



GRETCHEN WHITMER  
GOVERNOR

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

ORLENE HAWKS  
DIRECTOR

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Date Mailed: March 26, 2019  
MAHS Docket No.: 19-001254  
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; 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 March 21, 2019, from Detroit, Michigan. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Eric Murphy, specialist.

**ISSUE**

The issue is whether MDHHS properly determined Petitioner's Medicaid eligibility.

**FINDINGS OF FACT**

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

1. As of November 2018, Petitioner was an ongoing Medicaid recipient under the Parent/Caretaker Relative (PCR) Medicaid category.
2. As of November 2018, Petitioner was married, a Medicare recipient, a disabled individual, and household member with two minor children and two children aged █ and █ years.
3. As of November 2018, Petitioner received RSDI of \$1,558/month. Petitioner's minor children each received RSDI of \$389/month. Exhibit A, pp. 5-16.
4. On February 4, 2019, MDHHS determined that Petitioner was eligible for Medicaid subject to a \$487/month deductible effective March 2019.

5. On February 7, 2019, Petitioner requested a hearing to dispute his Medicaid eligibility from March 2019. Exhibit A, pp. 2-3.

### **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 requested a hearing to dispute a determination of Medicaid beginning March 2019. A Health Care Coverage Determination Notice (Exhibit A, pp. 27-30) dated February 4, 2019, stated that Petitioner was eligible for Medicaid subject to a \$487/month deductible beginning March 2019. An analysis of whether MDHHS properly determined Petitioner's Medicaid eligibility requires consideration of Petitioner's potential Medicaid categories.

Medicaid is also known as Medical Assistance (MA). BEM 105 (April 2017), p. 1. The Medicaid program includes several sub-programs or categories. *Id.* To receive MA under a Supplemental Security Income (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.*

Petitioner previously received Medicaid (without a deductible) under the PCR category. Petitioner is potentially eligible for PCR as a caretaker to minor children. Presumably, MDHHS determined Petitioner to have excess income for Medicaid under PCR. PCR is a MAGI-related category.

Group composition for MAGI-related categories follows tax filer and tax dependent rules. BEM 211 (February 2019) p. 1. MDHHS did not provide information on Petitioner's PCR group size or income. For purposes of determining Petitioner's PCR income eligibility in this decision, the most Petitioner-favorable group size (6 persons) and income findings (Petitioner's adult children had \$0 income) will be accepted as fact.

As of March 2019, Petitioner received RSDI of \$1,601/month and his two minor children received \$400/month each. Thus, for purposes of PCR, Petitioner's monthly income was \$2,401. Multiplying the income by 12 results in an annual income of \$28,812.

The income limit for PCR is 54 percent of the FPL. *Id.* The 2019 federal poverty level is \$34,590 for a 6-person group.<sup>1</sup> For Petitioner to be eligible for PCR, countable income would have to fall at or below \$18,678.60. As Petitioner's group's income exceeds the income limit, Petitioner is not eligible for Medicaid under PCR.<sup>2</sup>

As of the hearing date, Petitioner was disabled and a Medicare recipient. As a disabled and/or aged individual, Petitioner is potentially eligible for Medicaid through the SSI-related category of AD-Care.

MA categories are also split into categories of Group 1 and Group 2. *Id.*, p. 1. For Group 1, a group's net income must be at or below a certain income level for eligibility. *Id.* AD-Care is a Group 1 category. BEM 163 outlines the procedures for determining AD-Care eligibility.

For purposes of AD-Care (and other SSI-related categories), only Petitioner's and his spouse's income is relevant to the determination. Petitioner received \$1,601/month in RSDI. For purposes of this decision, it will be assumed that Petitioner's spouse had \$0 income. thus, Petitioner's group's monthly countable income is \$1,601.

The AD-Care budget allows for credits for employment income, guardianship and/or conservator expenses. Cost of living adjustments (COLA) are applicable for the benefit months of January through March only. As Petitioner's eligibility for March 2019 was disputed, Petitioner's COLA of \$43 should be subtracted from the countable income; subtracting \$43 from Petitioner's RSDI results in a countable income of \$1,558.

AD-care income limits are 100% of the Federal Poverty Level + \$20. RFT 242 (April 2018) p. 1. The income limit for a two-person AD-Care group is \$1,391.67. *Id.* Thus, Petitioner's group's countable income exceeds the AD-Care income limit; therefore, Petitioner is not eligible for Medicaid through AD-Care.

For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. *Id.* Group 2 categories are considered a limited benefit because a deductible is possible. *Id.*

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<sup>1</sup> <https://aspe.hhs.gov/2019-poverty-guidelines>

<sup>2</sup> Petitioner testified that he and his children received ongoing RSDI for at least several months. Petitioner's testimony raised a curiosity of how MDHHS previously found Petitioner eligible for Medicaid under PCR. Though it was never explained how MDHHS deemed Petitioner to be eligible for Medicaid under PCR, this information need not be learned to conclude that Petitioner was not eligible for PCR in the disputed benefit month of March 2019.

Clients with a deductible may receive Medicaid if sufficient allowable medical expenses are incurred. BEM 545 (April 2018), p. 11. Each calendar month is a separate deductible period. *Id.* The fiscal group's monthly excess income is called the deductible amount. *Id.* Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*

As a disabled individual, Petitioner is potentially eligible for a deductible through G2S. G2S is known to have a low income limit and generally higher deductibles than other Group 2 Medicaid categories. As Petitioner is potentially eligible for a deductible through G2C, the analysis will only consider whether MDHHS properly determined Petitioner's G2C eligibility.

Income eligibility for G2C exists when net income does not exceed the Group 2 needs in BEM 544. BEM 135 (October 2015), p. 2. MDHHS is to apply the Medicaid policies in BEM 500, 530 and 536 to determine net income. *Id.* If the net income exceeds Group 2 needs, Medicaid eligibility is still possible. *Id.* See BEM 545. *Id.*

For purposes of G2C eligibility, it will again be assumed that Petitioner's spouse had \$0 income. For purposes of G2C, Petitioner's countable income is \$1,558.

MDHHS offers G2C budget credits for employment income, guardianship expenses, and child support income. No applicable expenses were alleged by Respondent. Thus, Petitioner's running countable income remains \$1,558.

MDHHS then determines the adult's pro-rated income by calculating a prorated divisor which is the sum of a standard divisor (2.9) and number of dependents (3- 1 for Petitioner's spouse and 2 for minor children). Dividing Petitioner's group's income of \$1,558 by a prorated divisor of 5.9 results in a prorate income for Petitioner of \$264 (dropping cents). When the client's spouse has no income, the G2C total countable income is the sum of the client's pro-rated income (\$264) and 2.9 shares of the pro-rated income (\$765). The total G2C countable income for Petitioner is \$1,029.

G2C budget deductions are given for insurance premiums, remedial services and ongoing medical expenses. No evidence of such expenses was presented; thus, they are assumed to be \$0. MDHHS gave a \$42 credit for COLA which was subtracted from Petitioner's group's countable income and results in a total net income of \$987.

The income limit for G2C eligibility for Petitioner's group size and shelter area is \$500 (see RFT 240 (December 2013), p. 1). The amount that Petitioner's net income exceeds the income limit is the amount of deductible. Petitioner's deductible is calculated to be \$487, the same amount as calculated by MDHHS. Thus, MDHHS properly determined Petitioner's MA 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's Medicaid eligibility effective March 2019. The actions taken by MDHHS are **AFFIRMED**.

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**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 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

**Via Email:**

MDHHS-Wayne-41-Hearings  
D. Smith  
EQAD  
BSC4- Hearing Decisions  
MAHS

**Petitioner – Via First-Class Mail:**

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