



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: June 7, 2018  
MAHS Docket No.: 18-003665  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Alice C. Elkin**

**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 June 4, 2018, from Detroit, Michigan. Petitioner was present and was represented by [REDACTED] his authorized hearing representative. The Department of Health and Human Services (Department) was represented by [REDACTED] Hearing Facilitator.

**ISSUE**

Did the Department properly determine that Petitioner was eligible for Medicaid (MA) subject to a monthly \$677 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. Petitioner is an ongoing recipient of SSI-related MA.
2. At the time of hearing, Petitioner was [REDACTED]
3. Petitioner lives in Macomb County and is unmarried.
4. Effective January 2018, Petitioner receives monthly Retirement, Survivors and Disability Insurance (RSDI) of \$867 (Exhibit 2).
5. Petitioner receives \$575.96 in monthly income as an adult home help provider for his daughter (Exhibit 3).

6. The Department pays Petitioner's Part B Medicare premium.
7. Effective January 1, 2018, Petitioner became eligible for MA subject to a \$677 monthly deductible (Exhibit 1).
8. On April 9, 2018, the Department received Petitioner's request for hearing disputing the calculation of his MA deductible.

### **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.

At the hearing, the Department explained that Petitioner was no longer eligible for full-coverage MA under the Ad-Care program because his income exceeded the income limit applicable to that program.

The Department provided an SSI-related MA budget showing the calculation of Petitioner's net income for MA purposes. The budget shows Petitioner had unearned income of \$867, and Petitioner did not dispute receiving gross monthly Retirement, Survivors and Disability Insurance (RSDI) benefits of \$867. The Department properly applied a \$20 unearned income disregard, resulting in Petitioner's net unearned income of \$847. See BEM 541 (April 2017), p. 3.

The budget also showed earned income of \$575. Petitioner did not dispute receiving this amount as his daughter's adult home help provider. Such income is properly considered earned income. BEM 501 (July 2017), p. 8. A disregard of \$65 plus ½ of the fiscal group's remaining earnings is applied to reduce the earned income. BEM 541, p 3. In this case, based on \$575 in earned income, the disregard totals \$320, resulting in net earned income of \$255, as reflected on the MA budget. RFT 295 (December 2013), p. 17.

Petitioner's net unearned income of \$847 plus her net earned income of \$255 results in total net income of \$1102. Because the deductible was calculated in January, the Department excludes the cost-of-living (COLA) increase Petitioner received in his RSDI income for the calculation of income for January through March. BEM 503 (July 2017), p. 32. Petitioner's \$17 COLA increase (the difference in RSDI received in 2017 from the increased amount received in 2018) reduces Petitioner's net income is \$1085. Because Petitioner is unmarried, his fiscal group size for MA purposes is one. The income limit under the Ad-Care program where there is one member in the MA fiscal group is \$1005. BEM 163 (July 2017), p. 2; BEM 211 (January 2016), p. 8; RFT 242 (April 2017), p 1. Because Petitioner's net income of \$1085 exceeded the \$1005 income limit for eligibility under the Ad-Care program, Petitioner is ineligible for Ad-Care coverage due to his income.

Although Petitioner is not eligible for full-coverage MA, the Department concluded he was eligible for MA with a monthly \$677 deductible. Clients who are ineligible for full-coverage Group 1 MA coverage are eligible for Group 2 MA coverage, which is coverage with a deductible, when their net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (PIL). BEM 105 (April 2017), p. 1; BEM 166 (April 2017), p. 2. The PIL is a set allowance for non-medical need items such as shelter, food and incidental expenses that is based on the client's shelter area and fiscal group size. BEM 544 (July 2016), p. 1; RFT 240 (December 2013), p 1. The monthly PIL for an MA fiscal group size of one living in Macomb County is \$408 per month. RFT 200 (April 2017), p 3; RFT 240, p 1. Thus, if Petitioner's net income is in excess of \$408, he may become eligible for MA assistance under the deductible program, with the deductible equal to the amount that his monthly income exceeds \$408. BEM 545 (January 2017), p 2.

As discussed, the SSI-Related MA budget shows that Petitioner's net income totaled \$1085. BEM 530 (July 2017), p. 1; BEM 541 (January 2018), p 3. In determining the monthly deductible, net income is reduced by health insurance premiums paid by the MA group and remedial service allowances for individuals in adult foster care or homes for the aged. BEM 544, pp. 1-3. In this case, Petitioner does not reside in an adult foster care home or home for the aged. Therefore, he is not eligible for any remedial service allowances. The State pays Petitioner's monthly Part B Medicare premium, and there was no evidence presented that Petitioner he has any other health insurance premium expenses. Because Petitioner is not responsible for health insurance premiums, he has no allowable need deductions. BEM 544, p. 1.

When Petitioner's \$1085 net income is reduced by the \$408 PIL, Petitioner has excess income of \$677. Therefore, the Department acted in accordance with Department policy when it concluded that Petitioner was eligible for MA subject to a monthly \$677 deductible.

**DECISION AND ORDER**

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



AE/tm

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**Alice C. Elkin**

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) 763-0155; 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]

**Petitioner**

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

**Authorized Hearing Rep.**

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

cc: MA- [REDACTED] EQADHShearings  
Macomb County AP Specialist