly \$1000 MA deductible in accordance with Department policy.

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 Petitioner had excess income for Ad-Care and that he was eligible for MA under the G2S program with a monthly deductible.

DECISION AND ORDER

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

ZB/tlf



Zainab A. Baydoun
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

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