



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: September 16, 2016  
MAHS Docket No.: 16-010221  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Eric J. Feldman**

### **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 three-way telephone hearing was held on September 6, 2016, from Detroit, Michigan. The Petitioner was represented by [REDACTED] (Petitioner). The Department of Health and Human Services (Department) was represented by [REDACTED], Assistant Payment Worker.

### **ISSUES**

Did the Department properly determine that Petitioner is not eligible for Medical Assistance (MA) – AD-Care coverage from [REDACTED] ?

Did the Department properly provide Petitioner with Medical Assistance (MA) coverage he is eligible to receive from [REDACTED] ?

Did the Department properly calculate Petitioner's MA – Group 2 Spend-Down (G2S) deductible from [REDACTED] ?

Did the Department properly process Petitioner's submitted medical expenses?

### **FINDINGS OF FACT**

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

1. On [REDACTED], Petitioner attended a previous administrative hearing before Administrative Law Judge (ALJ) Susanne Harris in which he protested the closure

of his Medicare Cost Share (MSP) – Qualified Medicare Beneficiaries (QMB) coverage and the closure of his MA – AD-Care coverage. Exhibit 2, pp. 1-4.

2. On [REDACTED], ALJ Harris issued a hearing decision and ordered that the Department do the following: (i) “redetermine Petitioner’s eligibility for QMB and AD-Care dated back to [REDACTED]; (ii) and if it is determined that he is not eligible for those programs, consider Petitioner’s eligibility for all the MA category options; and (iii) issue Petitioner any supplement he may thereafter be due (Reg. No. 15-014924).” Exhibit 2, p. 3.
3. Subsequent to the hearing decision, Petitioner was found eligible for G2S coverage, subject to a deductible effective [REDACTED], ongoing. Exhibit A p. 6.
4. Petitioner is 64-years-old, his household size is one, he lives in [REDACTED] county, he is disabled, and he received [REDACTED] in Retirement, Survivors, and Disability Insurance (RSDI) income for March 2016.
5. For March 2016, Petitioner was not eligible for AD-Care coverage due to excess income; however, he was eligible to receive MA benefits subject to a [REDACTED] monthly deductible through the G2S program.
6. For March 2016, Petitioner received MSP coverage under the Specified Low-Income Medicare Beneficiaries (SLMB) program.
7. From [REDACTED], Petitioner submitted six (6) medical bills to the Department to process. Exhibit A, p. 9.
8. On [REDACTED], the Department sent Petitioner a Health Care Coverage Determination Notice (determination notice) notifying him that he was found eligible for full MA coverage from [REDACTED], and [REDACTED] ongoing. Exhibit A, p. 3. The determination notice notified him that he was found eligible for full coverage MSP benefits effective [REDACTED]. Exhibit A, p. 3.
9. However, the determination notice indicated that Petitioner’s deductible amount has changed and he is responsible for paying for the following services received on March 1, 2016:
  - a. Petitioner liable for [REDACTED] to [REDACTED];
  - b. Petitioner liable for [REDACTED] to Provider 2;
  - c. Petitioner liable for [REDACTED] to [REDACTED];
  - d. Petitioner liable for [REDACTED] to [REDACTED]; and
  - e. Petitioner liable for [REDACTED] to [REDACTED].

10. On [REDACTED], Petitioner filed a hearing request, protesting the Department's action. Exhibit A, p. 2.

### **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.

#### **Preliminary matters**

First, on or about [REDACTED], Petitioner submitted to the Michigan Administrative Hearing System (MAHS) an additional medical bill from [REDACTED] that he disputed. See Exhibit 1, p. 4. The bill had a statement date of [REDACTED] with a past due amount of [REDACTED]. Exhibit 1, p. 4. Based on this information, the undersigned will not address the medical bill dated [REDACTED] because it occurred subsequent to the hearing request. Petitioner can request another hearing if he is disputing the omission of the medical bill dated [REDACTED]. See BAM 600 (October 2015), pp. 1-6.

Second, there are four main issues that concerns the Petitioner. Back in October 2015, ALJ Harris issued a hearing decision in which she ordered the Department to redetermine his eligibility for the AD-Care program effective [REDACTED]. Exhibit 2, p. 3. The AD-Care program does not have any deductible requirement. See BEM 163 (July 2013), p. 1. Thus, if Petitioner submitted any medical bills during a period in which he had AD-Care coverage, he would not be responsible to pay for any services he received because there is no deductible present. However, ALJ Harris's order further stated that, "if it is determined that he is not eligible for AD-Care, then consider Petitioner's eligibility for all the MA category options." Exhibit 2, p. 3. Based on Petitioner's Eligibility Summary, it was determined that he was found not eligible for the AD-Care coverage and instead, he was found eligible for the G2S coverage, subject to a deductible effective [REDACTED]. See Exhibit A, p. 6.

Now turning to 2016, Petitioner testified that he was hospitalized in February 2016 and March 2016. As a result of his hospitalization, Petitioner's Medicare coverage would only cover a certain percentage of his medical bills and the remaining balances were

submitted to the Department under his Medicaid coverage. Petitioner submitted the following medical bills in March of 2016:

- (i) Inpatient hospitalization/nursing care bill for [REDACTED], report date [REDACTED]
- (ii) Inpatient hospitalization/nursing care bill for [REDACTED], report date [REDACTED]
- (iii) Inpatient hospitalization/nursing care bill for [REDACTED] report date [REDACTED]
- (iv) Inpatient hospitalization/nursing care bill for [REDACTED], report date [REDACTED]
- (v) Inpatient hospitalization/nursing care bill for [REDACTED], report date [REDACTED]; and
- (vi) Medical equipment/supplies, eyeglasses, dentures, hearing aids, etc...bill for [REDACTED] report date [REDACTED].

Exhibit A, p. 9.

In March 2016, Petitioner had G2S coverage, but with a [REDACTED] deductible. Petitioner met his deductible for March 2016 due to his inpatient hospital stay. See Exhibit A, p. 1. Upon processing the submitted medical expenses, any bills in excess of [REDACTED] would be covered by his MA coverage for March 2016. However, Petitioner would be liable for the first [REDACTED] in his medical bills because that is his deductible. Thus, on [REDACTED], the Department informed Petitioner that he received full coverage for March 2016, but he was responsible for the 5 bills listed on the notice because the total sum of the bills is [REDACTED], which is his deductible. Exhibit A, pp. 3-4. Nevertheless, Petitioner filed a hearing request, protesting the 5 medical bills listed and claiming that he should not be responsible for the medical bills and that he was never informed that he had a deductible. The undersigned addresses the following concerns: (i) did the Department properly determine that Petitioner is not eligible for AD-Care coverage from [REDACTED]; (ii) if he is not eligible for full MA coverage, did the Department properly provide Petitioner with G2S coverage he is eligible to receive, subject to a deductible from [REDACTED]; and (iii) did the Department properly process Petitioner's submitted medical expenses.

### **AD-Care**

In the present case, the undersigned will first determine if the Department properly determined that Petitioner is not eligible for AD-Care coverage.

AD-Care is an Supplemental Security Income (SSI)-related Group 1 MA category. See BEM 163 (July 2013), p. 1. This category is available to persons who are aged or disabled (AD). BEM 163, p. 1. All eligibility factors in this item must be met in the calendar month being tested. BEM 163, p. 1.

Additionally, policy states that net income cannot exceed 100% of the poverty level. BEM 163, p. 1. Income eligibility exists when net income does not exceed the income limit in RFT 242. BEM 163, p. 2. RFT 242 states that the income limit for AD-Care for a fiscal group of one effective [REDACTED], is [REDACTED]. See RFT 242 (April 2016), p. 1. However, it should be noted that RFT 242 policy includes the following statement with the table, "Income limits are 100 percent of the Federal Poverty Level (FPL) + \$20 disregard." RFT 242, p. 1. Thus, the undersigned interprets this statement to mean that the \$1,000.83 limit is comprised of 100% of the FPL plus the \$20 disregard (the disregard will be explained below).

The 2015 federal poverty limit was \$11,770 per year; this amount breaks down to a monthly average of \$980.83/month, but when the Department adds in the \$20 disregard, this increased the limit to \$1,000.83 as shown in RFT 242. Nonetheless, AD-Care policy clearly states in the beginning of BEM163 that net income cannot exceed 100% of the poverty level. BEM 163, p. 1. Therefore, Petitioner's net income cannot exceed 100% of the FPL for a group size of one, which in this case is \$980.83. It should be noted that the Department including the \$20 disregard in the RFT 242 income table can make it quite confusing. Nonetheless, it was determined that Petitioner's gross total unearned income is [REDACTED] which comprised of his RSDI income. See Exhibit A, pp. 7-8; BEM 163, p. 2. Then, the Department applies the deductions in BEM 540 (for children) or 541 (for adults) to countable income to determine net income. BEM 163, p. 2. In this case, the Department would subtract the \$20 disregard to establish Petitioner's total net unearned income to be [REDACTED]. BEM 541 (January 2016), p. 3. Based on the above policy, Petitioner's net income of [REDACTED] for AD-Care purposes barely exceeds the income limit of [REDACTED] (100% of the FPL). As such, it is found that Petitioner is not eligible for AD-Care coverage. BEM 163, pp. 1-2 and RFT 242, p. 1.

### **MA – G2S deductible**

Next, Petitioner may still receive MA benefits subject to a monthly deductible through the G2S program. In this case, Petitioner was found eligible for G2S subject to a [REDACTED] deductible. The undersigned will now determine if the Department properly calculated Petitioner's G2S budget.

In the present case, Petitioner's group size is one and he resides in [REDACTED] County. The Department presented the G2S budget for the benefit period of March 2016. See Exhibit B, p. 4.

G2S is an SSI-related Group 2 MA category. See BEM 166 (July 2013), p. 1. BEM 166 outlines the proper procedures for determining G2S eligibility. BEM 166, p. 1.

In this case, the Department properly calculated Petitioner's gross total unearned income to be [REDACTED]. Exhibit A p. 5 and BEM 503, p. 28.

The Department then properly subtracted the \$20 disregard to establish Petitioner's total net unearned income of [REDACTED]. BEM 541 (January 2016), p. 3.

Next, the Department does provide budget credits (i.e., insurance premiums), which can reduce the total net income and more importantly, the deductible amount. However, the evidence established that Petitioner was not eligible for any of the budget credits. Exhibit A, p. 5.

Finally, 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 (July 2016), p. 1; BEM 166, p. 2; BEM 544 (July 2016), p. 1; and RFT 240 (December 2013), p. 1. The monthly PIL for an MA group of one living in ██████ County is ██████ per month. RFT 200 (December 2013), pp. 1-2 and RFT 240, p. 1. Moreover, an individual whose monthly income is in excess of ██████, may become eligible for assistance under the deductible program, with the deductible being equal to the amount that the group's monthly income exceeds the PIL. BEM 545, p. 1.

Based on the above policy, Petitioner's countable income of ██████ for MA purposes exceeds the monthly protected income level of ██████ by ██████ Exhibit A, p. 5. Thus, the Department properly calculated Petitioner's G2S deductible to be ██████ effective ██████ ██████, in accordance with Department policy. Furthermore, the undersigned finds that the Department properly provided Petitioner with the most beneficial MA category, which was the G2S program, for ██████, ██████

### Medical Bills

Finally, it must be determined if the Department properly processed Petitioner's submitted medical bills in March of 2016.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. BEM 545, p. 11.

In this case, Petitioner submitted a total of six medical bills for March 2016 as shown in the preliminary matters section of this analysis. The Department processed the six medicals bills and determined that Petitioner would be liable for the first ██████ in medical bills because that is his deductible. Thus, on ██████, the Department informed Petitioner that he received full coverage for March 2016, but he was responsible for the 5 bills listed on the notice because the total sum of the bills is ██████, which is his deductible. Exhibit A, pp. 3-4. Accordingly, the Department acted in accordance with Department policy when it properly processed Petitioner's submitted medical bills in March of 2016. See BEM 545, pp. 1-11.

### DECISION AND ORDER

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 (i) the Department properly determined that Petitioner was not eligible for AD-Care coverage for March 2016; (ii) the Department acted in accordance with Department policy when it properly determined Petitioner's MA eligibility for March 2016; (iii) the Department properly calculated Petitioner's G2S deductible of [REDACTED] for March 2016; and (iv) the Department acted in accordance with Department policy when it properly processed Petitioner's submitted medical bills in March of 2016.

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

EF/hw



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**Eric J. Feldman**

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]