



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: April 24, 2017  
MAHS Docket No.: 17-001847  
Agency No.: [REDACTED]  
Date of Hearing Request: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Michael J. Bennane**

**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] [REDACTED] from Detroit, Michigan. Ms. [REDACTED], Petitioner’s daughter and authorized hearing representative (AHR), appeared on behalf of Petitioner. [REDACTED], Eligibility Specialist, and [REDACTED], Eligibility Specialist, appeared on behalf of the Department of Health and Human Services (Department).

The Department offered the following exhibits, which were marked and admitted into evidence: [**Department’s Exhibit A**]: Hearing Summary, Request for Hearing, Letters from Dept. of Veterans Affairs, Letter from [REDACTED], Request for Hearing, Health Care Coverage Determination Notice, Bridges Earned Income Budget-Summary, Bridges SSI Related Medicaid (Adults) Income Budget Results, Medical Expenses Summary, Bridges Medical Expenses Details, Request for Hearing, Health Care Coverage Determination Notice, Rental Agreement, Fifth Third Bank Statements, Redetermination forms, Notice of Case Action, Redetermination, Notice of Case Action, and a Deductible Report].

Petitioner did not offer any exhibits into evidence.

The record closed at the conclusion of the hearing.

**ISSUE**

Did the Department properly determine Petitioner’s eligibility for Medical Assistance (MA) or “Medicaid”?

### **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 active for full MA (G2S) benefits.
2. Petitioner is a blind, disabled veteran. [Department's Exhibit A, pp. 2-3].
3. Petitioner receives ██████ per month for Veteran's benefits and ██████ per month from the Social Security Administration (SSA) for Retirement, Survivors, Disability and Insurance (RSDI) benefits. [Dept. Exh. A, pp. 3-5].
4. The Department initially budgeted ██████ as Petitioner's ongoing monthly medical expenses, but this was incorrect due to a departmental error. After the Department discovered the error, the Department, beginning ██████ began to use ██████ as Petitioner's ongoing medical expenses. [Dept. Exh. A, p. 13].
5. On ██████, the Department mailed Petitioner a Health Care Coverage Determination Notice (DHS-1606), which indicated that Petitioner was eligible for MA benefits with a deductible in the amount of ██████. [Dept. Exh. A, p. 29].
6. On or about ██████, Petitioner's AHR requested a hearing to challenge the deductible amount. [Dept. Exh. 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.

In the instant matter, Petitioner's AHR requested a hearing because she believed that the Department erred when it determined that her father, the Petitioner, was eligible for a spend-down or deductible in the amount of ██████. The Department contends that Petitioner's previous MA eligibility was incorrect due to an agency error; and when the Department corrected the error, it re-determined Petitioner's MA eligibility. Following

redetermination, the Department argues that Petitioner was eligible for a spend-down (deductible) due to his income and other factors.

Michigan has set guidelines for income which determine if an MA group meets the financial eligibility requirements with regard to MA eligibility. BEM 105 (10-1-2016). In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. BEM 105, p. 1.

For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for Group 2 categories. Group 2 categories are considered a limited benefit because a deductible is possible. BEM 105, p. 1.

Income eligibility exists when net income does not exceed the Group 2 needs in BEM 544. See BEM 166 (7-1-2013). The protected income limit (PIL) is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA PILs based on shelter area and fiscal group. BEM 544 (7-1-2016), p. 1. However an MA group may become eligible for assistance under the deductible program. A deductible case is an active MA case with no ongoing MA eligibility or coverage. The case meets all other eligibility requirements but income exceeds allowable limits. Periods of coverage are added when the client becomes income eligible by incurring medical expenses. BPG p. 16 (1-1-2014).

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 (1-1-2017). Active Deductible cases will be opened on Bridges without ongoing Group 2 MA coverage as long as the fiscal group has excess income and at least one fiscal group member meets all other Group 2 MA eligibility factors. BEM 545, p. 10.

This Administrative Law Judge has carefully considered and weighed the testimony and other evidence in the record. Based on the above Findings of Fact and the record evidence, this Administrative Law Judge finds that the Department did follow the process set forth in BEM 536 and 545.

Here, Petitioner's total monthly net income was [REDACTED]. This was calculated from Petitioner's monthly unearned income from RSDI and Veteran's benefits. At the time, Petitioner lived in [REDACTED] County, which is Shelter Area IV per RFT 200 (12-1-2013). Petitioner's MA fiscal group size was 1. According to RFT 240, the protected income limit (PIL) for a group size of 1 is [REDACTED]. Per policy, the Department subtracted [REDACTED] from Petitioner's unearned income [REDACTED] which resulted in a net income of [REDACTED]. The Department subtracted an additional [REDACTED] for insurance premiums and [REDACTED] for COLA Exclusion Amount, which left [REDACTED] in total


countable income. Petitioner's countable income minus the PIL determines remaining deductible amount. Thus, ██████████0 (monthly net countable income) - ██████ (PIL) = ██████████ See BEM 536 (4-1-2016). Therefore, the appropriate MA deductible amount is ██████████.

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 Petitioner's MA eligibility and deductible amount.

**DECISION AND ORDER**

Accordingly, the Department's decision is **AFFIRMED**.  
**IT IS SO ORDERED.**

CAP for MJB/jaf

  
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**Michael J. Bennane**  
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]  
[REDACTED]  
[REDACTED]

**Authorized Hearing Rep.**

[REDACTED]  
[REDACTED]  
[REDACTED]

**Petitioner**

[REDACTED]  
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