



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: February 7, 2018  
MAHS Docket No.: 17-014978  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Denise McNulty**

**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; 42 CFR 438.400 to 438.424; 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 December 18, 2017, from Detroit, Michigan. The Petitioner was present and represented by [REDACTED], Attorney. The Department of Health and Human Services (Department) was represented by [REDACTED], Eligibility Specialist.

**ISSUE**

Did the Department properly process Petitioner's medical bills under her Medicaid (MA) Group 2 benefits case for the month of April 2016?

**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 an ongoing recipient of MA subject to a deductible.
2. On June 8, 2016, Petitioner submitted medical bills for the month of April 2016 to the Department. The Department received the medical bills and did not process them correctly.
3. On July 15, 2016, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) informing her that she was eligible for full coverage MA and Medicare Savings Program (MSP) effective April 1, 2016-ongoing. [Exhibit A, pp. 1-6.]

4. In September 2017, Petitioner became aware that the medical bills from April 2016 were outstanding and had not been paid by MA benefits.
5. On October 6, 2017, the Department received Petitioner's request for a hearing to address the issue of her medical expenses not being covered for the month of April 2016.

### **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, Petitioner requested a hearing to address why her medical bills were not paid under her Group 2 MA for the month of April 2016. Petitioner was an ongoing recipient of Group 2 MA benefits. [Exhibit A, pp. 1-6.] The Department agrees that Petitioner submitted documentation regarding medical expenses incurred in April 2016 on June 8, 2016, and on several other dates in June-July 2016. However, the medical expenses did not get processed correctly. During the hearing, the Department verified that Petitioner submitted many expenses, one of which alone would have met her deductible for April 2016, had it been processed correctly.

On June 21, 2016, the Department sent Petitioner a HCCDN which indicated she had full medical coverage MSP for April 1, 2016-ongoing. The HCCDN further indicated that from August 1, 2016-ongoing she had a deductible of \$[REDACTED]. It was not until Petitioner was hospitalized in [REDACTED] that she learned the April 2016 medical bills had not been paid.

Income eligibility exists under Group 2 MA for the calendar month being tested when: (i) there is no excess income and (ii) the allowable medical expenses equal or exceed the excess income. BEM 545 (January 2017), p. 1. Income eligibility exists for the entire month tested when the group does **not** have excess income. BEM 545 (January 2017), p. 2. The Department presented an Income Budget for April 1, 2016, through July 31, 2016. Petitioner receives unearned income in the form of Retirement, Survivors, and Disability Insurance (RSDI) in the amount of \$[REDACTED] monthly. She had a monthly deductible of \$[REDACTED] for the Group 2 MA benefits.

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 (January 2017), p. 11. Meeting a deductible means reporting and verifying allowable medical expenses that equals or exceeds the deductible amount for the calendar month tested. BEM 545 (January 2017), p. 12. The fiscal group's monthly excess income is called a deductible amount. BEM 545 (January 2017), p. 12. The medical bills submitted by Petitioner for the month of April 2016 contained the requisite information regarding the date the expense was incurred, the amount of the expense and the medical provider in accordance with BEM 545, p. 16. On June 8, 2016, Petitioner submitted and the Department received, documentation for several medical expenses incurred in the month of April 2016. One medical expense incurred by Petitioner in April 2016 was in the amount of \$██████. That single medical bill, for which documentation was provided to the Department timely, exceeded her monthly deductible.

It is found that the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it processed the submitted medical expenses submitted in June–July 2016 for medical expenses incurred in April 2016. It is found that the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined her eligibility for MA benefits for April 2016.

### **DECISION AND ORDER**

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

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Reprocess the medical bills for expenses incurred in April 2016 and redetermine Petitioner's eligibility for benefits for April 2016;
2. Pay Petitioner's providers, in accordance with policy, issuing a MSA-1038, Twelve Month Billing Limitation for Medical Servicing form, if necessary; and
3. Notify Petitioner in writing of the Department's decision in accordance with policy.

DM/jaf



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**Denise McNulty**

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]

**Counsel for Petitioner**

[REDACTED]  
[REDACTED]  
[REDACTED]

**Petitioner**

[REDACTED]  
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