



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

ORLENE HAWKS
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED] MI [REDACTED]

Date Mailed: May 6, 2019
MOAHR Docket No.: 19-002756
Agency No.: [REDACTED]
Petitioner: [REDACTED]

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; 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 May 1, 2019, from Detroit, Michigan. Petitioner did not participate. Daniel Mayer of Independent Medical Networks, Inc. participated as Petitioner's authorized hearing representative (AHR). The Michigan Department of Health and Human Services (MDHHS) was represented by Manoj Patel, specialist, Yvette Bishop-Turnbull, manager.

ISSUE

The issue is whether MDHHS properly processed Petitioner's medical expenses towards Petitioner's Medicaid (MA) deductible.

FINDINGS OF FACT

The administrative law judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. From A [REDACTED] 2016, through [REDACTED] 2018, Petitioner's daughter, [REDACTED] (hereinafter, "Child"), incurred \$ [REDACTED] in medical expenses from St. Joseph Mercy Hospital (hereinafter, "Provider1"). Exhibit A, p. 25.
2. From [REDACTED] 2018, through [REDACTED] 2018, Child incurred \$ [REDACTED] in medical expenses from the University of Michigan (hereinafter, "Provider2"). Exhibit A, pp. 16-21.

3. On September 11, 2018, MDHHS approved Child for MA subject to a \$[REDACTED] month deductible for August 2018. Exhibit A, pp. 8-15.
4. On September 14, 2018, MDHHS received a medical bill for Child from Provider2 in the amount of \$[REDACTED]
5. On September 20, 2018, MDHHS received a medical bill for Child from Provider1 in the amount of \$[REDACTED]
6. On October 22, 2018, MDHHS processed Child's medical bill for \$[REDACTED] as "Medical, dental and vision services, including transportation/lodging to obtain services". The result was approval of MA for Child from [REDACTED] 2018, through [REDACTED] 2018 (with a \$[REDACTED] month deductible for approved expenses).
7. Following the processing of Child's medical bill from Provider2, Child's specialist attempted to process Child's bill for Provider1. The MDHHS database would not allow the processing of the bill because it included a date of service earlier in August 2018 than what was previously processed.
8. On March 15, 2019, Petitioner requested a hearing concerning the unpaid medical expense for the medical bill from Provider1. Exhibit A, pp. 2-6.

CONCLUSIONS OF LAW

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. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner's AHR requested a hearing to dispute a failure by MDHHS to process Child's medical bill for \$[REDACTED] from Provider1. MDHHS' hearing Summary (Exhibit A, p. 1) contended that Child's medical bill was properly processed and not approved because Child was previously approved for coverage for a portion of August 2018.

Income eligibility for MA exists for all or part of the month tested when the medical group's allowable medical expenses equal or exceed the fiscal group's excess income. BEM 545 (October 2018) p. 3. Such months are considered "spenddown" months in which the excess income serves as a deductible which must be met before Medicaid is issued. Clients with medical expenses during the benefit month can submit proof of the expenses to MDHHS who then determine which bills and/ portion of the bills can be used to meet the deductible for a portion or all of the benefi

As of August 2018, MDHHS approved Child for MA subject to a \$[REDACTED] month deductible. MDHHS subsequently received hospital bills for Child on September 14, 2018, in the amount of \$[REDACTED] and September 20, 2018, in the amount of \$[REDACTED]. On October 22, 2018, MDHHS applied the bills in the order they were received. MDHHS processed Child's bill received on September 14, 2018, as a generic medical expense, which resulted in approval of MA for Child in August 2018 beginning August 16, 2018 (the date of service for the bill received on September 14, 2018). When MDHHS attempted to process Child's medical bill received on September 20, 2018 (for a date of service of August 15, 2018), the MDHHS database would not allow approval of MA for a date earlier than August 16, 2018. MDHHS initially contended the outcome was proper due to MDHHS policy which states the following about generic medical expenses:

A group may report additional expenses that were incurred prior to the MA eligibility begin date calculated for a month. The MA eligibility begin date should not be altered if coverage was already authorized. However, any expenses the group reports that were incurred from the first of such a month through the day before the MA eligibility begin date might be countable as old bills. *Id.*, pp. 13-14.

The first problem with MDHHS' reliance on the above-cited policy is that MDHHS failed to consider whether Child's medical expenses were from a hospital admission. Each of Child's bills from August 2018 were from hospitals. The dates of service from each bill included dates from August 15, 2018, through August 29, 2018. The bills totaled over \$50,000 in expenses. These considerations are all consistent with Child being hospitalized.

MDHHS is to determine each qualified fiscal group member's allowable hospital expenses for the month. *Id.*, p. 3. If expenses incurred by one qualified fiscal group member for one admission equal or exceed the excess income, income eligibility exists for the entire month. *Id.*

Had MDHHS coded Child's medical expenses as hospital expenses, Child would be eligible for MA for the entire month of August 2018 (still subject to a deductible). Due to the likelihood that Child's expenses were hospital admission expenses, MDHHS will be ordered to reexamine Child's August 2018 MA eligibility after determining whether Child's August 2018 medical bills were hospital admission expenses.

A second problem with the MDHHS processing of Child's medical expenses is not directly stated in policy. Though MDHHS policy explicitly prohibits MDHHS from approving clients for an earlier date in the month that a client was previously approved for MA, MDHHS specialists are implicitly expected to process medical bills in an order which would be most favorable to a client. In the present case, MDHHS possessed each of Child's medical bills when they were applied towards Child's deductible for August 2018. MDHHS could have first processed Child's expenses from a date of

service of August 15, 2018, which would have resulted in MA eligibility for Child from August 15, 2018, through the end of month. Instead, MDHHS processed Child's medical bills in the order in which they were received. MDHHS happened to receive Child's later medical bill first which, when processed, resulted in preclusion of Medicaid for Child earlier than the date of service from the later medical bill. The failure by MDHHS to process Child's medical bills in a favorable order for Child is found to be erroneous based on the implied requirement of processing. To remedy the error, MDHHS will be ordered to reprocess Child's medical expenses with a date of service from August 15, 2018.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly processed Child's hospital expenses from August 2018. It is ordered that MDHHS begin the following actions within 10 days of the date of mailing of this decision:

- (1) Reprocess Child's medical expenses dated August 15, 2018, subject the following findings:
 - a. MDHHS has an implied requirement to process medical expenses from a benefit month in order of dates of services;
 - b. MDHHS failed to consider whether Child's medical expenses from August 2018 were hospital expenses justifying issuance of Medicaid for the entire month; and
- (2) Issue a supplement of any benefits improperly not issued.

The actions taken by MDHHS are **REVERSED**.

CG/jaf



Christian Gardocki

Administrative Law Judge
for Robert Gordon, 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 Office of Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR 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. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office of Administrative Hearings and Rules
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

DHHS

Sarina Baber
MDHHS-Washtenaw-Hearings

Counsel for Petitioner

Linda Balakian-Blake
1 Ajax Dr Ste 200
Madison Heights MI 48071

Petitioner

[REDACTED]
[REDACTED] MI [REDACTED]

BSC4
D Smith
EQAD