



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

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Date Mailed: August 30, 2017  
MAHS Docket No.: 17-008546  
Agency No.: ██████████  
Petitioner: ██████████

**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, an in-person hearing was held on August 30, 2017, from ██████████ Michigan. Petitioner appeared and was represented by ██████████, Michigan Welfare Rights Organization. The Michigan Department of Health and Human Services (MDHHS) was represented by ██████████, Hearing Facilitator.

**ISSUES**

1. The first issue is whether MDHHS properly determined Petitioner's eligibility for Medicaid.
2. The second issue is whether MDHHS properly determined Petitioner's eligibility for Medicare Savings Program (MSP).

**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 an unspecified date, Petitioner applied for Medicaid and MSP benefits.
2. Petitioner was a single individual receiving \$████████/month in gross Retirement, Survivors, and Disability Insurance (RSDI) benefits in ██████████
3. Petitioner paid insurance premiums of \$████████/month.

4. On [REDACTED], MDHHS determined, in part, that Petitioner was eligible for Medicaid subject to a \$ [REDACTED]/month deductible, effective [REDACTED], and ineligible for MSP benefits beginning [REDACTED].
5. On [REDACTED], Petitioner requested a hearing to dispute the determination of an ongoing Medicaid deductible and MSP eligibility.

### **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, in part, to dispute Medicaid eligibility. MDHHS presented a Health Care Coverage Determination Notice (Exhibit A, pp. 1-2) dated [REDACTED]. The notice stated, in part, Petitioner was eligible for Medicaid subject to a \$ [REDACTED]/month deductible beginning [REDACTED]. Petitioner contended that she should have received Medicaid without a deductible.

Petitioner contended the disputed Medicaid determination was erroneous because MDHHS approved her for Medicaid in past months. An understanding of Petitioner's previous approval for Medicaid is not needed to determine whether the disputed Medicaid determination was proper. Possible explanations for Petitioner's previous eligibility is that the approval was erroneous or eligibility factors that have since changed. Thus, no consideration will be given to Petitioner's previous approval for Medicaid.

Medicaid is also known as Medical Assistance (MA). BEM 105 (January 2016), p. 1. The Medicaid program comprise [sic] several sub-programs or categories. *Id.* To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. *Id.*

Persons may qualify under more than one MA category. *Id.*, p. 2. Federal law gives them the right to the most beneficial category. *Id.* The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

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 were alleged to be applicable in the present case. Gross amount means the amount of RSDI before any deduction, such as Medicare. BEM 163 (July 2013), p. 2.

MDHHS alleged that Petitioner received \$[REDACTED]/month in gross RSDI benefits. Petitioner's testimony conceded the amount to be accurate.

MDHHS gives AD-Care budget credits for employment income, guardianship and/or conservator expenses and cost of living adjustments (COLA) (for [REDACTED] through [REDACTED] only). Petitioner did not allege any such factors were applicable. Petitioner's countable income for purposes of AD-Care eligibility is \$[REDACTED]

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 income limit for AD-Care for a one-person MA group is \$[REDACTED] RFT 242 (April 2017), p. 1. Petitioner's countable income exceeds the AD-Care limit. It is found that MDHHS properly determined Petitioner to be ineligible for Medicaid under AD-Care.

Petitioner may still receive Medicaid 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 (July 2016), p. 11.

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 that Petitioner had insurance expenses of \$[REDACTED]/month.

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 \$[REDACTED] (see RFT 240 (December 2013), p. 1).

Subtracting the PIL, insurance premiums, and \$20 disregard from Petitioner's income results in a monthly deductible of \$[REDACTED] (rounding to nearest dollar), the same amount calculated by MDHHS (see Exhibit 1, p. 6). It is found that MDHHS properly determined Petitioner's Medicaid eligibility.

Petitioner requested a hearing, in part, to dispute MSP eligibility. The presented Health Care Coverage Determination Notice stated Petitioner's MSP eligibility was denied, beginning [REDACTED], due to excess income.

MSP programs offer three different degrees of assistance with payment toward a client's Medicare premium and deductibles. Qualified Medicare Beneficiaries (QMB) coverage pays for a client's Medicare premiums, coinsurances, and deductibles (see BEM 165 (October 2016), p. 2). Specified Low Income Beneficiaries (SLMB) coverage pays for a client's Medicare Part B premium (see *Id.*). Additional Low Income Beneficiaries (ALMB) coverage pays for a client's Medicare Part B premium if DHHS funding is available. (See *Id.*).

[For MSP income eligibility, MDHHS is to] determine countable income according to the SSI-related MA policies in BEM 500, 501, 502, 503, 504 and 530, except as explained in COUNTABLE RSDI in this item. BEM 165 (October 2016) p. 8. [MDHHS is to] apply the deductions in BEM 540 (for children) and 541 (for adults) to countable income to determine net income. *Id.*

Petitioner's monthly income was calculated to be \$ [REDACTED] for purposes of Medicaid eligibility. The same calculations apply to Petitioner's MSP eligibility.

Countable budget expenses including those for guardianship, conservator, and cost of living adjustments (for [REDACTED] through [REDACTED] only). None of the expenses were applicable to Petitioner. It is found Petitioner's countable income for MSP eligibility is \$ [REDACTED]


Income eligibility exists [for MSP] when net income is within the limits in RFT 242 or 247. *Id.*, p. 8. The highest income limit for any MSP category for a group size of 1 is \$ [REDACTED] (see RFT 242 (April 2017), p. 1.

Petitioner's countable income exceeds the income limits for MSP eligibility. Accordingly, it is found that MDHHS properly denied Petitioner's MSP 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 to be eligible for Medicaid subject to a \$ [REDACTED]/month deductible, effective [REDACTED]. It is further found that MDHHS properly denied Petitioner's MSP eligibility, effective [REDACTED], due to excess income. The actions taken by MDHHS are **AFFIRMED**.

CG/jaf

  
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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]

**Petitioner**

[REDACTED]  
[REDACTED]  
[REDACTED]

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