



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: January 30, 2017  
MAHS Docket No.: 16-017753  
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 [REDACTED], from Detroit, Michigan. The Petitioner was represented by herself. The Department of Health and Human Services (Department) was represented by [REDACTED], Hearing Facilitator.

### **ISSUE**

Did the Department properly determine the Petitioner's Medical Assistance (MA) eligibility subject to a spenddown?

### **FINDINGS OF FACT**

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

1. The Petitioner is eligible for MA and is disabled.
2. The Department determined that the Petitioner was eligible for MA subject of a spenddown of \$ [REDACTED]
3. The Department issued a Health Care Coverage Determination Notice on [REDACTED] [REDACTED] finding the Petitioner's MA eligibility was subject to a \$ [REDACTED] spenddown based upon her income. Exhibit 2A.

4. The Petitioner is disabled and receives Retirement, Survivors and Disability Insurance (RSDI) in the amount of \$ [REDACTED] and unearned income from a pension in the amount of \$ [REDACTED] for a total income of \$ [REDACTED]
5. The Petitioner requested a timely hearing on [REDACTED], 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 sought review of the Department's determination of whether the Department correctly determined Petitioner's MA spenddown amount. The Department imposed a spenddown of \$ [REDACTED] effective [REDACTED]. The Petitioner is entitled to request a review of her spenddown as it is ongoing, even though imposed more than 90 days ago. If it was determined by the undersigned that the spenddown amount was incorrect, any correction would be limited to going back 90 days and not to [REDACTED], Notice, which imposed the spenddown.

The Department presented an MA spenddown budget at the hearing, which was reviewed.

#### **Medical Assistance Deductible Calculation**

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 (October 1015), p. 2; BEM 544 (July 1, 2016), p. 1; BEM 545 (January 1, 2017), pp. 1-2; RFT 240 (December 1, 2013), p. 1.

Income eligibility for full coverage MA exists for the calendar month tested when:

- There is no excess income.

- Allowable medical expenses (defined in **EXHIBIT I**) equal or exceed the excess income.

When **one** of the following equals or exceeds the group's excess income for the month tested, income eligibility exists **for the entire month**:

- Old bills (defined in EXHIBIT IB).
- Personal care services in clients home, (defined in Exhibit IDH), Adult Foster Care (AFC), or Home for the Aged (HA) (defined in EXHIBIT ID).
- Hospitalization (defined in EXHIBIT IC).
- Long-term care (defined in EXHIBIT IC).

When **one** of the above does **not** equal or exceed the group's excess income for the month tested, income eligibility begins either:

- **The exact day of the month** the allowable expenses **exceed** the excess income.
- **The day after the day of the month** the allowable expenses **equal** the excess income. BEM 545, p. 1.

The fiscal group's monthly excess income is called a deductible amount. BEM 545, p. 11

A 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, p. 10. The fiscal group's monthly excess income is called a deductible amount. BEM 545, p. 11. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545, p. 11.

The monthly PIL for an MA group of one (Petitioner) living in ██████ County is \$█████ BEM 211 (November 2012), p. 5; RFT 200 (December 1, 2013), p. 2; RFT 240, p. 1. Therefore, Petitioner's MA coverage is subject to a deductible if Petitioner's monthly net income, based on gross income, is greater than \$█████

At the hearing, the Petitioner's MA deductible budget was also reviewed to determine if the deductible, in the amount of \$█████ was correct. The Department used the correct income and credited the Petitioner with a \$█████ unearned income general exclusion and her Medicaid Part B premium in the amount of \$█████ was also deducted, leaving countable income of \$█████ ( $\$█████ - \$█████ = \$█████ - \$█████ = \$█████$ ). In the budget presented, the Petitioner did not present any medical bills, which will also cause

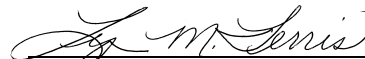
a reduction in the deductible spenddown amount but only when bills are presented to the Department. The last step to determine the deductible is to subtract the protected income level (PIL) for ██████ County, which is \$█████ from the countable income of \$█████. This leaves a deductible of \$█████ ( $\$█████ - \$█████ = \$█████$ ) Exhibit 2B.

### 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 the Department acted in accordance with Department policy when it calculated the Petitioner's spenddown to be \$█████.

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

LMF/jaf



**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]

[REDACTED]