



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 6, 2017
MAHS Docket No.: 17-003766
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, an in-person hearing was held on [REDACTED] from [REDACTED] Michigan. The Petitioner was represented by himself. Petitioner’s wife, [REDACTED], also appeared as a witness. The Department of Health and Human Services (Department) was represented by [REDACTED] [REDACTED], Hearing Facilitator, and [REDACTED], Eligibility Specialist.

ISSUE

Did the Department properly determine the Petitioner’s Medical Assistance (MA) 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. Petitioner and his spouse are ongoing recipients of MA with a spenddown deductible of \$ [REDACTED]
2. The Petitioner receives Retirement, Survivors and Disability Insurance (RSDI) in the amount of \$ [REDACTED] and also has a pension in the amount of \$ [REDACTED] monthly, for total unearned income of \$ [REDACTED]. This amount was confirmed at the hearing as correct by Petitioner. Exhibits B and D.

3. The Petitioner's wife receives RSDI in the amount of \$ [REDACTED] and a pension in the amount of \$ [REDACTED]. The total income is \$ [REDACTED]. This amount was confirmed at the hearing by Petitioner's wife as correct. Exhibits C and D.
4. The total monthly income for Petitioner and his wife is \$ [REDACTED].
5. The Petitioner and his wife live in [REDACTED] County. The Protected income limit for [REDACTED] County is \$ [REDACTED].
6. The Department issued a Health Care Coverage Determination Notice on [REDACTED] [REDACTED] changing the Petitioner's full coverage MA to a \$ [REDACTED] deductible effective [REDACTED]. Exhibit A.
7. The Petitioner requested a timely hearing on [REDACTED], protesting the Department's imposition of a deductible rather than full coverage MA.

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 Department reviewed the Petitioner's MA eligibility and found that based upon his income and his wife's income they were no longer eligible for full coverage MA due to their income exceeding the income limit for that program. The income amount for the Petitioner and his wife totaled \$ [REDACTED] which amount was determined to be correct and confirmed by the Petitioner and his wife.

The Petitioner sought review of the Department's determination of a MA spenddown of \$ [REDACTED] effective [REDACTED], which change the Petitioner's coverage from full coverage.

The Department presented a MA spend down 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 Ad Care requires:

Income eligibility exists when net income does not exceed the income limit in RFT 242. Net income cannot exceed 100% of the poverty level. Income eligibility cannot be established with a patient-pay amount or by meeting a deductible. BEM 163 (January 2017), p. 1.

RFT 242 (April 1, 2017), p. 1 provides that the income limit for a group of two persons is \$██████. The Petitioner's net income is \$██████ and thus, his group income exceeds the net income limit to be eligible for full coverage Ad Care. Thus, the Department was correct to apply to terminate full coverage MA based upon excess income and impose a deductible.

Income eligibility for full coverage MA exist for the calendar monthly 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 II), 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 \$█████

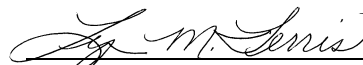
At the hearing, the Petitioner's MA deductible budget was also reviewed to determine if the deductible in the amount of \$█████ was correct. The Department used the correct income of \$█████ and credited the Petitioner with a \$█████ unearned income general exclusion and leaving countable income of \$█████ ($\$█████ - \$█████ = \$█████$). 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 ██████ Count which is \$█████ from the countable income of \$█████. This leaves a deductible of \$█████ ($\$█████ - \$█████ = \$█████$). Exhibit E.

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 closed the Petitioner's MA group full coverage MA and imposed a \$█████ MA deductible.

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

Petitioner

[REDACTED]
[REDACTED]
[REDACTED]

DHHS

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]