



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS  
DIRECTOR

██████████  
██  
██████████ MI ██████████

Date Mailed: December 21, 2021  
MOAHR Docket No.: 21-005230  
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 hearing was held via telephone conference on December 1, 2021. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Quinton Zamarripa, specialist.

**ISSUE**

The issue is whether MDHHS properly processed Petitioner's medical expenses towards a Medical Assistance (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 ██████████ 2020, through ██████████ 2020, Petitioner was hospitalized and incurred hospital expenses totaling \$15,328.28.
2. In December 2020, Petitioner reported her hospitalization to MDHHS.
3. On April 6, 2021, MDHHS approved Petitioner for MA in ██████████ 2020 beginning ██████████ 2020, subject to a \$3,613 deductible.
4. On May 3, 2021, MDHHS received Petitioner's hospital bill from ██████████ 2020.
5. On July 30, 2021, Petitioner requested a hearing to dispute the processing of her hospital bill from ██████████ 2020.

## 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. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA policies are contained in BAM, BEM, and RFT.

Petitioner requested a hearing to dispute the processing of a hospital bill towards her MA eligibility in ██████████ 2020. Exhibit A, pp. 4-5. Petitioner credibly testified that she was hospitalized from ██████████ 2020, through ██████████ 2020. Petitioner was billed \$15,328.28 for the hospital stay. Exhibit A, p. 15.

As of ██████████ 2020, Petitioner was eligible for MA subject to a monthly deductible of \$3,613. Petitioner did not dispute her MA eligibility, but she did dispute how MDHHS processed her hospital bill from ██████████ 2020 towards her deductible. A Health Care Coverage Determination Notice stated that MDHHS approved Petitioner for MA beginning ██████████ 2020, subject to the \$3,613 deductible.<sup>1</sup> Exhibit A, pp. 8-11.

MDHHS is to open an MA case subject to a deductible 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 (July 2019) p. 3. Such cases are called active deductible cases. *Id.* Periods of MA coverage are added each time the group meets its deductible. *Id.*

Income eligibility for Medicaid exists for the calendar month tested when there is no excess income (i.e., a client is eligible for Medicaid) or allowable medical expenses equal or exceed the excess income (i.e., when submitted medical bills meet the monthly deductible). BEM 545 (July 2019) p. 3. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*, p. 11. A client is eligible for a full month of Medicaid when hospital expenses meet or exceed the deductible amount.<sup>2</sup> *Id.*, p. 1.

To apply a medical expense towards an ongoing deductible, clients must report expenses by the last day of the third month following the month in which the group wants MA coverage. *Id.*, pp. 11-12. Bills reported later would be old bills and not usable for the month that the medical expense was incurred. *Id.*, p. 2.

MDHHS approved Petitioner for Medicaid in ██████████ 2020 based on the following outpatient hospital expenses: \$2,506.20 incurred on September 16, 2020, \$2,000.00

---

<sup>1</sup> Petitioner disputed the determination because she was told by her hospital that her bill would not be covered by Medicaid.

<sup>2</sup> Hospitalized clients with a deductible will still be responsible to pay medical expenses in the amount of the deductible.

incurred on [REDACTED] 2020, and \$1,064.40 incurred on [REDACTED] 2020. Exhibit A, p. 18. All expenses were reported by Petitioner in December 2020.

MDHHS did not receive Petitioner's hospital bill until May 3, 2021. Exhibit A, p. 14. MDHHS contended that because Petitioner's hospital bill was received more than three months after her hospitalization, the bill could not be factored in Petitioner's Medicaid eligibility from September 2020, though it could be used as an old bill to meet Petitioner's deductible for future months. MDHHS's contention was improper for two reasons.

First, MDHHS appears to conflate the reporting and verifying of medical expenses. Reporting involves simply telling MDHHS that an expense was incurred. Verifying involves submitting a bill. MDHHS policy states the following concerning the reporting of medical expenses:

It is important for the specialist to **document** when the client reports an expense even if the client does not yet have the bill to verify the expense. The expense does not need to be verified before using as an expense. BEM 545 (July 2019) p. 12.

MDHHS did not receive Petitioner's hospital bill until after December 2020, however, Petitioner only needed to report the expense by the end of December 2020. MDHHS testimony acknowledged that Petitioner indeed reported a hospital expense in December 2020. Thus, MDHHS improperly expected verification of Petitioner's hospital expense by the end of December 2020.

A second problem is that MDHHS did not issue Medicaid to Petitioner for all of September 2020. As stated above, Petitioner timely reported hospital expenses. Timely reported hospital expenses should have resulted in full Medicaid for Petitioner for the entire deductible month. Instead, MDHHS approved Petitioner only for Medicaid beginning [REDACTED] 2020.

Given the evidence, Petitioner timely reported hospital expenses incurred from September 2020. MDHHS erred by not accepting Petitioner's hospital bill of \$15,328.28 as a timely reported expense. MDHHS additionally erred by not issuing Medicaid to Petitioner for the entire month of September 2020. As a remedy, Petitioner is entitled to a reprocessing of her hospital bill.

**DECISION AND ORDER**

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly processed Petitioner's reported medical expenses. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Reprocess Petitioner's hospital bill subject to the finding that Petitioner timely reported in December 2020 her hospital bill of \$15,328.28; and
- (2) Issue notice in accordance with policy.

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

CG/nr



---

**Christian Gardocki**  
Administrative Law Judge

**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

